We must make formalisation easier than staying in the cash economy



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In early September, in an article published by this newspaper, I highlighted how the country's underground economy was not only depriving the government of much-needed revenue but also sustaining inequality, rewarding tax evasion, distorting competition, and weakening the government's capacity to deliver public services. Bangladesh has two economies: one regulated and taxed, the other generating income, employing people, transferring money, and building wealth largely out of sight. Bangladesh Bank has now put a price on the gap between them.

In a policy paper titled "The Cost of Cash Study in Bangladesh: A Comparative Analysis of Cash and Digital Payment"—published in May 2026 but brought to public attention through media coverage only last week—the central bank estimates that the economic cost of using cash in 2023 was about Tk 1.70 trillion, or 3.24 percent of GDP, while that of the entire digital payments ecosystem was about Tk 59.64 billion, or 0.11 percent of GDP. On that headline comparison, cash was roughly 28 times more costly than digital payments.

The number deserves attention, but the more important finding sits inside it. More than half the total, about Tk 933 billion, is not the cost of printing, moving or guarding notes. It is estimated government revenue forgone in a shadow economy that the study puts at 27.2 percent of GDP. In other words, the cost attributed to cash largely reflects what remains hidden from the tax system.

The study's accounting deserves further scrutiny. Forgone tax is an estimate of what a more capable revenue system might collect, not money that digital payments will automatically recover. Strip it out and cash still costs about Tk 770 billion a year, or 1.47 percent of GDP—roughly 12 times what the digital payments system costs, and broadly in line with estimates for India and South Africa. That narrower bill falls largely on banks, households, small firms, and microfinance institutions. Bangladesh Bank's own costs of handling cash are about Tk 4 billion; commercial banks bear Tk 368 billion, consumers Tk 280 billion, micro-merchants Tk 62 billion, and microfinance institutions Tk 56 billion. Cash may look free at the counter, but it is clearly not.



FILE VISUAL: **SHAIKH SULTANA JAHAN BADHON**

Digital trails can make formalisation cheaper and enforcement smarter. That said, the distinction I drew in September matters even more now. A street vendor who has never registered a business is not the same as a firm under-reporting sales or an importer misinvoicing to move money abroad. If digital payments are used to treat the vendor like an evader, the people they should help may avoid using them.

The larger bill—the forgone revenue—is the one my earlier article addressed. In 1997, using a monetary approach, I estimated that underground activities comprised about 23.5 percent of the formal economy on average during 1972-1995. Bangladesh Bank's estimate of 27.2 percent of GDP rests on a different method, period, and denominator, so the two cannot be compared directly. What they share is the message that a large part of the economic life has stayed outside the tax net for half a century, while tax revenue reached only 6.9 percent of GDP in FY2025, according to the IMF.

The central bank deserves credit for building a remedy alongside the diagnosis. Since July 1, Bangla QR has been mandatory for merchants, replacing a clutter of proprietary codes with one interoperable payment standard. Reportedly, the average daily transaction value rose from about Tk 28 crore in June to Tk 143.54 crore in September, in a more than five-fold increase, reflecting the rapid growth of Bangla QR payments. The central bank set the interchange fee for such transactions to zero from October 1, mandated instant settlement for merchants, created a Tk 100 crore incentive fund, and is due to introduce person-to-person QR transfers on November 1.

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Three obstacles stand out. First, merchants may still face fees for QR payments, which can matter on thin margins when cash appears free. Second, the study estimates that about 75 percent of retail transactions take place in cash, partly because wholesalers and suppliers continue to demand it; a code at the till changes little if the distributor still wants notes. Third, only 28 percent of adults are financially literate, and nearly half of mobile-money users cannot use their accounts without assistance, according to data cited in the study.

Behind all three sits a fourth obstacle: fear. If a small trader believes a digital receipt means a tax notice down the line, they may stick to cash. The final report of the Economic Census 2024 found that only 3.3 million of Bangladesh's 11.7 million economic units were registered, while 7.6 million, or 65 percent, operated without registration. Much of this informality reflects the realities of small-scale and subsistence activity, not deliberate tax evasion. Policy must recognise that distinction clearly.

