

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."

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.

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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 refiners 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 refiners 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.



PHOTO: AFP/FILE

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.