

# Reconditioned vehicle importers seek duty cuts for hybrid cars

## STAR BUSINESS REPORT

The Bangladesh Reconditioned Vehicles Importers and Dealers Association (Barvida) has called on the government to rationalise import duties in the upcoming national budget, with a focus on fuel-efficient vehicles and foreign-currency savings.

The association demanded duty cuts for hybrid and plug-in hybrid vehicles, saying that broader adoption would benefit both consumers and the government, especially amid the ongoing fuel shortage.

At a press conference at the association's office at Bijoy Nagar area in Dhaka yesterday, Barvida also sought the withdrawal of supplementary duty (SD) on microbuses used in public transport, industry, and educational institutions.

Barvida President Abdul Haque said imports and sales of reconditioned vehicles have fallen sharply in recent years due to global economic pressures, currency depreciation and rising prices, even as demand remained steady.

According to the association, around 3 lakh people directly or indirectly employed in the sector now face uncertainty over their livelihoods.

Haque said the automobile market has slowed in real terms despite the country's overall economic progress, and that declining vehicle sales point



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PHOTO: STAR/FILE



to weakening purchasing power and reduced government revenue.

He said the sector is seeking policy support in the upcoming budget to address these pressures.

Even though the duty on imported microbuses was reduced in the FY2021-22 national budget by recognising those as public transport, Barvida claimed prices of such vehicles are still very high due to the high supplementary duty.

According to them, microbuses are very important in small, medium and

large industries for employee transport, student transport, tourism, personal use, airport transportation and as ambulances.

The association said that 90 percent of the microbuses used in the country are converted to compressed natural gas (CNG) and run in an environmentally friendly manner.

Claiming that potential buyers are being discouraged due to high prices, Barvida said that microbus sales are declining, and the government is also losing revenue. Therefore, they have demanded the withdrawal of supplementary duty on microbus imports.

The Barvida president also proposed raising the permissible age limit for imported reconditioned vehicles from five years to eight years.

According to the current import policy, cars, jeeps, and commercial vehicles can be imported up to 5 years old. Barvida has been demanding that this limit be

increased to 8 years.

Haque cited a fall in Japanese production since the Covid period and rising global prices, saying the change would lower domestic prices and increase revenue from duties and value-added tax (VAT).

Haque described the reconditioned vehicle trade as operating in a competitive market without monopolistic control, contrasting it with the new-vehicle import market, where he said a small number of dealers dominate.

"Barvida has been importing reconditioned vehicles from Japan for over four decades," he said.

On domestic manufacturing, the association said the market currently stands at 25,000-30,000 units a year. With growth in the middle-income population, it said, the market could reach 100,000 units, making local assembly viable.

Barvida said it supports vehicle assembly but cautioned against promoting inefficient practices under the banner of Complete Knock Down (CKD) imports.

Citing Bangladesh Road Transport Authority (BRTA) data, the association said vehicle registrations have fallen steadily. From 21,952 in 2015, the figure dropped to 10,784 in 2023, 10,499 in 2024 and 9,387 in 2025.

At the press conference, Barvida Secretary General Riaz Rahman, vice presidents Md Saiful Islam (Emarat), Habibur Rahman Khan and Farid Ahmed, Joint Secretary General Syed Ziaul Hossain, Treasurer Md Saiful Alam, Joint Treasurer Hafiz Al Asad, Organising Secretary Zobayer Rahman, Publication and Publicity Secretary Md Abdul Awal, and Planning and Development Secretary SM Mansurul Karim (Lincoln) were also present.

# Triple economic stress tests for Bangladesh

MAMUN RASHID

Bangladesh's economy is confronting three interconnected structural vulnerabilities: a surge in non-performing loans (NPLs), weakness in revenue mobilisation and a rise in debt-dependent fiscal management. These are no longer isolated technical concerns. Together, they amount to a systemic stress test of economic governance.

The International Monetary Fund's (IMF) growing pressure on Bangladesh should not be seen merely as loan conditionality. It is a reminder that macroeconomic fragility can no longer be masked by temporary adjustments, regulatory forbearance or accounting manoeuvres.

The banking sector reflects this reality most clearly. When Bangladesh entered the IMF programme, one target was to reduce NPLs to below 10 percent by 2026. Instead, the opposite has happened. Years of politically influenced lending, weak governance, repeated rescheduling and evergreening delayed recognition of the problem. As hidden distress surfaced, the default loan ratio crossed 30 percent, an extraordinary level for an aspiring middle-income economy. By most assessments, it could rise further.

A banking system in which one-third of loans are impaired cannot intermediate capital efficiently or support sustainable private sector growth. More troubling is the condition of some merged weak banks, where nearly 84 percent of loans have reportedly turned non-performing. This is not simply a banking issue. It is a fiscal and confidence risk.

The IMF is justified in demanding not only broad commitments but a credible, time-bound recovery plan. Asset seizure of wilful defaulters, stronger legal enforcement, operationalising the Bank Resolution Act, effective bankruptcy processes and institutional independence for Bangladesh Bank are unavoidable. Cosmetic reform will not suffice.

Banking distress, however, is only part of the challenge.

The revenue system is equally fragile. A shortfall nearing Tk 1 lakh crore in nine months is not just a budgetary inconvenience. It signals a state struggling to mobilise resources in line with its development ambitions.

For decades, Bangladesh has maintained one of the world's lowest tax-to-GDP ratios.

This weakness has created a simple paradox: rising expenditure without matching domestic mobilisation. The result is predictable -- greater dependence on borrowing.

Here lies the third danger.

