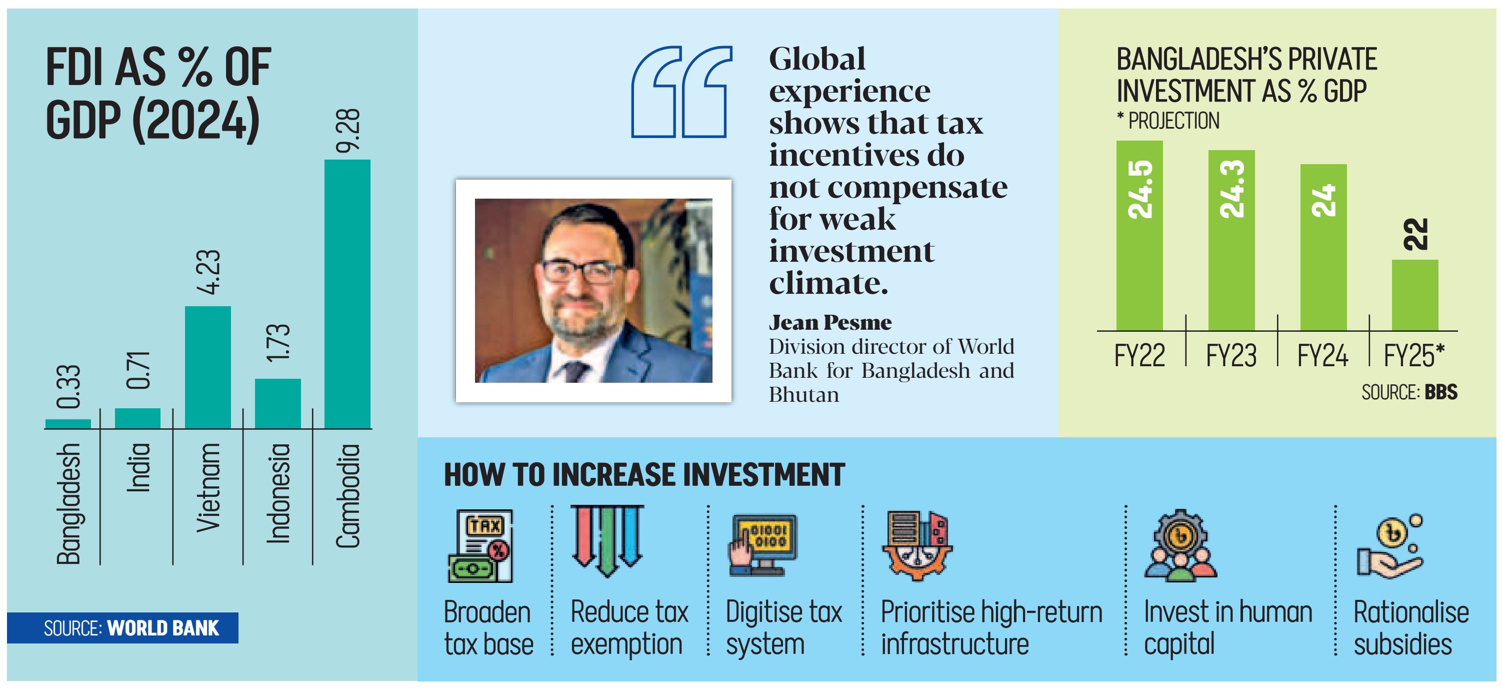
Star BUSINESS

Ensure predictability, fix tax system to attract foreign investment

Urge foreign investors, saying incentives alone cannot compensate for weak governance and an unstable policy environment



STAR BUSINESS REPORT

Bangladesh will not be able to realise its ambition of becoming a trillion-dollar economy by 2034 unless it revives investment, foreign investors and development partners said yesterday.

Without a turnaround in the investment climate, the country also risks falling short on other goals, such as sustained economic growth and job creation, said Jean Pesme, division director of the World Bank for Bangladesh and Bhutan.

At a meeting of the Foreign Investors' Chamber of Commerce and Industry (FICCI) in Dhaka, he said attracting investment requires coordinated reforms in revenue policy, the financial sector and the wider business environment.

He said implementing only one reform in isolation would deliver limited results.

Foreign direct investment stood at just $1.6 billion in the fiscal year 2024-25, or around 0.33 percent of GDP, well below regional peers. Private investment was projected at 22 percent of GDP in FY25, the lowest level in 11 years, according to official data.

Pesme said global experience shows that tax incentives alone cannot offset a weak investment climate.

"Even where governments reduce the marginal effective tax rate and see an increase in foreign direct investment (FDI), the inflow is eight times higher when strong institutions, macroeconomic stability and rule of law are already in place," he added.

He commented that Bangladesh's revenue challenge lies less in tax rates and more in weak administration, governance shortcomings and extensive tax expenditures, which are almost as large as total collections.

According to the World Bank's regional division director, the country depends heavily on tax holidays and sector-specific exemptions, especially for the ready-made garment sector. This creates distortions, opens the door to rent-seeking and increases resistance to reform, as changes inevitably produce winners and losers.

He highlighted the need to work on the investment climate and fiscal reform simultaneously so that they combine and reinforce each other.

"And when you look at the experience globally, the countries that really try to attract FDI through incentives are the ones that already have strong macro stability, rule of law, efficient administration and strong infrastructure."

He also emphasised broadening the tax base and introducing greater uniformity by eliminating rent-seeking behaviour, reducing distortions, improving compliance and limiting incentives to game the system.

Predictability and credibility, he said, are essential.

"Improving tax administration can really bring results. We think revenue collection, as well as managing tax expenditure and services, is very important as it is about the quality of public spending."

The results are not coming immediately, but the earlier you start, signal where you want to go, and then implement, in a systematic way, the better, he added.

Chandan Sapkota, country economist at the Asian Development Bank (ADB) resident mission in Bangladesh, said investors consistently raise concerns about taxes, especially the role of the National Board of Revenue (NBR).

READ MORE ON B3

ADP spending hits multi-year low amid political transition

MD ASADUZ ZAMAN

The government's development expenditure has fallen to its lowest level in at least five years in the first nine months of the current fiscal year 2025-26 (FY26).

