

# Government subsidy for power container in Bangladesh

How can Bangladesh reduce its subsidy burden?

By shifting half of the industrial demand that is met by captive generators to the grid, adding 3,000MW of renewables, reducing load shedding to 5% from the FY2023-24 level, and limiting transmission and distribution losses to 8%, Bangladesh can reduce its subsidy burden by Tk138 billion (US\$1.2 billion) per annum.

Why does the BPDB have a hefty subsidy burden?

"With the reserve margin hovering around 61.3%, Bangladesh's power sector has an overcapacity problem which contributes to the BPDB's persisting subsidy burden. Despite a series of power tariff adjustments, the hefty revenue shortfall and subsidy allocation will likely persist in the foreseeable future.

Why did BPDB allocate a combined subsidy to ensure power supply?

During the fiscal year (FY)2019-20 to FY2023-24, the BPDB's total annual expenditure increased 2.6-fold against revenue growth of 1.8 times, prompting the government to allocate a combined subsidy of Bangladeshi Taka (Tk)1,267 billion (US\$10.64 billion) to ensure power supply to keep the economy afloat.

How can the subsidy burden be reduced?

In order to bring the subsidy burden down to nearly zero, Alam recommends ensuring industries fully rely on the national electricity grid. "Additionally, the country should gradually transition to electric systems from gas-driven appliances, like boilers.

Even after raising power prices several more times, the government will still need to subsidise the sector because power plants that are in the pipeline will soon require capacity ...

Bangladesh wants to be a liability-free country to the IPPs and private-sector power plants from the next fiscal year, he adds. In the last FY2024 revised budget, the ...

4 days ago; The government is yet to take any decision on the Bangladesh Power Development Board's four different proposals for a subsidy-free power sector by 2024 but thoroughly ...

Even though the government plans to raise power tariffs four to five times a year, the highest subsidy allocation is likely to go towards the electricity sector. Finance ministry ...

A multifaceted approach to fixing the power sector's core problems and consistent actions from now through to 2030 can help cut the government's subsidy burden to nearly zero

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