

Powerless against
sand lifters

Show no quarter to lawbreakers

It is unthinkable that illegal sand sifters have the gall to physically attack an assistant commissioner (land) and other officials. But that is precisely what happened in Hariampur area near the Padma River on January 19 when on an inspection visit, the said officials came under attack from armed goons of the groups involved in sand lifting. Such is the state of the country that powerful syndicates appear to wield more power than the land department whose job it is to protect river banks and deter the illegal lifting of sand.

According to a report published in this paper yesterday, the local people have long been complaining about river erosion due to sand lifting. We are informed that the person heading this illegal activity is related to a powerful local ruling party man and by that count alone, sand keeps getting lifted, leaving the communities living along the Padma in that area in dire straits. The question here is that if this is going to be the attitude of local party men towards authorities, then precisely where does that leave the people?

If a complaint to the local administration is met with such violent responses where officials get beaten black-and-blue and are forced to retreat to safety, how safe are the local communities? We condemn this brazen act of muscle power which has challenged the authority of the State and its officials. Such lawlessness cannot go unanswered and we expect the local administration to bring these criminals to justice and put a stop to the illegal sand lifting that has been going on with impunity.

Make footpaths
user-friendly for the
visually impairedCoordination among the
agencies needed

It is very unfortunate that the initiative taken by the two city corporations of Dhaka to install tactile tiles on footpaths to facilitate the movement of physically challenged people has failed to bring any positive results. The city corporations have paved many of the city's footpaths with tactile tiles, detectable by long-canes or by feet, so that it could alert the visually impaired of approaching streets or potential hazards ahead. But the vertical irons and short poles installed on several footpaths in the city by the Dhaka Metropolitan Police to prevent illegal parking and motorcyclists from using the footpaths are creating obstacles for the visually impaired. Added to that is the grabbing of footpaths by hawkers blocking the free movement of pedestrians, especially the visually impaired.

Shouldn't the DMP have consulted the two city corporations before installing the concrete pillars? Were the DMP officials even aware that tactile tiles were meant to serve physically challenged people and installing the concrete pillars in the middle of these footpaths would obstruct their movement? Also, did the city corporations, before undertaking the initiative to pave the footpaths with these particular tiles, discuss it with the stakeholders? Apparently, no. Because some experts working with people with disabilities think that these tiles do not give any specific direction to the visually impaired people. If so, then why waste such a large amount of public money on projects that fail to bring any positive results?

Lack of coordination among different government agencies while carrying out developmental projects has always been a big problem. Before undertaking any initiative, all agencies and stakeholders concerned should sit together and plan how to effectively carry out such projects. At the same time, we must see to it that our insensitivity towards physically challenged people does not make their life more difficult.

LETTERS
TO THE EDITOR

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Street congestion and
private car policy

Dhaka's growing traffic gridlock prompted me to assess what other cities do to manage flow. Singapore recently decided to adopt a zero percent private car population growth. New car buyers are required, through a system of bidding, to buy a Certificate of Entitlement which is valid for ten years. Then the car is phased out. Furthermore, Singapore's tax policy makes a mid-range car cost roughly four times its price in the USA!

In lieu of owning private cars, the government's plans include investing 20 billion Singapore Dollar in new rail infrastructure, 4 billion Singapore Dollar to upgrade and expand rail operating assets, and 4 billion Singapore Dollar in bus contracting subsidies.

The GoB has shown some foresight in providing transportation alternatives via metro rail. But is it going to be enough? Will it adequately meet point-to-point service? And can the construction be sped up, keeping in view the cost-time-quality trade-off? Concurrently, can old cars be phased out, perhaps adopting a negative private car growth policy? Building multi-storied parking capacity in critical zones and improving walking space would be a boon if the negative impacts (on health, opportunity costs, productivity, pollution) are to be systematically eliminated.