Ministries and divisions spent only Tk 75,607 crore in the first nine months, just 36.19 percent of the total allocation under the Annual Development Programme (ADP), according to data released by the Implementation Monitoring and Evaluation Division (IMED) yesterday.

While broadly similar to the same period last year, the figure is significantly below the five-year average. In FY22, nine-month implementation stood at 45 percent, the highest in recent years.

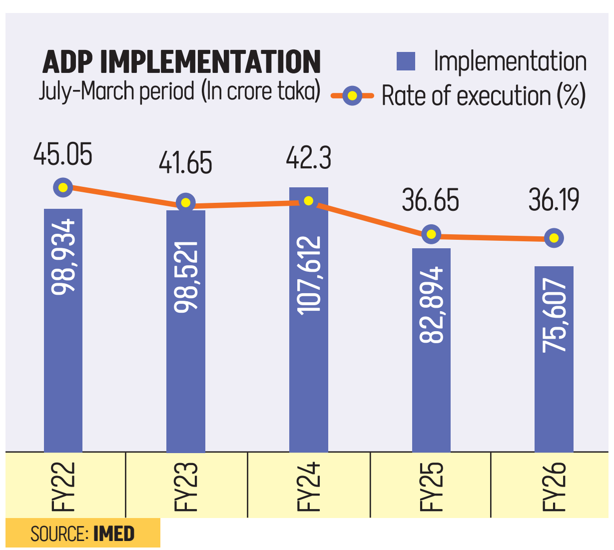
The drop, both in terms of amount and execution rate, comes amid economic uncertainty and political transition midway through the fiscal year.

The situation is particularly acute in the health sector, which implemented only 21.6 percent of the July-March target, despite growing concerns about healthcare accessibility.

With only three months remaining, analysts say Bangladesh is likely to record another year of very low development budget implementation. This will likely impact revenue collection by the National Board of Revenue (NBR), which collects advance income tax and VAT from implementing authorities.

It may, however, help contain the budget deficit and limit government borrowing from the banking sector.

Development spending hit a historic low in FY25, with only 68 percent of the revised ADP implemented, the weakest performance since FY1976-77.



Execution this year may fall to around 60 percent, said Mohammad Lutfor Rahman, a professor of economics at Jahangirnagar University. Implementation rates typically rise in the fourth quarter, but the gains may not be enough to close the gap.

READ MORE ON B3

Akij Resources to acquire 30% stake in Dominage Steel Building

STAR BUSINESS REPORT

Dominage Steel Building Systems (DSBSL) has decided to sell 30 percent of its shares to a buyer group led by Akij Resources.

DSBSL board approved the transfer of 3.07 crore shares at a negotiated price through an off-market transaction at its meeting on April 25.

A sale agreement will be executed with the buyers -- Akij Resources, Sheikh Jasim Uddin, and Faria Hossain -- pending approval from the Bangladesh Securities and Exchange Commission (BSEC), according to a disclosure issued on the Dhaka Stock Exchange (DSE) website yesterday.

Upon receiving BSEC clearance, a new board of directors will assume management and operations of DSBSL.

The existing board said the acquisition would help the company fully resume and optimise production, citing recent operational challenges.

It added that the synergy with Akij's existing steel infrastructure would create long-term value for shareholders.

Akij Resources holds a significant presence in the steel and construction sectors through its subsidiaries. Officially established in April 2020, it builds on the heritage of the Akij Group, one of Bangladesh's largest conglomerates.

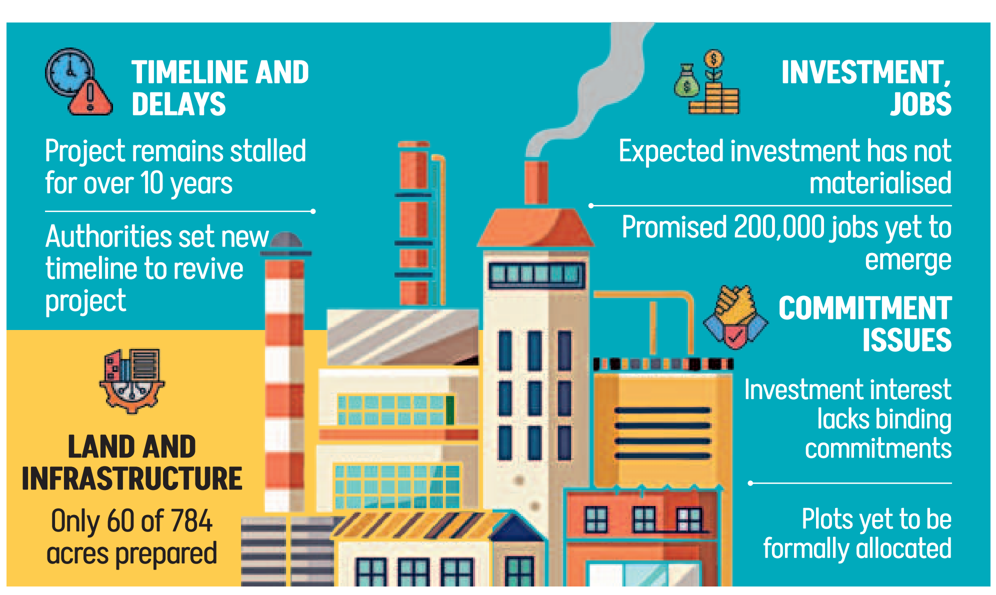
DSBSL, established in 2007 as a private limited company, manufactures pre-engineered steel buildings.

The company operates two factories, at Fulbaria, Palash, Narsingdi and at Aukpara, Ashulia, Savar, with a combined monthly production capacity of 550 tonnes. It sources raw materials from manufacturers in Japan, China, and Taiwan.

Chinese economic zone still stalled after a decade

Beza chief sets 180-day roadmap to break deadlock

JAGARAN CHAKMA



More than a decade after Bangladesh and China announced a Chinese Economic and Industrial Zone in Anwara upazila of Chattogram, the project remains largely on paper with no visible construction.

The Bangladesh Economic Zones Authority (Beza), which is overseeing the project, says the zone could attract $1.5 billion in investment and create more than 200,000 jobs. However, there are still no firm commitments, signed land-lease agreements, or confirmed factory setups.

