

Star BUSINESS



Bangladesh moves up in financial secrecy index

STAR BUSINESS REPORT

Bangladesh has moved two notches up to rank 52nd among 141 nations in the Financial Secrecy Index 2022, meaning the country has become even more secretive in helping individuals to hide their finances from the rule of law, according to the Tax Justice Network (TJN). The index, which was introduced in 2009, ranks each nation based on how intensely the country's financial and legal system allows individuals to hide and launder money extracted from around the world.

A higher rank on the index does not necessarily mean a jurisdiction has more secretive laws, but rather that the jurisdiction plays a bigger role globally in enabling banking secrecy, anonymous shell

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Stocks drop for fifth consecutive day

STAR BUSINESS REPORT

Shares on the Dhaka Stock Exchange (DSE) dropped for the fifth consecutive day yesterday after averting another big fall thanks to the support from some institutional investors in the last hour.

At one point, the DSEX, the benchmark index of the premier bourse, had lost 112 points as worries about the economy's worsening health owing to the lingering Russian-Ukraine war, the coronavirus pandemic, the taka's major devaluation, and rising inflationary pressures weighed on investors' minds.

It pared losses in the last hour and finally settled at 6,403, down 27 points, or 0.42 per cent. In the last five days, the index shed 295 points.

The turnover fell around 24 per cent to Tk 779 crore on the day from Tk 1,024 crore on the previous day. Among the securities, 89 advanced, 245 declined and 45 remained unchanged.

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CLOTHING RETAILERS INCREASED DEPENDENCE ON BANGLADESHI FABRICS

REASONS

- Demands for locally made fabrics picked up after improvement in Covid situation
- Retailers want quick delivery before sales seasons kick in
- Use of local fabrics can save up to 60 days in lead time
- Buyers want 45 days lead time instead of up to 120 days
- Local millers are expanding fabrics production capacity

Local industry strength

- Bangladesh requires 10bn metres of fabrics annually
- Local millers can supply 6bn metres of fabrics
- Weavers can meet 45pc of demand for woven fabrics
- Spinners can supply 90pc knitwear raw materials to the local markets
- Bangladesh spends nearly \$9bn to import of fabrics
- Bangladesh imports 4bn metres of fabrics in a year
- Investment in primary textile sector stands at \$16bn

Apparel export \$35.36bn in July-April

- \$19.24bn came from knitwear shipments
- \$16.11bn from woven shipments

It is difficult to keep up with the trends of fast fashion with imported fabrics as it takes a lot of time

AK Azad
chairman of Ha-Meem Group



Global clothing retailers turning to Bangladeshi fabrics

REFAYET ULLAH MIRDHA

Major international clothing retailers and brands are increasing their reliance on the fabrics made in Bangladesh to produce apparel items, owing mainly to shorten lead time and cut the shipping costs that have gone through the roof.

As a result, local garment exporters can supply finished goods to their buyers within 45 days to 60 days, down from the 90 days to 120 days needed when goods are made from fabrics imported from countries such as China, India, Indonesia, South Korea, and Pakistan.

Other factors for the growing use of local fabrics by international retailers and brands include the urge to make it to the shops in the European and American markets before the sales seasons kick in.

Previously, buyers used to sell goods over three seasons. Now, they run their businesses in six seasons thanks to the emergence of fast fashion, which refers to clothing

designs that move quickly from the catwalk to stores to take advantage of trends.

"It is difficult to keep up with the trends of fast fashion with imported fabrics as it takes a lot of time," said AK Azad, chairman of Ha-Meem Group, one of the top apparel

availability of containers as major challenges facing both buyers and exporters.

Shorter lead time and availability of raw materials like fabrics have become major determinants in the global supply chain as economies reopened.

than 500 per cent.

China is the main source of fabrics used in Bangladesh. But it takes 30 days alone just to bring them to the factories from the world's second-largest economy.

"But if fabrics are made locally, it takes 45 days altogether to ship goods. So, the retailers and brands are preferring local fabrics," said Monsoor Ahmed, chief executive officer of the Bangladesh Textile Mills Association (BTMA). "I am overbooked with orders," said Abdullah Al Mahmud Mahin, managing director of Hamid Fabrics Ltd.

Currently, the company supplies woven fabrics to renowned retailers and brands such as Hugo Boss, Abercrombie & Fitch, Tommy Hilfler, Calvin Klein, JC Penney, H&M, Esprit, M&S, s.Oliver, and Colors of Benetton.