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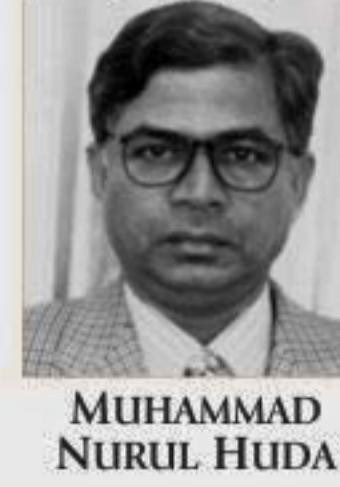
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FM's call to generate revenue

Widening the tax base is crucial

STRAIGHT
LINEMUHAMMAD
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ONE can justifiably expect a lot from our newly induced finance minister, for he is a chartered accountant by training, a seasoned politician with the experience of holding important public offices, and a successful businessman—a combination that makes him well suited for his new job. He has lost no time in outlining his priorities as finance minister, and one of those is raising tax revenue to meet public expenditure. While speaking to officials, he underscored the importance of expanding the tax base and recruitment of adequate personnel for generating more revenue.

A pertinent question is, shall we stick to the old-fashioned fiscal theory that income tax rates must be increased to provide higher revenues to the state? The modern fiscal theory that is pursued by many developed countries is to increase revenue not by increasing income tax rates, but by increasing income and expanding the tax base. In other words, tax revenues must be made self-generating. Viewed in this light, the new finance minister's direction to broaden the tax base is a step in the right direction.

It is perhaps relevant to recall that the method of eradicating inequalities by giddy levels of taxation involves levelling down. The modern fiscal method aims at levelling up and uses rapid economic growth as an instrument for reduction of economic inequalities. A steeply progressive corporate and personal income tax system often results in large-scale tax evasion and economic stagnation. This was the experience of post-World War II Germany.

Faced with mounting public expenditure, the German government made tax reduction the first step in its fiscal policy. The lowering of the tax rates benefitted the small taxpayers as well as large enterprises. Generous tax exemptions were given to individuals and firms who saved and invested funds in capital goods and housing.

In our situation, we have to admit that ensuring social justice should be the most important goal of taxation. The problem that we face is reconciling the objective of social justice with the need for providing fiscal stimulus to promote economic goals. In other words, the ideology of taxation is broadly based on the considerations of raising revenue and bringing about certain economic and social results.

It is a truism that taxes, like water, have a tendency



to find the lowest level. In the final analysis, almost all taxes hit the common man. Therefore, while levying taxes, we would do well to ensure that the tax is equitable and fair for the different classes of society. The convenience of the taxpayers needs to be ensured by not making the taxes complicated and cumbersome. The government has to economise and levy only the minimum tax which is necessary for the national good. Simultaneously, the laws imposing taxes must be clearly and precisely worded so that the common man can understand exactly what burden is he expected to bear.

The objective of the nation's basic economic policy should be to foster and lead continued growth in desired directions. In this context, private investment assumes a crucial role; and private saving has an even greater role to play since a considerable part of public investment itself is financed through a draft on private savings. Therefore, a central objective of the tax policy in Bangladesh must be to promote the highest possible rate of private saving in the country.

A distinctive feature of an economy that fosters enterprise and promotes savings and investment is a reasonably low tax structure. There is no doubt that rewards have to be shared but first they have to be earned; wealth must be distributed but first it has to be created. Only good management, hard work and initiative on the part of the people can accomplish the

end. The government's function should be to offer incentives and create a climate in which these qualities are encouraged, cultivated and brought to mellow fruitfulness.

In China, there has been a policy to implement tax cuts for small and micro-level enterprises with a view to mainly supporting employment. Policymakers there are of the view that developing and strengthening small companies can contribute to economic stability and greater income and employment generation. To a large extent, this is expected to expand the tax base, conserve tax resources and ultimately help with mass employment, corporate profits and fiscal revenues.

On the issue of tax cuts, the view that tax rates in Bangladesh cannot be reduced because of the widespread tax evasion is comparable with the observation that one should not go into water until one has learnt to swim.

Tax evasion is reprehensible because it is social injustice by the evader to his fellow citizens. Arbitrary or excessive taxation is equally reprehensible because it is social injustice by the government to the people. Tax evasion aggravates arbitrary taxation; and arbitrary taxation aggravates tax evasion. To break this vicious cycle, we must at once take initiatives to check tax evasion and stop arbitrary taxation.