Of the nearly 784 acres allocated in Anwara, only about 60 acres have been prepared, and not a single factory has been established.

Basic infrastructure on the ground is still incomplete, with utility services only partly in place. The Chattogram Water Supply and Sewerage Authority has installed a limited water supply pipeline, while the Karnaphuli Gas Distribution Company has set up a nearby gas station.

Beza has also built an administrative building and two access roads.

This reflects a broader pattern in Bangladesh's investment landscape, where large pledges do not always translate into actual inflows. Chinese foreign direct investment also remains modest, with only a small share of announced amounts materialising.

HOW THE PROJECT BEGAN

The project dates back to June 2014, when, during a visit to China, former prime minister Sheikh Hasina proposed an exclusive economic zone for Chinese investors. Beza pursued the plan and signed an agreement with China's commerce ministry during the visit.

The Executive Committee of the National Economic Council approved the project in September 2015 and allocated Tk 420.37 crore for the first phase, with China expected to provide a loan to fund it.

Beza later acquired land in Anwara, about 270 kilometres south of Dhaka, for the zone.

In October 2016, Beza signed a contract with China Harbour Engineering Company Limited, but the development and land-lease agreements could not be finalised, and the deal collapsed in April 2022.

Later, on July 16, 2022, China nominated the China Road and Bridge Corporation (CRBC) as the new developer. Beza signed cooperation and investment terms with CRBC later that year and finalised the shareholder agreement in October 2023.

Progress remained slow under the Awami League government. After the political change in August 2024, the interim government renewed efforts to move the project forward, but there has still been no progress on the ground.

This is happening despite stronger Dhaka-Beijing ties and rising US tariffs that are encouraging Chinese manufacturers to consider relocating factories.

Beza sources said some Chinese manufacturers visited the site last year, and around 200 investors are expected to participate in the zone, suggesting the project still has strong potential if long-standing delays are resolved.

BEZA EXPLAINS DELAYS IN NEGOTIATIONS

"Progress on the proposed Chinese economic zone has been slow due to unresolved contractual and commercial issues," said Mohammad Zakaria Mithu, director (MIS and research) at Beza.

He said that although land acquisition is complete, no formal agreement has been signed with the Chinese side, and negotiations on the engineering, procurement and construction (EPC) contract are still ongoing.

"The development agreement, which is needed to start physical work, depends on finalising the EPC contract," he added.

Mithu also said disagreements over cost valuation under the Chinese loan framework remain a key obstacle, with both sides yet to align their expectations.

READ MORE ON B2

RMG exporters demand lower source tax

STAR BUSINESS REPORT

Garment exporters yesterday urged the government to cut the source tax from 1 percent to between 0.5 and 0.65 percent, citing ongoing difficulties caused by domestic challenges and external pressures.

They also proposed keeping the reduced rate in place for the next five years.

In addition, they called for exemption from the 10 percent income tax on export incentive receipts, saying that export incentives have already been reduced as part of preparations for Bangladesh's graduation from the least developed countries (LDC) group.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) made these proposals in their budget recommendations for fiscal year 2026-27 (FY27), which were submitted to the National Board of Revenue (NBR) yesterday.

Both associations proposed setting the corporate tax rate for subcontracting factories at 12 percent instead of the current 25 to 30 percent, arguing that it should be aligned with existing policies where green factories pay 10 percent and non-green factories pay 12 percent.

They also said subcontracting factories, which place work orders with other factories, currently pay a 5 percent source tax on contract payments and demanded that it be reduced to 1 percent in the upcoming budget.

In addition, they proposed fixing the bond licence fee at Tk10,000 for three years, along with relaxed rules for sub-contracting and bond licence locking.

They also recommended exempting VAT and import duties on the import of man-made fibre and non-cotton yarn, saying this is necessary to expand production using man-made fibres and increase global market share.

Globally, around 75 percent of garments are made from man-made fibres, while in Bangladesh, over 70 percent of exports are cotton-based and only

READ MORE ON B3

Jiban Krishna Saha Roy, director general (investment promotion) of Bangladesh Investment Development Authority, and M Shamsul Arefin, managing director of NCC Bank PLC, pose for a photograph after signing the memorandum of understanding at the former's head office in Dhaka recently. PHOTO: NCC BANK

NCC Bank, Bida to ease investor services through OSS platform

STAR BUSINESS DESK

NCC Bank PLC has signed a memorandum of understanding (MoU) with the Bangladesh Investment Development Authority (Bida) to deliver faster, more efficient and integrated services for investors.

The integration aims to provide seamless access to essential banking and related services through a single digital interface.

Under the MoU, NCC Bank will facilitate online bank account opening along with other relevant banking services via the One Stop Service (OSS) platform. Both organisations will also establish secure server-to-server connectivity to ensure safe, reliable and efficient data exchange.

M Shamsul Arefin, managing director of NCC Bank PLC, and Jiban Krishna Saha Roy, director general (investment promotion) of Bida, signed the MoU at the latter's head office in Dhaka recently, according to a press release.

Speaking on the occasion, Arefin said Bida's integrated online platform represents a major milestone in the government's investment-friendly initiatives, enabling investors to access a wide range of public and private services from a single platform.

He added that the bank's participation would further enhance the efficiency, transparency and responsiveness of investment-related services, contributing to a modern, investor-friendly ecosystem in Bangladesh.

As per the agreement, both parties will exchange relevant information digitally and provide the necessary technical support to ensure smooth system operations.

They will also work collaboratively to maintain data accuracy, security and effective service delivery.

Air Commodore Md Shaharul Huda, executive member of Bida, attended the signing ceremony.

Md Shahinuzzaman, additional director of Bangladesh Bank; Md Habibur Rahman, deputy managing director of NCC Bank PLC; and Shahin Akter Nuha, head of transaction banking and cash management, along with senior officials from both organisations, were also present.

Walton unveils 15 new refrigerator models to boost global market reach

STAR BUSINESS DESK

Actress Bidya Sinha Saha Mim, brand ambassador of Walton Refrigerator, inaugurates 15 new models of refrigerators and freezers at the "Walton Mega Launch" event at the company's corporate office in Dhaka on Saturday. PHOTO: WALTON

Walton, one of the leading electronics manufacturers in Bangladesh, has unveiled 15 new models of refrigerators and freezers to strengthen its presence in international markets and reinforce its position as a global brand.