Besides, more than 300 large, medium and small retailers and brands source garment items from

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exporters in Bangladesh.

For example, renowned buyers such as H&M and Zara used to place orders with a lead time of three months. Now the lead time has come down to two months because of the rapid change in fast fashion.

"So, buyers are preferring local fabrics," Azad said, citing longer lead time, abnormal freight charge, and non

Even before the onset of the pandemic in March 2020, the dependence on local fabrics was growing because of the trade war between the US and China.

The use of local fabrics surged with the easing of Covid-19 restrictions with a view to delivering the products on time and reducing shipping costs, which have shot up more

Tax collection target likely to be missed, again

SOHEL PARVEZ

The National Board of Revenue (NBR) has been failing to achieve tax collection targets since the fiscal year of 2012-13 because of lofty goals set by the government and the absence of major reforms.

In the current fiscal year, the tax administration is likely to miss the collection target once again.

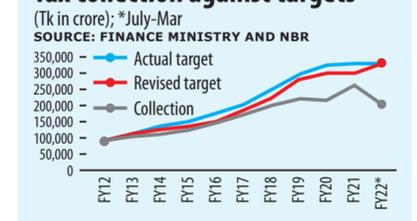
The NBR managed to collect Tk 204,008 crore in the nine months to March of the current fiscal year of 2021-22, which is 62 per cent of the collection goal of Tk 330,000 crore. This means tax officials will have to quarter a staggering 63 per cent growth in the last quarter of FY22 to hit the target.

"It is unusual. It means that collection target is unlikely to achieve," said Selim Raihan, executive director of the South Asian Network on Economic Modelling.

Between July and March, the NBR's collection grew by 14.45 per cent driven by a 20.5 per cent jump in its receipts as customs tariffs thanks to surging prices of imported items.

Income tax collection rose 14 per cent but the collection of value-added tax, the biggest source of revenue for the government, was a laggard in terms of growth during the period.

Tax collection against targets



Raihan said increased customs duty collection might not sustain as the central bank tightened rules to discourage imports of non-essential commodities. Towfiqul Islam Khan, senior research fellow of the Centre for Policy Dialogue, says the revenue growth achieved by the NBR in the FY22 has largely been driven by skyrocketing commodity prices.

"Regrettably, the growth attained in the area of indirect tax collection at the external level could not be maintained in the case of indirect tax at

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STOCKS

DSEX	CASPI
0.42%	0.64%
6,403.50	18,745.17

COMMODITIES

Gold	Oil
\$1,823.27	\$115.13
(per ounce)	(per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
2.54%	0.42%	0.34%	0.65%
54,318.47	26,659.75	3,201.89	3,093.70



A manager of a processing company collects liquid milk from producers in Arkandi village of Faridpur upazila under Pabna recently.

PHOTO: AHMED HUMAYUN KABIR TOPU

Milk prices rise but farmers see little benefit

SUKANTA HALDER and AHMED HUMAYUN KABIR TOPU

Although processed milk prices are rising at the retail level, farmers are yet to see any benefit as there is no sign of an increase on their end.

The higher cost of feed and other inputs, including transportation, has inflated liquid milk prices in different areas in the Dhaka city. On average, half-litre packets of the dairy product are now being sold for Tk 45 while a one-litre packet costs Tk 80, up by Tk 7 and Tk 10, respectively.

According to consumers, the rising costs of all essential commodities coupled with the new price of milk have put extra pressure on them at a time when most are still recovering from the pandemic fallout.

Shopkeepers say that two companies raised the price of liquid milk about a week ago while the sales representatives of all remaining major processors said they would soon follow suit.

Aarong Dairy currently sells each litre of pasteurised milk at Tk 80 while it was Tk 70 previously. Likewise, the price of the company's half-litre packs rose to Tk 45 from Tk 38, said Ratan Mia, owner of Jewel General Store in the Rupnagar area of Mirpur in the capital.

Pran Dairy, a concern of Pran-RFL Group, increased the price of its one-litre UHT milk packets to Tk 80 from Tk 70

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WE MOURN

Kazi Ekramullah
(1953-2022)

We are deeply shocked and grieved at the sad demise of **Mr. Kazi Ekramullah**, Sponsor Shareholder of Midland Bank Limited, who breathed his last while under treatment in Bangkok on Saturday, 14 May 2022 at 12:30 p.m. BST (Innaillaha Wa Inna Ilaihi Rajeun).