So, what should we do going forward? Getting back to my starting point, the goal remains simple: make formalisation of informal businesses easier, make tax evasion harder, and make enforcement credible. Applied to digital payments, that means six steps.

First, make small-ticket QR payments free for micro-merchants below a specified turnover threshold, with the policy reviewed after two years. Second, have the National Board of Revenue (NBR) and Bangladesh Bank jointly announce that small merchants' digital receipts will not trigger retroactive tax assessments, alongside a simple presumptive tax regime for those who register. Third, digitise upstream, bringing distributors, wholesale markets, government fees, utility bills, and social transfers onto Bangla QR.

Fourth, enforce instant settlement and automatic reversals of failed payments, and publish provider-level compliance data. Fifth, adopt enforceable data-protection rules before payment data reach scale. Sixth, direct the revenue gains towards tackling serious evasion by linking NBR, customs, land, company and financial records for large taxpayers, and repeat the cost-of-cash study every three years to measure progress.

Without such steps, Bangla QR payments may grow without building sufficient trust in the formalisation process. Leaving a large share of the economic life outside oversight is no longer a technical problem but rather a governance decision. Bangladesh Bank's recent study only served to sharpen this point. The rails now exist, and the cost of not using them well has a number attached.

Cash, however, will not disappear because a code is printed on a counter, nor should the state try to force it out of the lives of those who depend on it. The hidden economy will shrink when paying digitally is cheaper than paying in cash, registering is easier than staying invisible, and the revenue system is seen to pursue the powerful evader before the pavement vendor. This is a test for the revenue board and the finance ministry as much as for the central bank.

Bangladesh needs a strategy to wean itself off imported gas

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Energy has rarely been treated as anything more than a question of tariffs and subsidies in the concurrent policy discourse of Bangladesh. However, the war that began with the US-Israeli strikes on Iran on February 28 and the resulting disruption of shipping through the Strait of Hormuz have changed the scenario. By April, Qatar invoked force majeure on its LNG contracts, diesel stocks fell below 10 days of cover, and Bangladesh had to ration fuel sales. Nearly eight months on, the emergency has settled into a chronic condition. We still rely on imported fuel to keep our power plants, factories and farms running, leaving us exposed to shocks beyond our control. It is now clear that energy is a matter of national security.

The price of this exposure is visible across the economy. By mid-September, Bangladesh was paying nearly $30 per million British thermal units (MMBtu) for spot LNG, almost three times the pre-war rate. Zero Carbon Analytics, an international research group, projected that the country's annual energy import bill of roughly $12 billion could rise by $4.8 billion, or 40 percent, if the elevated prices persist. The energy ministry projects this year's LNG subsidy bill at Tk 40,000 crore, nearly triple last year's payout, while electricity subsidies could reach Tk 50,000 crore. Consumers have not been spared either, as retail electricity prices were raised by 16.68 percent in June. More recently, the World Bank's forecast cut Bangladesh's growth to 3.4 percent in FY2026-27, citing a more protracted drag from energy shortages.

The roots of the problem go back almost a decade. In 2018, Bangladesh began importing LNG as a stopgap to address declining domestic gas output, which has since fallen by about 30 percent over six fiscal years. That stopgap has now become a crutch, and an expensive one, with Petrobangla's LNG import bill rising from Tk 16,505 crore in FY2020-21 to around Tk 59,000 crore in FY2025-26. Domestic fields currently produce around 1,620 million cubic feet per day (mmcfd) of gas against an estimated demand of 3,860 mmcfd. Even with imported LNG, this leaves a shortfall of roughly 32 percent. Domestic production is itself concentrated, with a single field in Habiganj supplying about half of it. Meanwhile, imported fossil fuel now accounts for about 59 percent of our trade deficit.

What makes this dependence dangerous is the level of concentration. Between January 2025 and March 2026, the Middle East supplied 64 percent of our LNG, 69 percent of our LPG, and about 63 percent of our crude oil, as well as accounting for nearly half of over $30 billion in remittances received in FY2025-26. A single shock therefore inflates the import bill while threatening the inflows that pay for it.