The lineup, introduced under the "Global Innovation Series", includes side-by-side smart refrigerators, water dispenser-equipped models, non-frost units, top-mount refrigerators, solar-powered chest freezers, vertical freezers, minibar fridges, beverage coolers and ice cream freezers.

Actress Bidya Sinha Saha Mim, brand ambassador of Walton Refrigerator, inaugurated the products at the "Walton Mega Launch" event at the company's corporate office in Dhaka on Saturday, according to a press release.

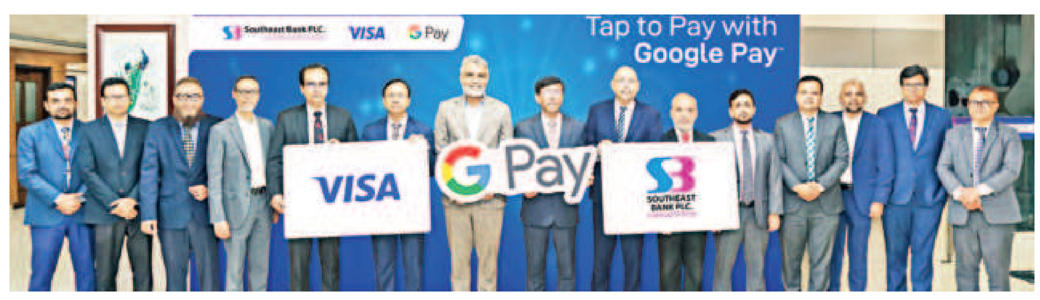
Md Tahsinul Haque, chief business officer of Walton Refrigerator, said the company has expanded exports to more than 55 countries and aims to reach over 100. "The launch of these models in international markets will accelerate that journey," he added.

Highlighting innovation, Azmal Ferdous Bappi, head of the research and innovation centre, said the flagship product is a 629-litre side-by-side smart refrigerator with a 32-inch Magic Mirror multimedia display. The model allows users to browse the internet, watch YouTube and access online shopping platforms.

It also features technologies such as AI Doctor, turbo cooling, 8-in-1 convertible mode and MSO Plus inverter technology for energy efficiency and food freshness.

Walton also introduced 619-litre side-by-side models with water dispensers and a solar-powered chest freezer with 255-litre capacity offering up to 160 hours of cooling retention. A 515-litre non-frost refrigerator and top-mount models with advanced energy-saving technologies were also unveiled.

Southeast Bank rolls out Google Pay for Visa cardholders



Md Khalid Mahmood Khan, managing director and CEO of Southeast Bank PLC, and Sabbir Ahmed Khan, country manager for Bangladesh at Visa, attend the launch of the Google Pay service for its Visa cardholders at the bank's head office in Dhaka recently. PHOTO: SOUTHEAST BANK

STAR BUSINESS DESK

Southeast Bank PLC has launched Google Pay for its Visa credit, debit and prepaid cardholders, enabling customers to make fast, secure and contactless payments using Android phones both locally and internationally.

Md Khalid Mahmood Khan, managing director and CEO of the bank, inaugurated the service at the bank's head office in Dhaka recently, according to a press release.

Through this service, cardholders can easily add their cards to Google Wallet and conduct transactions at millions of merchant locations worldwide.

The service eliminates the need to carry physical cards, offering enhanced convenience, flexibility and a seamless payment experience across POS machines and online platforms.

Google Pay incorporates advanced security features, including encryption and tokenisation, ensuring that actual card details are never shared with merchants. This provides an added layer of protection for every transaction, making digital payments safer and more reliable.

The initiative reflects Southeast Bank's ongoing commitment to strengthening digital payment infrastructure, enhancing customer convenience and supporting Bangladesh's transition towards a cashless economy.

IFIC Bank opens eight ATM booths

Md Mehmood Husain, chairman of IFIC Bank PLC, inaugurates eight new ATM booths in five districts from IFIC Tower in Dhaka recently. PHOTO: IFIC BANK

STAR BUSINESS DESK

IFIC Bank PLC has launched eight ATM booths in five districts -- Brahmanbaria, Barishal, Patuakhali, Tangail, and Narsingdi -- as part of its expansion drive to make financial transactions easier, faster, and more secure for customers.

To mark the initiative, the bank organised a programme at IFIC Tower in Dhaka recently.

Md Mehmood Husain, chairman of the bank, inaugurated the booths from the programme as the chief guest, according to a press release.

The initiative aims to enhance customer service and expand technology-driven banking services.

With more than 1,400 branches and sub-branches across the country, the bank has strengthened its position as one of the largest banking networks in Bangladesh.

Syed Mansur Mustafa, managing director of the bank, along with deputy managing directors and senior officials from various departments, was also present at the inauguration ceremony.

Meghna Bank signs deal with Titas Gas for bill collection

STAR BUSINESS DESK

Meghna Bank PLC has signed an agreement with Titas Gas Transmission and Distribution PLC to facilitate gas bill collection through all Meghna Bank branches, enabling customers to pay their bills conveniently and easily.

Syed Mizanur Rahman, managing director of the bank, and Md Lutful Haider Masum, company secretary of the gas company, signed the agreement in Dhaka recently, according to a press release.

Momtazul Karim N Ahmed, deputy managing director of the bank, and Samiul Kabir, head of retail banking, attended the event.

Shahnewaz Parvez, managing director of the gas company; Md Mohiuddin Molla, general manager of the accounts division; and Md Siddiqur Rahman, general manager of the ICT division, along with other senior officials from both organisations, were also present at the ceremony.

Md Lutful Haider Masum, company secretary of Titas Gas Transmission and Distribution PLC, and Syed Mizanur Rahman, managing director of Meghna Bank PLC, pose for a photograph after signing the agreement in Dhaka recently. PHOTO: MEGHNA BANK

Chinese economic zone still stalled

FROM PAGE B1

He attributed the delays mainly to prolonged negotiations and pending approvals, while a multi-ministry committee is working to resolve the issues.