He died at the age of 69 and left behind his wife, son, daughter, close family and friends and host of well-wishers to mourn his death.

On behalf of Midland Bank Family, we pray to Almighty Allah to grant eternal peace to the departed soul and express our heartfelt condolences to the bereaved family.



Foot-pedalled threshers being sold in the range of Tk 13,000 to Tk 17,000 on the Gohail Road in Bogura yesterday.

PHOTO: MOSTAFA SHABUJ

China faces uphill battle to repeat 2020 miracle as exports falter

REUTERS, Beijing

China's slowing economy will struggle to stage the kind of stunning recovery it achieved from the early depths of the pandemic two years ago, as its formidable export machine teeters and options to revive investment and consumption dwindle.

Analysts and policy insiders say that means China's leaders may have to quietly accept economic growth of about 5 per cent for this year, below Beijing's current target of "around" 5.5 per cent, and prospects of a slower "U-shaped" recovery, rather than a rapid "V-shaped" one.

With no end in sight to China's zero-Covid policy, investors worry a prolonged slowdown in the world's second-largest economy could further weaken the global recovery and that worsening supply chain disruption could fan inflation risks.

That outlook contrasts sharply with 2020, when China's economy roared back from its deep pandemic-induced contraction, thanks to a combination of stimulus and surging exports as

locked in global shoppers splurged on Chinese goods. "China's economic and Covid cycles are different to that in other countries. Back (in 2020), China effectively controlled the Covid outbreak and achieved a rapid recovery in production and reaped benefits," said a policy source who spoke on condition of anonymity.

"This time around, the outside world chooses to lie flat, and we see more negative impact on China as they tighten policies that will hit external demand, putting pressure on China's foreign trade."

Even before widespread Covid curbs in Shanghai and other major Chinese cities hit the economy, private-sector economists considered Beijing's growth target as ambitious.

The United States, Europe and other major economies have chosen to "live with the virus" as they reopen and rely on vaccines to fight the pandemic.

In China, such policies are seen as encouraging inaction against a deadly and highly infectious virus and as such are politically unpalatable.

In 2020, China surged back from its

pandemic slump to become the only major economy to grow in a turbulent year, in which the Covid-19 shock forced Beijing to scrap its annual growth target.

On the last day of 2020, President Xi Jinping declared victory over the pandemic under the banner of the Communist Party while senior officials touted the ruling party's ability to "turn crisis into opportunity."

That early success means China is now likely to stick with its zero-Covid policy until at least a key party meeting towards the end of the year.

Unlike 2020, however, the US Federal Reserve and other central banks are raising interest rates to curb runaway prices, making it harder for the People's Bank of China to ease monetary policy due to worries about capital outflows and local inflation.

Chinese consumers are tightening belts amid rising job losses and falling incomes, and the government remains reluctant to give cash handouts similar to those used in the United States and Europe, policy insiders say. Some Chinese cities have offered shopping vouchers to residents.

Channeling more money into big-ticket infrastructure projects is China's most viable move, but may not be enough to pick up the slack as property spending weakens, they said.

"Infrastructure, which received full-throated support from President Xi in April, should lead the recovery," economists at Societe Generale said in a note.

"But infrastructure alone won't be enough, and a housing market rebound would be essential for the whole economy to turn around, given that consumption is unlikely to see a proper recovery until the end of the zero-Covid policy."

Economic data this week for April showed China's consumption and factory output fell at a pace unseen since early 2020, when the Wuhan outbreak became a pandemic.

The broad-based slowdown has stoked worries of further job losses, with China's nationwide survey-based jobless rate rising to 6.1 per cent in April, the highest since February 2020 and well above the government's 2022 target of below 5.5 per cent.

Private sector should engage in disaster risk management

Speakers tell event organised by DCCI, ActionAid Bangladesh, United Purpose, World Vision

STAR BUSINESS REPORT

Disasters can be detrimental to supply chains, production and overall business marketing, for which it is imperative to engage the private sector in risk management to mitigate the losses, said speakers at an event yesterday.

The event was jointly organised by the SUPER project initiated jointly by the Dhaka Chamber of Commerce and Industry (DCCI), ActionAid Bangladesh, United Purpose and World Vision at the Pan Pacific Sonargaon Dhaka, according to a press release.

