The Daily Star
FOUNDER EDITOR: LATE S. M. ALI

Why impose higher bills on consumers?

Power distribution companies must cut their costs first

The proposal placed by the Bangladesh Power Development Board (BPDB) and five government-owned power distribution companies to raise electricity prices is not just unfair but also an unimaginative return to the old playbook. According to media reports, the BPDB has proposed raising wholesale electricity prices by 17-21 percent, while all six distributors, including the BPDB, are seeking to raise retail prices by 15-29 percent across all slabs. If implemented, this move is going to hurt middle- and lower-middle-income consumers disproportionately.

These companies have cited the rising fuel import costs, capacity charges for idle power plants, and mounting operational losses of distributors as reasons for the tariff hikes as well as for restructuring residential billing slabs, the latter of which would particularly affect one group of users. The proposed slab structure will make electricity more expensive for consumers who use between 76 kWh and 200 kWh per month to run energy-efficient lights, fans, microwaves, televisions, laptops, and phone chargers. Currently, this group pays a lower rate for the first 75 kWh. The two lower slabs—lifeline users consuming up to 50 kWh and those using between 50 and 75 kWh—will remain, and their bills will also increase as per the proposal.

However, for the next tier of users, which comprises around 1.53 crore consumers, electricity will be priced at a uniform rate of Tk 8.20 per unit under the revised tariff, meaning they will lose the benefit of the lower rate currently applied to the first 75 kWh. This group, largely comprising middle- and lower-middle-income households, is already struggling with high food and essential commodity prices. Another vulnerable group that will feel the impact of the proposed hikes more sharply is farmers using electric irrigation pumps. Along with constructors, educational institutions, hospitals, commercial buildings, industries, and battery-charging stations, irrigation pumps would face increases of 15-29 percent. Sadly, this year's floods, excessive rainfall, and high labour costs have already pushed many farmers deeper into debt. How fair would it be to ask them to absorb higher electricity costs in order to cover the losses accumulated by state-run entities over the years?

According to Prof M Shamsul Alam, adviser to the Consumers Association of Bangladesh, the distribution companies neither "have the authority to propose such changes" nor should they ask customers to bear the cost of their "unrealistic expenditures." We agree with Prof Alam that these organisations, before passing on their losses and inefficiencies to end users, should first demonstrate that they have exhausted every possible avenue to reduce costs—from cutting back on business-class foreign trips by senior executives to self-financing the construction of administrative buildings, among other things.

Meanwhile, the government should expedite renegotiations with quick rental power plants to reduce the inflated prices currently being paid. We also hope that the Bangladesh Energy Regulatory Commission (BERC) will carefully consider the wider implications of the electricity tariff hike proposal at the upcoming public hearing this week.

Hypertension demands a louder response

Govt must scale up NCD funding, fix research blind spots

The statistics presented at a recent seminar marking World Hypertension Day 2026 must serve as a wake-up call for our policymakers. Hypertension affects around 28 percent of adults in Bangladesh—nearly 2.28 crore people—and drives all non-communicable diseases (NCDs), which account for a staggering 71 percent of all deaths in the country. Referring to the condition as the "silent killer," experts in the seminar elucidated why it can no longer be sidelined.

While the establishment of 446 NCD corners helped raise the national hypertension control rate from 15 percent to 56 percent over the past six years, interventions remain disproportionate to the scale of the crisis. It is deeply concerning that despite NCDs causing 51 percent of premature mortality in the country, merely five percent of the national health budget is allocated for their control. After all, $1 invested in hypertension control generates a $18 return through improved productivity, experts pointed out.

Equally worrying is the structural bias evident in the way diseases related to hypertension are studied and tracked. For example, a study presented at the seminar, conducted in Dhaka's Dohar upazila, highlighted erectile dysfunction (ED), which can be caused by high blood pressure, as a critical early warning sign for cardiovascular disease and stroke. Vascular complications become visible through the condition three to five years before a formal heart disease diagnosis, as per the study.