Mithu added that once the EPC contract is finalised, further steps such as the development agreement, company registration and formal approval can proceed, enabling implementation.

He also said Chinese investment is expected in sectors including textile manufacturing, electronics assembly, renewable energy (solar), light engineering and agribusiness.

Meanwhile, Ashik Chowdhury, executive chairman of Beza, has outlined a 180-day roadmap to complete negotiations for the long-stalled project.

He said that although the land is ready, progress has been delayed due to unresolved commercial issues between the government and Chinese private partners.

"These disputes have delayed the signing of key land-lease and development agreements," he added.

Chowdhury said the immediate focus is to resolve technical cost issues and complete administrative procedures so that groundwork can begin within six months.

He added that the goal is to shift the project from prolonged negotiations to actual industrial development.

BUP wins HSBC-BRAC business case contest, heads to global finale

STAR BUSINESS DESK

Team Six Seven of the Bangladesh University of Professionals (BUP) emerged champion at the Business Case Competition 2026, jointly organised by HSBC and BRAC University, held at the university's multipurpose hall in Dhaka yesterday.

The champion received the trophy along with prize money worth Tk 2 lakh. The team will now represent Bangladesh at the global finale in Hong Kong, competing against top teams from across the region, according to a press release.

Team Arctic Wolves from North South University (NSU) and Team Rotten Mars from BUP secured the first and second runner-up positions, respectively.

The first runner-up received a trophy and Tk 1 lakh, while the second runner-up received a trophy and Tk 50,000.

Sarah Cooke, British high commissioner to Bangladesh, attended the final as the chief guest and distributed the prizes.

"Education is a cornerstone of the UK-Bangladesh partnership. Strong educational links and collaboration between academia and industry will help build the skilled workforce Bangladesh needs for the future," she said.

"It is highly encouraging to see the remarkable talent and ambition demonstrated by students in Bangladesh, who are well-positioned to contribute meaningfully on the global stage."

Sarah Cooke, British high commissioner to Bangladesh, poses for a group photograph with the winners of the Business Case Competition 2026 at BRAC University's multipurpose hall in Dhaka yesterday. Md Mahbub ur Rahman, chief executive officer of HSBC Bangladesh, was also present. PHOTO: HSBC

Mahmud Hasan Khan, president of the Bangladesh Garment Manufacturers and Exporters Association, attended as a special guest and said such competitions are essential in preparing the next generation of leaders for Bangladesh's evolving economic landscape.

"As industries, particularly the readymade garment sector, continue to adapt to global demands, we need young minds who can think critically, innovate responsibly and deliver practical solutions. Platforms like this are instrumental in building future talent," he added.

Md Mahbub ur Rahman, chief executive officer of HSBC Bangladesh, said the competition aims to bridge the gap between academic learning and real-world application.

The competition saw participation from more than 1,600 students from 46 universities across the country, making it one of the most competitive editions to date.

After several rounds, the top teams advanced to the finale, where they presented solutions to a real-world business case before a panel of judges.

The judges included Shamima Akhter of Unilever Bangladesh Limited, Husne Ara Shikha of Bangladesh Bank and Ziaur Rahman of H&M Bangladesh.

Among others, Prof Syed Ferhat Anwar, vice-chancellor of BRAC University, and Mohammad Mujibul Haque, dean of BRAC Business School, were also present.

BB appoints administrator to Aviva Finance

STAR BUSINESS REPORT

Bangladesh Bank has appointed an administrator to Aviva Finance Limited to ensure uninterrupted operations of the non-bank financial institution.

According to an official order issued by the central bank yesterday, Hasan Tarek Khan, a director at the Financial Institutions and Markets Department of Bangladesh Bank, has been temporarily assigned as the administrator.

In his new role, he will exercise the powers and responsibilities of the managing director and chief executive officer of Aviva Finance Limited.

Khan will be relieved of his current duties at the end of the working day on April 27 to take up the new assignment, the order said, adding that the decision was approved by the competent authority.

Aviva Finance Limited, formerly Reliance Finance Limited, was rebranded in 2020 as a shariah-based non-bank financial institution. It offers a range of deposit and investment products, including specialised schemes such as Aviva Nafiha for women.

The central bank had earlier reconstituted the board of the institution following the political transition in August 2024, appointing an independent board to stabilise operations.

However, the company has been struggling due to the prolonged absence of a managing director and a high volume of non-performing loans, which have disrupted its normal business activities. Many customers have reportedly been unable to withdraw their funds, prompting occasional protests.

Ensure predictability

FROM PAGE B1

"When we meet investors, everybody talks about taxes because their investment decisions are being impacted by NBR," said Sapkota.

He said NBR often overrides investment promotion agencies. For instance, they introduce an investment facilitation programme, but in the middle of the year, NBR can issue a regulation that effectively nullifies it.

"Basically, there is no predictability of what is going to happen. So, I can see a reason why everybody says NBR," said Sapkota.

Drawing on his experience in five countries, he said, "I think no other country has this kind of system, where you have agency that supersedes pretty much everything."

To raise tax collection, he emphasised digitisation and stronger compliance.

The ADB economist said, "Even if you increase taxes, if the compliance regime is not tackled, your tax will not actually increase that much, but then people who are already paying taxes will be burdened more."

He said the tax administration system must make it very difficult to avoid paying taxes. For example, it's impossible to evade taxes in India, because everybody has an Aadhaar Card without which none can do anything.

In Bangladesh, he said, the national ID card should be linked with TIN and bank accounts to close that loop. He also suggested reducing multiple VAT rates to two or three to reduce leakages.

"The incentive mechanism, when they rationalise the taxes, should be designed in such a way that this is growth enhancing, productivity enhancing, rather than helping some sort of zombie firms to sustain operation for the sake of employment," said Sapkota.

Fahmida Khatun, executive director of local think tank Centre for Policy Dialogue (CPD), said tax exemptions in Bangladesh continue indefinitely despite limited fiscal space. "If you really want to incentivize, there should be a sunset clause. But, once an exemption is in place, that goes forever," she said.

AK Khan, chairperson of Business Initiative Leading Development (BUILD), said local investors face similar frustrations.

As a local investor, we also feel that there are a lot of constraints when we do or think of investments, which shows a huge gap between policy and practice, said Khan.