DCCI President Rizwan Rahman said disasters like earthquakes, fires and chemical explosions have far-reaching consequences, taking a heavy toll on the sustainability of enterprises.

He said Bangladesh in the recent past took up several policies to reduce disaster risks and the country needs to prioritise disaster management across the private sector.

In order to ensure sustainable economic development, attract investment and face the risks of hazards, disaster risk management skills need to be improved, said Enamur Rahman, state minister for disaster management and relief.

He said it was not only the public sector's job; the private sector's engagement was very important. Ambassador of the Philippines to Bangladesh Alan L. Deniega said both the public and private sectors should come forward to work together for capacity improvements in disaster risk management.

The private sector has to play the dominant role in disaster risk management for its own development and sustainability, said Farah Kabir, country director of ActionAid Bangladesh.

She said there should be an integrated risk analysis system under the supervision of a public-private partnership.

'Pau-Pau' foodpanda's brand ambassador

STAR BUSINESS DESK

Online food and grocery delivery platform foodpanda yesterday introduced a mascot as its brand ambassador.

Pau-Pau is a fun-loving and free-spirited panda. Its pink colour aims to inspire people. It is passionate about empowerment for living life on one's own terms, environment as foodpanda's sustainability champion, and enthusiasm for food and fun, said the platform in a press release.

"As we progressively roll out across all our channels, we hope customers will have an exciting, fresh and vibrant experience on the foodpanda platform, with their new friend Pau-Pau," said Manisha Saliya Tarek, head of marketing at foodpanda Bangladesh.

Ukraine war could be a wake-up

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developed several policies such as the National Agriculture Policy 2018 and the National Agricultural Mechanisation Policy 2020.

Considering the prevailing problems of Bangladesh's subsistence agriculture, with economic shocks from the Covid-19 pandemic and the Ukraine war, Bangladesh needs an evolutionary policy instead of a revolutionary policy. To achieve the goals of the arable sector, Bangladesh should consider the following seventh-fold prescriptions:

First, to overcome the food crisis, Bangladesh should ensure the immediate import of wheat, corn and soybeans to fulfil the national demands at reasonable prices. The government support systems based on income class should be strengthened and extended.

Second, in the next growing seasons to reduce import dependency on commodity crops, the government should promote diversification, incorporating wheat, corn and oilseed production. To make this diversification successful, agricultural research, education and extension organisations should help farmers identify which crops and production practices will be practical and profitable on their farms.

In the short run, the government can assist with output market stabilisation and subsidies for fertiliser, fuel and other inputs, but in the long run, the crop

choices for diversification should be able to stand on their own.

Third, conventional agricultural mechanisation may not bring a paradigm shift in the booming overall economy owing to agricultural labour scarcity, younger generations' negative feelings about agriculture, requiring farm consolidation and exacerbation of the environmental footprint of agriculture. Consequently, the government should avoid the downsides of conventional agriculture by skipping a few steps to increase land productivity with precision agriculture within the current farming landscape of small field sizes, trees along field edges, and rural villages.

Fourth, the arable sector needs farm management analysis with different equipment options and cropping patterns. The analysis should go beyond rice monoculture to consider crop rotations with polyculture, catch crops, and relay, strip or patch intercropping to achieve social, economic and environmental sustainability.

Fifth, agricultural policies should protect the interest of the smallholders by exploring size-neutral farm productivity innovations including digital apps for farm equipment contracting and sharing, as well as electrically powered autonomous machines. This would simultaneously open entry windows for the younger generation with

potential for "farming as a service" contracting and machine hire businesses and opportunities in the agricultural robotics industry with a potential worldwide market.

Sixth, the arable sector should move from production-centric to market-centric infrastructure with digital innovation. Smallholders and young entrepreneurs could use mobile phones, internet and social media for marketing those diversified farm products.

Seventh, universities and research organisations should be the hub of innovation with the support of the government and industries, where industries could avoid fixed costs of research and academics could apply theoretical knowledge. One of the side effects of this approach is that academics with practical experience would be better teachers.

In summary, Bangladesh should embrace Industry 4.0, specifically, Agriculture 4.0. In this process, retrofitting existing machinery, supporting new digital technologies and promoting home industries and startups could be potential sustainable intensification solutions.

