

Power, gas price hike

Wednesday, 08 October 2008

Agriculture, industries to be hitThe recent move to raise the prices of electricity and gas is indeed an unwarranted move The Emergency Government had already approved a 16 per cent increase in electricity price for distribution agencies with effect from October 1 paving the way for power tariff hike in January.

Agriculture, industries to be hit

The recent move to raise the prices of electricity and gas is indeed an unwarranted move The Emergency Government had already approved a 16 per cent increase in electricity price for distribution agencies with effect from October 1 paving the way for power tariff hike in January. The Rural Electrification Board , Dhaka Power Distribution Company , Dhaka Electricity Supply Company , and the West Zone Power Distribution Company are the distribution agencies, which purchase power from the PDB at the bulk level and supply it to the retail consumers. PDB is also operating as distribution agency in addition to its main business as power-producing entities. The BERC on September 29 approved the increase in power price for agencies by 16 per cent. The management of the distribution agencies and the PDB would make separate proposals to the BERC for power price hike at consumer level within a week or two. As per BERC Law 2003, if any power distribution agency wants to raise the tariff at the retail level, it has to seek the Commission's approval. The BERC will take three months to decide about the price hike at consumer level from the date the agencies will submit applications. A national daily has quoted The BERC chairman as saying that the decision on power tariff hike for consumers would be made in January if the agencies submit applications by October. The power price hike by 16 per cent at the bulk level will increase PDB's income by Tk. 400 crore but still the loss will stand at Tk 1800 crore annually. Power tariff has been raised on the plea of making up for the loss. But the most unfortunate aspect of the matter is that the main brunt of it will have to borne by the consumers as the distributors are all set to increase the price of electricity. Instead of raising the power tariff further, we suggest that the loss should be made up by checking rampant corruption and wastage and reducing production costs. Earlier, the power price was raised by 10 per cent at bulk level and 5 per cent at retail consumer level on 1 March 2007. Meanwhile, the prices of diesel, kerosene, petrol, octane and CNG gas were increased by 35 to 50 per cent recently. Fertiliser price has also been doubled. As a result agricultural and industrial productions have been hampered and people hard hit by price escalation.