He pointed to weak coordination among ministries. NBR, the commerce ministry and other ministries often adopt separate policies on the same subject, leading to conflict and uncertainty.

And there is a serious conflict in policies that frustrate investors. He suggested running institutional reform, institutional coordination, and policy consistent and predictable.

M Masrur Reaz, chairman and chief executive of Policy Exchange Bangladesh, presented a paper at the event. He said higher corporate taxes raise the effective cost of investment and cited the Organisation for Economic Co-operation and Development (OECD) data showing that FDI falls 3.7 percent for every 1 percent rise in the tax rate.

Bangladesh ranks 105th out of 141 countries in the Global Competitiveness Index due to weak business dynamism, poor product market conditions, low skills performance and infrastructure deficits, he said.

To build an investment-enabling fiscal framework, Reaz called for tax reform, greater efficiency in the annual development programme, institutional reform, improved budget credibility and fiscal consolidation.

Rupali Huque Chowdhury, president of FICCI, and Shams Zaman, a FICCI director, also spoke at the event.

RMG exporters demand

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around 30 percent come from man-made fibres, meaning the country is missing significant opportunities.

They added that while cotton imports are already duty-free, similar tariff-free access should be extended to man-made fibre and yarn to stay competitive.

RMG UNDER PRESSURE AS EXPORTS FALL, COSTS RISE

The BGMEA, in its proposal, said the garment sector is facing an unprecedented set of challenges both at home and abroad, including global recession, geopolitical instability and tariff wars that have slowed export growth.

Internal issues such as rising costs of doing business, weak ease of doing business, and structural weaknesses are also affecting competitiveness.

Recent export data shows garment exports fell by 3.73 percent in July-February of FY26 compared to the same period of the previous fiscal year, with earnings continuously declining since August 2025.

As a result, factories are operating below full capacity, increasing fixed costs and overall production expenses.

New work orders have also slowed, with Bangladesh Bank data showing that back-to-back letters of credit (LC) openings for raw material imports fell by 6.79 percent in dollar terms during July-January of FY26.

Lower export orders, combined with reciprocal US tariffs and higher Chinese exports to Europe at competitive prices, have reduced export prices, with the average unit price of garments falling by 1.76 percent in July-February of FY26.

In the first seven months of FY26, imports of capital machinery dropped by 37.87 percent in the textile sector and 12.44 percent in the garment sector, continuing a negative trend from the previous fiscal year.

This reflects declining capacity and a weak investment climate, raising concerns about the sector's future.

The data shows that the country's main export-earning sector, the RMG industry, is going through a critical period, with around 400 garment factories closing over the past three years while many others remain financially weak.

At present, lending interest rates have risen to 12 to 15 percent, while energy costs have increased sharply amid ongoing shortages. Gas prices rose by 286 percent between 2017 and 2023, and electricity tariffs increased by 33 percent over the past five years.

Google may invest $40b in Anthropic

AFP, *San Francisco*

Google is planning to invest up to $40 billion in Anthropic, the artificial intelligence firm confirmed Friday, expanding a long-standing alliance between the two companies.

The investment builds on a partnership in which Anthropic will use custom Google chips and cloud computing services to power its technology.

An Anthropic representative confirmed to AFP that the agreement sees an initial $10 billion investment from Google. The remaining $30 billion will depend on meeting performance milestones.

The announcement came just days after Amazon revealed plans to boost its collaboration with Anthropic with a new $5 billion investment, and a plan to invest $20 billion more if performance goals are met.

For its part, Anthropic said it has committed to spending more than $100 billion on Amazon Web Services (AWS) technology to power AI in the coming decade.

ADP spending hits

FROM PAGE B1

"The current pace of ADP implementation reflects both administrative hesitation and structural weaknesses in fiscal management," he said.

Rahman attributed the slowdown to the country's unusual administrative transition. Two governments were in office during the current fiscal year. Project officials under the interim government hesitated to spend allocated funds, fearing possible complications if a new government came in.

"Since it was not an elected government, there was less accountability. As a result, towards the end, the focus shifted mainly to elections, and development spending did not get due attention," Rahman observed.

Officials at the planning ministry earlier said last year's disruption followed the fall of the Awami League government in a mass uprising, which prompted many project directors to abandon their posts. The revised ADP for the current fiscal year totals Tk 208,935 crore.

Rahman cautioned that the shortfall would have wider economic implications.

"Most ADP projects are infrastructure-based, so delays affect people directly. Employment, especially for daily wage workers at the grassroots level, is also hit due to reduced project activity, creating a multiplier effect on the economy," he said.

Ashikur Rahman, principal economist at the Policy Research Institute of Bangladesh (PRI), said overall ADP implementation is likely to remain subdued in the current fiscal year.

"Like last year, there were many disruptions in the current fiscal year, including the national election, political transition, as well as global turmoil," he said, adding that these factors collectively slowed down development spending.

In line with Lutfor Rahman, he also estimated that total implementation may ultimately stand at around 60-65 percent.

He cautioned about the broader fiscal implications of lower public expenditure. "Due to this lower government expenditure, revenue collection will also be affected."

Fed set to hold rates steady on cost hikes from war

AFP, *Washington*

The US central bank is widely expected to keep interest rates unchanged at its policy meeting next week, as energy prices stay high and supply chains snarled due to war in the Middle East.

The Federal Reserve's two-day meeting, starting Tuesday, could be chairman Jerome Powell's last at the helm of the independent institution.

But it takes place against a tricky backdrop. Powell's successor has faced a bumpy road to confirmation, while policymakers battle competing pressures as steeper fuel prices drive inflation and job market worries linger.

Fed officials are set to keep rates steady at a range between 3.50 percent and 3.75 percent, extending their pause since the start of the year.

"We still have a very high level of uncertainty on what's happening in the Middle East," KPMG senior economist Kenneth Kim told AFP.

Oil and gasoline prices remain elevated even if they have peaked, meaning "there's certainly an energy shock that's still impacting both consumers and businesses," he said.

The Fed has a dual mandate of maintaining price stability and low unemployment.

It tends to keep interest rates high to curb inflation or lower them to spur growth, meaning that current conditions pull officials in different directions.