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BANGLADESH APPAREL INDUSTRY

Thinking out of the box to gain
some bargaining power

MOSTAFIZ UDDIN

WE constantly hear the complaint from our apparel exporters that buyers do not pay them a fair price for their products. Whether or not this is a fair assessment is perhaps irrelevant. Apparel supplier factories everywhere in the world are operating in a hugely competitive market where buyers hold all the cards. If one supplier does not offer them the right price, they can be confident that another one will.

Consider, for instance, that in Bangladesh there are more than 4,000 ready-made garment factories. Apparel brands and retailers have a huge number

box. For instance, what if there was another way for supplier factories to take back some power? What if RMG factories could sell their products directly to consumers using smart digitisation technology and through creation of their own brands?

Such a strategy brings many potential benefits—better margins, faster way to reach market, and less waste are three of the most obvious advantages.

A business-to-consumer (B2C) model which saw apparel factories supplying directly to consumers could complete the picture, offering "see now", "buy now", "make now" opportunities. This would see end-consumers ordering branded products directly from the websites of apparel factories and, where appropriate,

customised design on a website can be transmitted directly to a knitting or printing machine to create a bespoke product.

This whole area is changing fast and offers huge opportunities for traditional apparel suppliers. However, to take this step, they will need to invest in new technology as well as in branding and marketing. Dealing directly with end-consumers is a completely different way of doing business, and this is a business model that RMG factories may have to evolve slowly towards alongside their traditional operations.

Branding and marketing are critical tools here. RMG factories in Bangladesh are experts at dealing with business customers—apparel brands and retailers,

meaning you will have created two problems for yourself—still challenged in your core B2B manufacturing business, but also fallen into the same trap in your growth B2C opportunity, instead of a solution. Creating a brand from scratch takes time, effort and resources. This is a creative process but, done properly, it can be hugely rewarding and may potentially offer an important point of diversification for factory owners. As mentioned earlier, such an approach also offers a potential direct link with end-consumers.

The ultimate objective here is for the customers to pull production through a speedy and responsive supply chain, rather than the current system of making large volumes of product that eventually require pushing onto customers through discounting.

As well as offering opportunities for supplier factories in Bangladesh, a shift towards selling directly to consumers also provides potential sustainability benefits.

Waste is a major issue at present in the global apparel supply chain. Current estimates indicate that between a third and half of all clothing is now discounted. Direct manufacturer-to-consumer production can also potentially lead to sustainable consumption and better margins.

The trend to greater customisation of apparel has been much publicised in the last few years, and offers the potential for increased margin, if the manufacturing challenges can be overcome.

From a sustainability perspective, the greater involvement of the consumer in the design and making process may create greater attachment, and hence increase the effective lifetime of an end garment. For example, a pair of jeans with greater personal meaning is likely to be kept and used more than one without. This may help to increase the overall utilisation of clothing which numerous studies have shown to be in steady decline.

Without a doubt, apparel brands and retailers are in a powerful negotiating position with the RMG factories. Complaining will not change that picture. Instead, now could be the perfect time to use new technology to cut out the middleman and sell their products directly to end-consumers.



Women work at a garment factory in Dhaka, on July 12, 2016.

PHOTO: REUTERS/MOHAMMAD HOSSIAN PONIR

of factories vying for their custom—so who can blame them for driving a hard bargain on price? Will this situation ever change? It is hard to believe that it will. After Rana Plaza when global apparel brands and retailers were under intense scrutiny, there is evidence to show they still continued to drive suppliers down on FOB prices. This is despite the fact that RMG factories were required to invest massively in factory upgrades to meet the requirements of the Accord and Alliance.

Given the above situation, it is time for apparel factories to think outside the

adding their own customisation to their product, whether that be to a pair of jeans or a T-shirt.

A direct, seamless operation covering order processing and production through to logistics and delivery could see customised products being delivered directly to the end-consumer, with no involvement from apparel brands or retailers.

At the same time, there are now a number of software-technology companies which are creating tools to support the rapid transition from design to manufacturing. For example, a

But many lack knowledge and understanding of the slick marketing and branding techniques which are required to deal with end-consumers.

This requires a whole new set of skills and may need RMG factory owners to make investment in public relations and marketing. In addition, it is important to design a differentiation model which allows you to stand out from the international competitors where you offer innovation in terms of storytelling, products or technology. The value addition needs to be unique. If not, you will end up competing on price,

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