The authors are, respectively, an Elizabeth Creak Fellow at Harper Adams University of the UK, the Elizabeth Creak Chair in Agri-Tech Applied Economics at the university, and a professor of agricultural economics at the Bangladesh Agricultural University.

Small, light engineering

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and buy automatic tempering machines and ultra-modern CNC lathes.

A CNC lathe is a machine tool where the material or part is held in place and rotated by the main spindle as the cutting tool that works on the material is mounted and moved on various axes.

Pappu also called for the supply of gas.

SM Shafiqul Alam, president of the Nilphamari Chamber of Commerce and Industries, says local small and light engineering industries that use traditional tools face

competition from foreign factories having modern machinery.

"The government should provide technical and financial support as well as adequate training to help them survive."

Khondokar Yasir Arefin, deputy commissioner of Nilphamari, says the government is always helpful for the expansion of the small and light engineering sector in Saidpur.

"Setting up of an economic zone in the district is in process and genuine entrepreneurs will get privileges in setting up of factories."

Bangladesh moves

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secretly, anonymous shell company ownership, anonymous real estate ownership or other forms of financial secrecy, which in turn enable money laundering, tax evasion and the evasion of sanctions.

Bangladesh's ranking was 54th in 2020.

In South Asia, Bangladesh ranked third and was in a better position than India and Sri Lanka, which ranked 36th and 50th respectively.

Pakistan and the Maldives were placed at 74th and 91st.

The US has climbed to the top of the ranking, meaning there is no other country that is more helpful than the world's biggest economy

when it comes to allowing individuals to hide wealth.

Switzerland, Singapore, Hong Kong and Luxembourg filled up the rest four positions in the top five countries.

In a press release, Alex Cobham, chief executive at the TJN, said: "Globally, we are starting to curb the financial secrecy used by Russian oligarchs, and also by tax evaders, corrupt politicians and organised crime around the world to hide and launder ill-gotten wealth."

An estimated \$10 trillion is held offshore beyond the rule of law by wealthy individuals through secretive arrangements.

Food inflation pain puts

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Food is the single largest category in inflation baskets - the selection of goods used to calculate the cost of living - in many developing nations, accounting for around

half in countries like India or Pakistan and on average for some 40% in low-income countries, International Monetary Fund data shows.

Food producers have become more protective.



HBM Iqbal, chairman of Premier Bank, virtually presides over the bank's 23rd annual general meeting yesterday. The shareholders approved 12.50 per cent cash and 10 per cent stock dividends for 2021. Moin Iqbal, vice-chairman, Abdus Salam Murshedy, BH Haroon, Mohammad Imran Iqbal, Jamal G Ahmed and Shaila Shelley Khan, directors, and M Reazul Karim, managing director, were present.

PHOTO: PREMIER BANK



Md Shah Alam Bhuiyan, deputy managing director of United Commercial Bank (UCB), and Munazzeel Riasat, managing director of Agrigate Network Ltd (ANL), exchanged signed documents at the bank's corporate office in Dhaka yesterday over an agreement on opening accounts of registered farmers of the latter. Md Moshinur Rahman, head of SME banking of UCB, and BM Hasibul Hasan, head of business at ANL, were present.

PHOTO: UNITED COMMERCIAL BANK

Britain's unemployment hits

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energy-driven surge in inflation might become entrenched.

Consumer price inflation was 7.0 per cent in March and official figures

due on Wednesday are expected to show it hit 9.1 per cent in April when a 54 per cent rise in energy tariffs took effect.

The BoE expects further price rises will

push the economy close to recession by the end of the year, pushing up unemployment.

Tuesday's data showed soaring pay in some sectors.