While identifying early vascular complications is medically invaluable, question arises about the lack of similar studies focused on women. Contrary to many global trends, Bangladeshi women experience a higher prevalence of hypertension compared to men. Yet, the search for early preventative markers in this context seemingly does not exist. Women already face significant sociocultural barriers to accessing healthcare in Bangladesh. Localised preventative research should be conducted to reduce this gender gap. Gender-inclusive research that identifies practical early warning signs for all demographics, not just half of the population, is urgently necessary.

To protect the population from the silent killer, public awareness of the need for regular screening should be raised, and a healthy lifestyle encouraged. We urge the government to drastically rethink its health budget allocations to reflect the true burden of NCDs. We need an ironclad guarantee of uninterrupted medicine supplies to local clinics, and a medical research ecosystem that is inclusive and representative of the entire nation. The authorities concerned must act decisively before hypertension claims more lives.

Plastic waste, reverse logistics, and the textile opportunity

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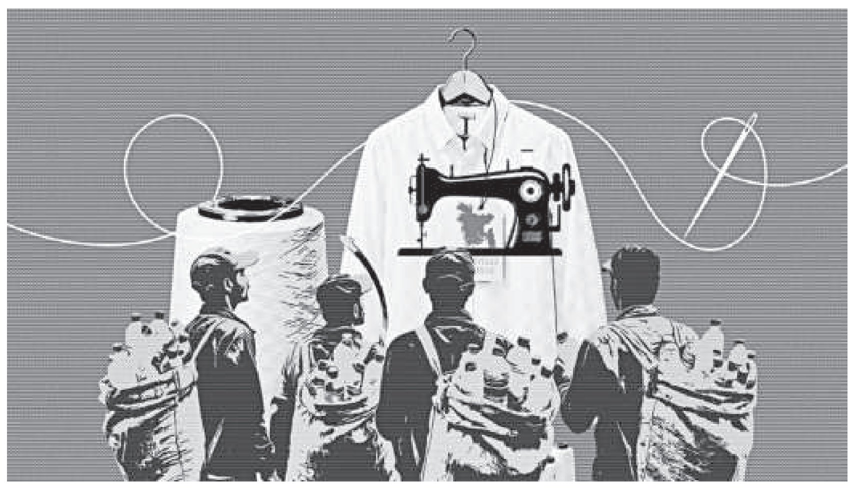
AHAMEDUL KARIM CHOWDHURY

Bangladesh's garment industry stands at a critical turning point. For more than three decades, the country built its economic success on low-cost manufacturing, efficient exports, and strong integration into global apparel supply chains. Today, Bangladesh is the world's second-largest garment exporter, with the RMG sector serving as the backbone of exports, industrial employment, and foreign exchange earnings. But the global textile economy is changing rapidly. International buyers are no longer focused only on lower costs and production speed. Increasingly, they are seeking recycled raw materials, supply-chain transparency, lower carbon footprints, and circular production systems.

For Bangladesh, this shift creates both a challenge and an extraordinary opportunity. Ironically, part of that opportunity may already be floating in our rivers, clogging urban drainage systems, and scattered across city streets in the form of discarded plastic bottles.

Every day, thousands of waste collectors across the country recover used Polyethylene Terephthalate (PET) mineral water and beverage bottles from homes, roadsides, canals and landfills. This informal recovery network operates quietly but remarkably efficiently. Local businesses clean and process these bottles into plastic flakes, much of which is exported abroad, primarily to countries with advanced recycling industries. Those flakes are then converted into polyester fibre and re-enter global textile supply chains. Sometimes, they even return to Bangladesh as recycled textile inputs at significantly higher prices.

In simple terms, Bangladesh exports waste and imports value-added fibre derived from the same material. From an economic perspective, this is difficult to justify. At the same time, Bangladesh spends billions of dollars annually importing cotton, polyester fibre, and textile raw materials. Yet, enormous quantities of recyclable material generated within the country remain underutilised.



VISUAL: ANWAR SOHEL

The issue is clearly not an absence of waste. Nor is it a lack of entrepreneurial capability. The real problem is that Bangladesh has built world-class forward logistics but weak reverse logistics. This means that our supply chains work exceptionally well in one direction. Raw materials enter factories, garments move through ports, and exports reach global markets with remarkable efficiency. But modern industrial systems do not end with export. Materials must also move backward—to be sorted, recovered, reprocessed, and reintegrated into production. This backward movement is reverse logistics and, in Bangladesh's textile sector, it remains fragmented, informal, and undervalued. Addressing this challenge is becoming increasingly urgent because the textile industry itself is changing.