Navy Federal Credit Union Chief Economist Heather Long expects Powell to be "non-committal" on the path of rates, as the full impact from the war on Iran remains unknown.

The oil price hikes came after US-Israeli strikes targeting Iran from February 28 sparked Tehran's retaliation in virtually closing the Strait of Hormuz -- a key waterway for energy transit.

PHOTO: MD QUAMRUL ISLAM RUBAIYAT

A massive coal stockpile builds up at the Barapukuria mine yard, now more than double its capacity due to reduced power plant demand, raising fire and safety risks and concerns over coal quality, while authorities trade blame for the surplus. The photo was taken recently.

Excessive stockpile at Barapukuria coal mine raises fire risks

Mine yard now stores 2.5 times higher than capacity

MD QUAMRUL ISLAM RUBAIYAT *and* ASIFUR RAHMAN

The Barapukuria coal mine yard in Dinajpur is now storing more than twice its designed capacity, with stocks continuing to rise and raising concerns over fire hazards, possible heap collapse and declining coal quality.

The situation has developed as the nearby Barapukuria Thermal Power Plant, operated by the Bangladesh Power Development Board (PDB) and the mine's only coal buyer, has reduced consumption after two of its three units were shut down due to technical faults.

The yard, which has a storage capacity of 2.2 lakh tonnes, was holding about 5.7 lakh tonnes as of Tuesday. An additional 1 lakh tonnes is stored in the PDB's own yard, which has a capacity of 60,000 tonnes.

The surplus is increasing daily, as the mine is producing around 3,000 tonnes of coal against a demand of only 700-750 tonnes.

Md Shah Alam, managing director of Barapukuria Coal Mining Company Limited, a subsidiary of state-owned Petrobangla, told The Daily Star over the phone that frequent fires are now occurring due to the excessive stockpile.

"A dedicated team is working around the clock to keep the fires under control," he said.

POWER PLANT OUTPUT REDUCED

Abu Bakar Siddique, chief engineer of the Barapukuria Thermal Power Plant, said the facility has a total generation capacity of 525MW (megawatt), with Unit-1 and Unit-2 producing 125MW each, and Unit-3 producing 275MW.

He said only Unit-1 is currently in operation, supplying about 55-65MW to the national grid. Unit-3 has been shut since October 19, 2025, while Unit-2 has remained out of service since 2020 due to a mechanical fault.

"Unit-3, with a capacity of 275MW, is expected to resume operations by May this year. The process to overhaul Unit-2 is also underway," he said.

Siddique added that when Units 1 and 3 operate together, the plant will require around 3,200 tonnes of coal per day.

"At that rate, about one lakh tonnes of coal will be used each month, and the current stockpile could be cleared in seven to eight months," he said. "We are also working to expand the PDB's coal yard capacity by an additional 50,000 tonnes."

TRADING BLAMES

Officials from both the mine and the power plant have blamed each other for the growing coal stockpile.

Plant authorities say they requested a temporary suspension of coal production, while mine officials argue that output cannot be stopped due to technical limitations, safety risks and contractual obligations.

"We had asked the coal mine authorities to reduce coal extraction to help control spontaneous combustion and reduce other risks, but we received no response," Siddique said.

Md Shah Alam rejected the suggestion of halting production. "There is no scope to stop mining once it begins, as it could increase risks, including a higher chance of spontaneous combustion," he said.

"We are now extracting coal in two shifts instead of three," he added.

He also said the crisis has worsened following a 2019 policy change that made the power plant the mine's sole buyer, removing the option to sell surplus coal in the open market through tenders.

Monir Hossain Chowdhury, spokesperson for the Energy and Mineral Resources Division, said once coal is extracted, it becomes the property of the power plant.

"We do not have any mechanism to send that coal elsewhere," he said.

He added, "It depends entirely on the plant authorities. Due to reduced power plant operations, the mine is facing difficulties as it lacks storage capacity. We are concerned about the issue, and the Power Division is working to resume production at the plant."

India plugs oil gap as Middle East supplies sink

AFP, *Mumbai*

India has ramped up purchases of Russian oil and revived alternate supplies from Africa, Iran and Venezuela to blunt a sharp crude shortfall from the crisis-ridden Middle East, analysts say.

India, the world's third-largest oil buyer, normally sources about half of its crude through the Strait of Hormuz, a vital waterway that has seen only a trickle of traffic since the United States and Israel launched attacks on Iran on February 28.

India's heavy import dependence, combined with modest oil reserves compared with major consumers like China, has prompted analysts to warn that India could be among the most vulnerable to a sudden oil price hike.

But while India is grappling with disruptions to cooking gas supplies, it has so far avoided the petrol shortages that have hit some neighbouring nations.

Ship-tracking and import data show that India has partially plugged the gap by turning to old allies, expanding promising ties and reviving suppliers it had not tapped in years.

The biggest backstop has been Russian crude -- a fuel source New Delhi spent much of the past year trying to pivot away from under stiff US tariffs.

Indian refiners imported an average of nearly 1.98 million barrels per day (bpd) from Russia in March, according to trade intelligence firm Kpler -- a sharp jump from the previous two months.

Analysts say the surge was likely aided by a temporary US waiver granted in March covering Russian oil already at sea.

"Imports rose from approximately one million bpd in January and February," said Nikhil Dubey, an analyst at Kpler.

"This near-doubling suggests that this additional volume was likely contracted following the sanction waiver," he told AFP.

USEFUL PURCHASE

India likely purchased an additional 60 million barrels of Russian oil that will be delivered through April, two trade analysts said.

Washington's exemptions have drawn criticism from Ukrainian President Volodymyr Zelensky, who says they complicate efforts to choke off Russia's revenues more than four years into its full-scale invasion of Ukraine.

But Kyiv gained little leverage after US President Donald Trump last week extended the waiver on Russian seaborne oil by another month.

"The extension gives Indian refiners the runway they urgently needed," said Rahul Choudhary, vice-president at Rystad Energy.

"Indian refiners will likely move quickly to lock in the additional barrels the extension unlocks before the May 16 deadline."

Other markets have also aided India.

Imports from Angola averaged 327,000 bpd in March, data from Kpler shows, nearly three times what India received in February.