Government borrowing from the banking sector has exceeded annual targets within nine months. Heavy reliance on local banks creates a crowding out effect, as the state absorbs liquidity that would otherwise finance businesses. When central bank financing expands, inflationary pressure follows. When commercial bank borrowing rises, private investment slows. In either case, economic momentum weakens.

Debt management, therefore, cannot be viewed as narrow fiscal arithmetic. It shapes inflation, employment, business expansion and public trust.

Bangladesh stands at a policy crossroads. The economy cannot borrow its way out of structural inefficiency. Nor can it tolerate a financial architecture where poor banking governance and weak tax administration are repeatedly postponed. What is needed is a coherent reform compact.

First, the banking sector must be depoliticised, professionally supervised and empowered to recover distressed assets. Second, revenue reform must go beyond raising rates. It must expand compliance, digitise administration and widen the tax net. Third, fiscal discipline must be restored through expenditure rationalisation and prioritisation of productive investment.

Most importantly, reform must be pursued not because the IMF insists but because Bangladesh's own economic future demands it.

The IMF programme matters not only for financing but also for signalling discipline to markets. Losing that anchor could raise borrowing costs, weaken investor confidence and complicate access to capital. Bangladesh has overcome economic tests before. This moment is different because the risks are structural and reinforcing. The question is no longer whether reform is necessary. It is whether there is the political will to act before these vulnerabilities become a full-scale crisis.

The writer is an economic analyst and chairman at Financial Excellence Limited



# Why the oil price surge threatens a US recession

REUTERS, London

US President Donald Trump's war with Iran was always unpopular at home. What made it tenable is that the American economy, buoyed by oil exports and an artificial-intelligence boom, seemed almost recession-proof. With the Strait of Hormuz still disrupted, however, even the world's largest economy needs to reckon with the possibility of a downturn.

Until recently, economic forecasts were relatively benign, especially for the United States. When the International Monetary Fund (IMF) updated its global projections earlier this month, its so-called baseline scenario still had world output expanding 3.1 percent this year. Only under its "severe scenario," which assumed crude prices averaging \$110 per barrel in 2026 and \$125 in 2027, did the IMF foresee global growth falling below 2 percent, a pace consistent with outright contractions in many countries.

That hypothetical future no longer feels far-fetched. The key Brent crude oil price has traded persistently above \$110 per barrel over the past week, even briefly surpassing \$120 on Thursday.

On Thursday, official data showed a rebound in US GDP in the first quarter: output expanded at an annual 2 percent. This is far above growth rates in the euro zone and the United Kingdom. American unemployment, at 4.3 percent, remains low.

Consider the 1990 Gulf War, though. The US economy enjoyed solid growth and near-full employment at the time. But labour demand was softening and households were starting to get worried amid the savings and loan crisis. When oil prices surged 150 percent, consumer confidence collapsed and real-terms spending stalled. The Federal Reserve, constrained by rising inflation, was slow to ease policy.

Many of those conditions are

echoed today, including a divided Fed likely to resist pressure from its new chair to cut rates. Surveys already show depressed consumer sentiment and higher inflation expectations.



Comparing oil shocks across decades is complicated by the fact that richer households now spend a smaller share of income on energy. In recent years, energy goods and services have accounted for less than 4 percent of US disposable income, compared with about 5 percent before the Gulf War and 6 percent ahead of the 1970s crises.

One way to bridge that gap is to examine how much households are forced to raise that share when energy prices jump. One rule of thumb is that a 1 percent increase in American WTI oil prices typically lifts energy spending by roughly 0.22 percent. After July 1990, the

energy share of household incomes rose by about 0.3 percentage points, enough to tip the economy into recession, since higher energy bills forced consumers to cut spending elsewhere.

A shock of a similar size would emerge today if crude prices stayed where they are. And if oil hits \$150 per barrel, the increase in the energy share would be 0.7 percentage points of disposable income. With oil at \$200 per barrel, it would rise by a full percentage point. That would still be milder than the 1970s, but enough to hurt badly. Though far from certain, every new day makes a US recession look less outlandish.

US President Donald Trump will receive a briefing on April 30 regarding plans for new military operations in Iran, according to a report by Axios. It triggered renewed fears among traders of a monthslong standoff in the Middle East, sending oil prices up.

As of 1145 GMT on April 30, Brent crude and US WTI futures were trading at \$114 per barrel and \$104 per barrel respectively.



Gas prices are displayed at Chevron and Shell stations in Monterey Park, California on April 30. Trump's Iran war was domestically unpopular but sustained by a strong US economy. Now, Hormuz disruptions and rising oil prices threaten stability, raising recession risks even for the world's largest economy.

PHOTO: AFP

# India raises cooking gas, jet fuel prices

AFP, New Delhi

India raised on Friday the prices of commercial liquefied petroleum gas and jet fuel for international airlines, according to a state-run energy firm, as supply pressures from the Iran war mount.

The South Asian nation is heavily dependent on imported energy, including for roughly 60 percent of its liquefied petroleum gas (LPG), the fuel used for cooking by a vast section of its population, the largest in the world.

As imports have been disrupted since the Middle East war began in late February, New Delhi has moved to ensure households and essential sectors remain adequately supplied, leaving many restaurants, manufacturers and power plants in the lurch.

The government has maintained India faces no overall fuel shortage.

"Prices of bulk and commercial LPG cylinders have been revised," the state-run Indian Oil Corporation Limited (IOCL), the country's leading energy marketing company, said.

IOCL's price chart shows an increase of 993 rupees (\$10.50) in the price of a 19-kilogramme LPG cylinder meant for commercial use.

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