Globally, human-made fibres now dominate textile consumption, while cotton's share continues to decline due to rising water stress, climate risks and volatile commodity prices. Recycled polyester, much of which is derived from PET bottles, has become central to global sustainability transition.

Major brands including H&M, Zara, Adidas, and Nike are rapidly increasing the use of recycled materials based on climate commitments and circular economy targets. European regulators are also introducing stricter sustainability requirements regarding recycled contents, traceability, and waste reduction. Future export competitiveness will increasingly depend not only on labour cost, but also on environmental performance and material circularity.

Bangladesh can either continue treating plastic bottles and textile scraps as low-value waste streams, or it can recognise them as the industrial raw materials of the future.

Importantly, global investors are already beginning to recognise the latent value embedded in Bangladesh's waste streams. One notable example is Recover, a Spanish textile recycling company that has expanded operations in Bangladesh in partnership with local industry players. Recover specialises in converting textile waste into recycled fibre suitable for spinning and garment manufacturing. The significance of such investment is that it signals how international organisations already see Bangladesh as a future hub for circular textile production.

The logic is straightforward. Bangladesh possesses one of the world's largest concentrations of textile manufacturing and recyclable textile waste. Instead of exporting this material abroad for processing, international firms increasingly see economic value in building recycling capacity closer to the source of waste generation. This is precisely where Bangladesh's opportunity lies.

The country already has industrial clusters, garment expertise, logistics networks, entrepreneurial capability, and an active informal recycling economy. Waste collectors and traders have already demonstrated that large-scale material recovery is possible when economic incentives exist. What remains absent is policy coordination and industrial integration.

Recycling and fibre-production machinery still face relatively high import duties compared to incentives available for conventional export manufacturing equipment. Waste segregation at the source also remains weak. Reverse logistics systems lack traceability and formal organisation. Dedicated sorting hubs and recycling infrastructure remain limited despite growing global demand for recycled textile inputs. This is where policymakers need to think differently.

Plastic waste should no longer be viewed merely as an environmental burden. It should be treated as strategic industrial feedstock for Bangladesh's next-generation textile economy. Reducing duties on recycling machinery, supporting domestic recycled polyester production, encouraging municipal segregation systems, and investing in organised recycling zones could help retain significant economic value within the country. At the same time, informal waste workers must be integrated into future systems rather than displaced by them. Thousands of livelihoods already depend on bottle and waste collection. Formalisation should improve safety, income stability, and operational efficiency while preserving the economic role these workers already play.

The benefits of building a circular textile ecosystem extend far beyond environmental improvement. Domestic recycling can reduce dependence on imported raw materials, ease pressure on foreign exchange reserves, create new industrial jobs, and strengthen Bangladesh's long-term position in global supply chains. Reverse logistics could itself become a major growth sector involving transportation, sorting, warehousing, recycling, and material traceability services.

Most importantly, this transition aligns environmental necessity with economic opportunity. In the past, Bangladesh transformed itself into a global garment powerhouse by investing in ports, industrial zones, logistics systems, and export infrastructure. The next phase of competitiveness may depend on whether the country can build the reverse systems required for a circular economy.

The world is gradually moving towards textile systems where waste becomes raw material. The countries that learn to recover value from waste will shape the future of global textile trade. Bangladesh still has time to become one of them.

Empowering CMSMEs can bolster our economic foundation

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MD RAKIBUL HASAN

The World Bank's Bangladesh Development Update, released last month, rings out a warning bell for us. The country has been weathering severe difficulties because of an economic slowdown and rise in poverty for three consecutive years, further worsened by external shocks. As per the report, our GDP growth is expected to decline to 3.9 percent by the end of FY2026. The inflation rate has remained above eight percent throughout the fiscal year. In December 2025, the non-performing loan (NPL) ratio reached 30.6 percent. The national poverty rate grew to 21.4 percent in 2025 from 18.7 percent in 2022. Large exporters continue to face disruption in the global supply chain, currency instability, and externalities stemming from conflicts in the Middle East that have spiked the costs of energy, contributed to inflation, and therefore constrained poverty alleviation efforts.