Industry watchers say African crude purchases were made before the United States struck Iran and have proven to be useful.

"A lot of the uptick you're seeing from Angola in March or Nigeria in April comes because we were (already) looking at sources other than Russia," an official at a state-run refiner told AFP, requesting anonymity because they were not authorised to speak with journalists.

"It's now come in handy because shipments from Iraq and most of the Middle East have fallen heavily."

According to Kpler, crude from both Iran and Venezuela began arriving this month.

Imports from Iran averaged 276,000 bpd as of mid-April, while shipments from Venezuela stood at around 137,000 bpd, preliminary data from Kpler shows.

The purchases have proven to be a fortuitous windfall for refiners who largely steered clear of both suppliers previously to avoid US ire.

HIGHER PRICES

Despite the diversification, the road ahead looks difficult.

India's overall crude imports fell in March, sliding to 4.5 million bpd from 5.2 million in February, according to Kpler.

Analysts also cautioned that oil from the African nations has limits as a substitute.

"In a prolonged Iran conflict scenario, African crudes can partially backfill supply. However, they are unlikely to fully replace Middle Eastern barrels on a structural basis due to crude slate mismatches," said Dubey, explaining Indian refineries were configured for different grades than what comes from the African countries.

Higher prices are also a problem.

"The era of cheap oil is over for now, but access has been preserved. Either way, India doesn't have the luxury of walking away," said Choudhary, noting that April barrels were secured at between $5 and $15 above the Brent global oil benchmark.

State-run retailers have yet to raise pump prices, with the government instead cutting excise duties on fuel.

Some analysts warn prices could rise by as much as 28 rupees (30 cents) per litre once voting in key state elections ends later this month.

People rush to refuel their vehicles at a fuel station in Amritsar. India, the world's third-largest oil buyer, normally sources about half of its crude through the Strait of Hormuz.

PHOTO: AFP/FILE

Tax returns for SMEs

AF NESARUDDIN

There are serious lapses in policies aimed at expanding the tax net, resulting in persistently low revenue collection and a weak tax-GDP ratio over many years. Numerous ad hoc measures have been introduced, but outcomes have fallen short of expectations. A striking example is the limited and ineffective taxation of medium and small business houses, traders and business establishments, excluding large corporates. Together, these may be termed SMEs.

Lack of transparency and accountability, weak financial reporting, inefficient tax administration and widespread corruption are the principal causes. Over the past two decades, the trade sector in metropolitan cities, district towns, upazilas and growth centres has expanded significantly. Per capita income has also risen, visible in improved living standards, especially outside major cities. Yet these trends are not reflected in tax collections.

Most SMEs do not maintain proper accounts or ensure transparent reporting. Taxes are often based on fixed sums or manipulated accounts, and the amounts paid are negligible. In many cases, liabilities are determined through informal negotiations between taxpayers and officials, sometimes facilitated by unethical consultants.

The question, then, is how to break this cycle in both the short and long term. There appears to be little research or structured policy work on this issue. Although there are four categories of return forms in the current system, there is no prescribed form tailored specifically to SMEs.

An SME tax return form should be distinct, incorporating key information such as annual turnover; purchases from recognised supply chains, producers and distributors; rental expenses; salaries and wages; electricity bills; city corporation and municipal taxes; total floor area of business premises, including warehouses; bank statements; and VAT returns where applicable. The status and lifestyle of owners and their family members are also relevant. Assets and properties declared in individual tax returns should be cross-checked against SME disclosures. A proper analysis of such data would provide a clear picture of business scale and performance.

As an initial step, where annual income exceeds a threshold, say Tk 1 crore, accounts, except for limited companies, should be prepared with the support and attestation of qualified accounting experts, not necessarily chartered accountants. In line with global practice, the Financial Reporting Council (FRC) and the National Board of Revenue (NBR) could determine eligible qualifications, including part-qualified CAs, CMAs and ACCAs. This would improve the quality of financial reporting among SMEs and strengthen revenue collection.

Based on these enhanced returns, income tax should be assessed using progressive slabs. Where reliable accounts are absent, minimum tax may be determined using objective indicators such as electricity consumption, a proportion of salaries and wages, recorded purchases and other reasonable yardsticks. Introduced initially as a pilot, this system could be refined and expanded over time. Digitalisation of accounting records is no longer costly. Many SMEs already use software to record transactions, yet such data often remain undisclosed when tax liabilities are assessed.

Some may argue that revenue from SMEs would not significantly affect overall collections compared with large corporates. However, beyond immediate revenue gains, a broader cultural shift is needed. Public apathy towards tax compliance must change.

No society or economy can develop without transparency, accountability and proper disclosure of business results, alongside meaningful participation by financially solvent citizens. Curbing corruption, if not eliminating it, must also be a priority. These reforms are essential if Bangladesh is to confront mounting economic challenges at a time when the global economy faces prolonged uncertainty.

The writer is a senior partner of Hoda Vasi Chowdhury & Co and a past president of ICAB

IEA sees 'tight' LNG markets through 2027

AFP, *Paris*

Liquefied natural gas (LNG) supplies are likely to remain strained through the end of 2027 due to disruptions and infrastructure damage from the US-Iran war, the International Energy Agency said Friday.

Energy prices have soared since Tehran effectively closed the Strait of Hormuz to Gulf tanker traffic and began striking oil and gas targets in neighbouring countries in retaliation for US and Israeli attacks.

"The combined effect of short-term supply losses and slower capacity growth could result in a cumulative loss of around 120 billion cubic metres of LNG supply between 2026 and 2030," the Paris-based agency said in a new report.

It said nearly 20 percent of LNG supply has been lost due to the conflict, and warned that new investments to increase production are likely to be delayed.

"While new liquefaction projects in other regions are expected to offset these losses over time, the impact will prolong tight markets through 2026 and 2027," it said.

Soaring prices could also depress demand for gas, with many countries already announcing energy-saving measures that could drive demand for renewable energy sources.

"The demand side is set to play a key role in balancing the market -- particularly in Asia, where fuel switching is already picking up alongside energy-saving measures," the IEA said.

Economists warn that persistently high prices could spark widespread inflation that could derail growth worldwide if consumers curtail spending in response.