Iftekharul Islam re-elected Uttara Bank vice-chairman

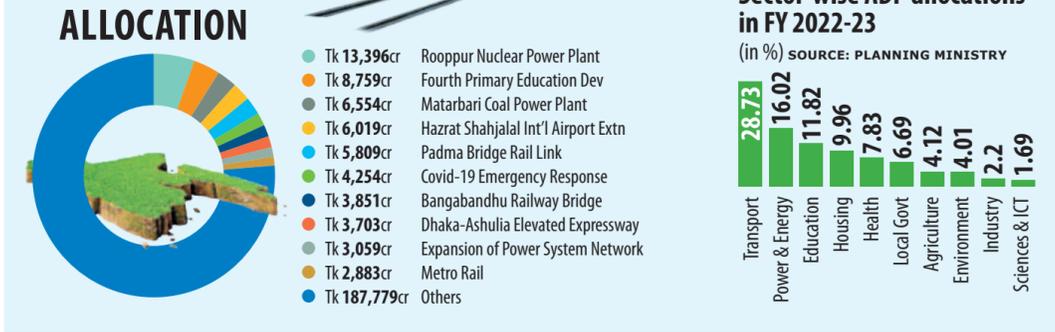
STAR BUSINESS DESK

Iftekharul Islam has been re-elected the vice-chairman of Uttara Bank. He will simultaneously play the roles of vice-chairman of the executive committee and chairman of the risk management committee. Islam is the managing director of Aftab Group, said a press release. He is also chairman of Uttara Bank Securities, a subsidiary of Uttara Bank and UB Capital and Investment, and a member of the executive committee and general body of the Bangladesh Association of Banks.

2cr rural people to get access to eye care by 2023

STAR BUSINESS DESK

A joint initiative by MetLife Foundation and EssilorLuxottica's Social Impact Fund will by 2023 help create over 800 entrepreneurs to provide eye care services, such as vision testing, for two crore people in rural areas. With a pooled fund of \$1 million from both organisations, the programme is being implemented by Thengamara Mohila Sabuj Sangha (TMSS), said a press release. The TMSS conducts recruitment and training of eye care providers known as "vision entrepreneurs". The funding will enable the TMSS to set up four new training centres across Jashore, Cumilla, Khulna and Chattogram.



One-fourth of proposed ADP budget goes to 10 mega projects

STAR BUSINESS REPORT

The government yesterday allocated more than one-fourth of the total development budget for the fiscal year of 2022-23 to 10 mega projects on the fast-track list with a view to accelerating their completion. Of the total 1,349 projects being developed across the country, the government allocated Tk 58,287 crore for these 10 projects alone considering their importance to the economy. The size of the annual development programme (ADP) for FY23 has been fixed at a record-high Tk 246,066 crore, of which Tk 153,066 crore will come from internal sources while foreign aid will contribute the rest. "The number of projects has been reduced this year as we have brought small and/or similar initiatives under a single project," said Professor Shamsul Alam, the state minister for planning, while briefing journalists after a meeting of the National Economic Council chaired by Prime Minister Sheikh Hasina virtually. Between 1,700 and 1,800 projects were included in the ADP in the last few years but this time around, the number has been reduced to around 1,300. "This approval is keeping in mind the overall development of the country. Various developments, including the implementation of mega projects, have been given priority," Prof Alam added.

The state minister went on to say that with this measure, qualitative changes are being brought to the project implementation system. "Also, poverty alleviation work has been given importance in the upcoming ADP." The proposed ADP has increased by 9.2 per cent compared to what it was in the original budget for the fiscal year 2021-22 and 18.56 per cent compared to the revised financial plan for the same year. However, the increased allocation is still Tk 38,699 crore short of what implementing ministries and divisions had sought. Foreign aid for the proposed ADP is expected to be 5.65 per cent higher than its value in the original budget for the ongoing fiscal year while it is 32.38 per cent higher than what it was in the revised budget. Of the mega projects, the Rooppur Nuclear Power Plant was given the highest allocation of Tk 13,396 crore. The project attained about 45 per cent completion as of March and remains the top performer among all mega projects being built this year. "Construction work has not stopped even for once despite the ongoing global situation. Work even continued amid the coronavirus pandemic, making it the fastest implementation of a project," said Planning Minister MA Mannan. Regarding the management of foreign funds, he said it will not be a disaster. "Getting foreign funds has not mattered much so far. We are just facing higher

shipping costs and an increase in the cost of raw materials such as rods and cement." The project, which became mired in uncertainty following Russia's invasion of Ukraine and the resulting Western sanctions against Russia, is progressing as per schedule with the first unit set to open by 2024 and the second unit by 2025. Among other mega projects, the Fourth Primary Education Development Programme got an allocation of Tk 8,759 crore in the new ADP. The government allocated Tk 5,809 crore for another mega project, the Padma Bridge Rail Link Project, while the Matarbari 600MW ultra-supercritical coal-fired power project got Tk 6,554 crore. The Hazrat Shahjalal International Airport expansion project got Tk 6,019 crore and the Dhaka-Ashulia Elevated Expressway Tk 3,703 crore. In the proposed ADP, the government allocated Tk 70,695 crore for the transport and communication sector, an increase of 14.7 per cent compared to what it was in the current year's development programme. The second highest allocation went to the power and energy sector with Tk 39,412 crore, which was slashed by 16.37 per cent compared to that of the current fiscal year's ADP. Meanwhile, spending on education in the proposed ADP has increased by 25.46 per cent compared to the previous amount set aside for the sector.