In this situation, the cottage, micro, small, and medium enterprises (CMSME) sector is a major buffer for the country's economy. But within the current set-up, founding a small business requires various permits and certifications. For CMSMEs, complications in administrative procedures, VAT issues, and high regulatory costs are significant obstacles. It's high time Bangladesh transitioned from its current subsidy-centric system to deregulation and reforms focused on fostering entrepreneurship and innovation in the sector.

The county has already made some inroads in this regard. The Bangladesh Investment Development Authority (BIDA), together with the Japan International Cooperation Agency (Jica), recently launched BanglaBiz Phase 2, a digital platform streamlining the process of establishing a business in the country. The business starter package under BanglaBiz Phase 2 offers services to acquire five major permits: name clearance, temporary bank account opening, company incorporation, e-TIN, and trade licence. This allows entrepreneurs to establish a business in three days.

A similar system was launched by the National Board of Revenue (NBR) in January 2025, called the Bangladesh Single Window (BSW) system. The NBR made the BSW system mandatory for the submission of certificates, licences, and permits for imports and exports starting on July 1, 2025, by bringing 19 government agencies under it. It is necessary to integrate the system in the backend and apply risk-based methods if there are to be major reductions in clearance times. For CMSMEs, instituting a "compliance holiday" of two to three years may encourage innovative enterprises.

The SME Houses of Azerbaijan is a prime example of such an integrated system. The SME Houses offer centralised services including business registration, licensing, financial consulting, and access to export markets. They have been recognised as efficient in simplifying business processes. Bangladesh can adapt this proven model and implement it in local industrial clusters or district levels, building on the foundations laid by the Bangladesh Small and Cottage Industries Corporation (BSCIC).

Modernising the country's industrial clusters and strengthening local supply chains can meaningfully reduce import dependency and enhance competitiveness. A circular economy, whereby waste generated from big factories is used as raw materials in small factories, should be encouraged as it helps to lower production costs, minimise imports, and save foreign currency. Traditional collateral-based lending must give way to digital credit scoring and cash-flow-based approaches. In December 2025, Bangladesh Bank reduced the mandatory provisioning requirement for short-term agricultural and CMSME loans to 0.50 percent, allowing scheduled banks to maintain this lower provision until December 31, 2026. The relaxation was introduced to support banks in financing cottage, micro, and small enterprises which are considered vital for employment generation and inclusive growth. The experiences of South Korea and Singapore show how shifting to cash-flow- and alternative-data-based approaches can transform small industry financing. Bangladesh's expanding digital payment and credit bureau infrastructure provide a solid base to build upon.

Due to unstable energy supply, decentralised renewable energy sources have become more popular. The government approved new net metering guidelines for 2025, allowing 100 percent of the sanctioned load for net-metered rooftop solar—up from 70 percent previously—and extending net metering eligibility to single-phase consumers for the first time. In December, the Power Division issued a revised circular making rooftop solar installation mandatory for buildings with at least 1,000 square feet of usable roof space seeking new electricity connections. Clusters that utilise independent renewable sources tend to have more reliable operations and reduced costs.

It is clear that the CMSME sector can no longer be viewed through the lens of aid or welfare. It is a highly potential and productive ecosystem, capable of driving inclusive growth, job creation, and economic diversification beyond the RMG products. The recent developments—the Bangladesh Bank's relaxed provisioning rules, rollout of BanglaBiz and BSW platforms, and the new rooftop solar policy—show that elements of smart deregulation are already underway. Nevertheless, rapid execution, complete digitalisation, and stabilisation of the banking system can take this progress all the way.

The World Bank's 2026 assessment highlights the need for immediate policy and institutional reforms to create employment and continue inclusive growth in the country. We need to restore macroeconomic stability, boost revenues, strengthen the financial sector, and improve the business environment. Through the use of single window systems, integrated hubs, digital finance, decentralised energy sources, and circularity, the country will be able to move from fragility to resilience. The new government's early signals on improving the business environment are encouraging. The coming months will determine whether the CMSME sector can live up to its potential and become the driving force behind a stronger economy.

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