Fuel rationing during the Boro season also endangers irrigation and food security. The concentration is physical as well as geographical. All imported LNG enters through just two floating terminals in Moheshkhali, which have been disrupted at least three times in as many years: Cyclone Mocha forced both terminals offline in May 2023; Cyclone Remal reduced capacity for nearly four months in 2024; and a terminal experienced a temporary, partial outage again in July 2026. Each time, the shortfall's impact spread quickly and was felt across the country.

Japan, which imports almost all of its oil, was able to release supply worth 45 days of consumption from state and private reserves in March. This was possible because stockholding is a legal obligation in the country, rather than an administrative aspiration. By contrast, India's strategic petroleum reserve, despite having a capacity of 5.33 million tonnes, can meet only about 9.5 days of crude requirement. Bangladesh is in an even weaker position, with no formal strategic fuel reserve at all. A legal obligation on the Bangladesh Petroleum Corporation (BPC) to hold 90 days of stock, phased in as storage expands and with stock levels published every month, should therefore be our first priority.

Bhutan offers a different lesson. Hydropower sold to India is its primary export and a major source of revenue. Bangladesh, by comparison, imports only 40 MW from Nepal and only during June-November, while India has withheld approval for an additional 20 MW, citing transmission constraints. In this regard, Dhaka should actively press New Delhi for a dedicated Bangladesh-Nepal transmission corridor. A four-country power trading agreement among Bangladesh, Bhutan, India and Nepal would also give the government's Saarc ambitions their first concrete deliverable. At the same time, power imports must also be diversified so that cross-border trade does not simply replace one single-supplier dependence with another.

Meanwhile, more than a decade after settling our maritime boundaries, we have yet to make a major offshore gas discovery, even as India, Myanmar and Pakistan have expanded deepwater exploration. The Offshore Bidding Round 2026, with bids for 26 blocks due by November 30, must not see a repetition of the bidless 2024 round. Petrobangla should release seismic data free to pre-qualified bidders, clear approvals within 90 days through a single window, and reserve a carried stake for Bapex in each contract to keep offshore expertise at home.

Supply contracts need similar reform. Qatar has extended its supply disruption notices to Bangladesh while, in August, 22 cargoes were approved without tender. The recent deal for 117 US LNG cargoes up to 2038 is a start, but diversification must become the rule. Still, diversified contracts will mean little without the capacity to receive them, which is why the government's decision to fast-track a third floating terminal at Kutubjom must translate into delivery.

Future long-term agreements should cap Gulf-sourced volumes at no more than half of all annual LNG imports, with the balance contracted from the US, Australia or Malaysia, and include supplier substitution clauses. Spot purchases should be made only from a panel of suppliers pre-qualified through an open tender each quarter, with the price and supplier of every emergency cargo disclosed within 30 days.

Finally, none of this will hold without an institutional home. An energy security council under the Prime Minister's Office, bringing together the energy, finance, foreign and expatriates' welfare ministries, should run quarterly stress tests against 30-, 90-, and 180-day closures of Hormuz and publish the results.

In 2022, the Russia-Ukraine war triggered fuel price hikes and nationwide load-shedding, a warning we largely failed to heed. Recent weeks offer a further lesson. Only a month after signing a sweeping sanctions law against Russia, the US president announced a deal to import Russian diesel, reversing a policy that was in place since 2022.

Large economies can afford such abrupt turns. Bangladesh cannot. Our contracts and terminals lock in choices for decades, so every decision in this crisis must be weighed carefully.

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Sl No	Name of Tender	Tender ID No	Last date & time of selling	Last date & time of closing
1	2	3	4	5
01.	Procurement of different type Isolating Transformer & Lamp for AGL System at SAIA.	1323866	08-Nov-2026 17.00	09-Nov-2026 12.00
02.	Unseen/Emergency works at Cox's Bazar Airport (S:H:- Re-wiring & replacement of security light, Garden light with other allied works in rest house at Cox's Bazar Airport..	1333574	08-Nov-2026 17.00	09-Nov-2026 12.00

This is an online tender, where only e-tender will be accepted in the national e-GP portal and no office/hard copies will be accepted. To submit e-tender, registration in the national e-GP portal is required. The fees, for downloading the e-tender document from the national e-GP system portal, have to be deposited online through any registered Bank's branches. Future information and guidelines are available in national e-GP system portal and e-GP help desk (http://www.eprocure.gov.bd).

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