Salvo Chemical's cornstarch unit ready for production

STAR BUSINESS REPORT

Salvo Chemical Industry yesterday announced that its cornstarch unit is ready to commence production. The required machinery has been set up and trial runs conducted, said the listed company in a disclosure on the website of the Dhaka Stock Exchange. Cornstarch is used in food-processing, pharmaceuticals, paper and textile sectors. It is a popular cooking ingredient for soups, stews, sauces and custards and is also used in clothing to keep them crisp and wrinkle-free. By implementing the project, Salvo Chemical Industry will be able to supply the key raw material to its own manufacturing unit for liquid glucose. Earlier, the company informed that it planned to invest around Tk 70 crore to set up the factory and it would produce around 25,000 tonnes of the material annually.

Earnings per share stood at Tk 1.14 in the quarter against Tk 0.12 in the same period a year ago, an increase of a staggering 850 per cent year-on-year, according to the company's unaudited financial statement

The company produces agro-based organic chemicals such as maize starch powder of food and textile grades, liquid glucose, maize germ, corn gluten meal, pulverised fibres, and non-organic chemical sulphuric acid, according to its website. The company's earnings rose more than nine times in the January-March quarter of the current financial year. Earnings per share (EPS) stood at Tk 1.14 in the quarter against Tk 0.12 in the same period a year ago, an increase of a staggering 850 per cent year-on-year, according to the company's unaudited financial statement. The EPS was Tk 2.49 in the first nine months of the financial year ending in June, up nearly 500 per cent against Tk 0.42 in the same period a year ago. The company attributed the surge in profits to increased sales as demand rose. Non-operating income also rose during the period significantly. "Therefore, sales, gross profit, net profit, and EPS increased compared to the same period of the previous year," it said. The net operating cash flows per share, a measure of a firm's financial strength, went up to Tk 3.46 in the July-March period from Tk 0.63 last financial year, thanks to the increased sales and collection from customers and cash received from other than operating income. Net asset value per share rose to Tk 14.99 as of March 31. It was Tk 12.69 as of June 30 last year.

Milk prices rise but farmers

FROM PAGE B1

while the half litre packs of the product now cost Tk 45 instead of the previous Tk 40. The retail price of Milk Vita and Farm Fresh liquid milk products has remained unchanged, but some retailers have warned that they would too increase the prices soon. Kamruzzaman Kamal, marketing director of Pran-RFL Group, said the production cost of producing milk has risen considerably due to the increase in feed, labour and other costs. "Under this backdrop, it will not be possible for the business to survive by selling milk at the previous rates." Feed prices have gone up by 50 per cent to 100 per cent in the last six months as the cost of soybean meal and maize rose by 30 per cent to 40 per cent, said Mohammad Shah Emran, general secretary of the Bangladesh Dairy Farmers Association.

But although milk prices have increased at the retail level, the prices have seen little change at the farm level, where producers are earning just an additional Tk 1.2 per litre sold. Rajab Ali, a dairy farmer on the Zoo Road in Mirpur, sells milk sourced directly from his own farm comprising 25 cows. He said the prices would be revised upwards soon. The price of salt, crushed rice and other cattle feed ingredients has gone up by 50 to 70 per cent. Besides, workers could previously be employed for about Tk 8,000 per month but even Tk 15,000 is too less for them now, he added. Md Rafiqul Islam, managing director of the Bangladesh Milk Producers' Co-operative Union Ltd (Milk Vita), says although it has not increased prices yet, different calculations to this end are underway. "We are working on how to reduce the production cost. If we can't reduce the production cost and if we

are compelled to raise it, we will keep the increase reasonable." Akbar Ali, a resident of Kalyanpur in the capital, gets a salary of Tk 25,000 as a private employee. Before the recent price increase of essentials, he could manage two eggs and 250 grammes of milk for each of his two kids, respectively three and one year old, every day. Now, they get just one egg daily while milk comes only every other day. "They will suffer from malnutrition if this goes on but what can I do?" Ali asked. Traders also say the price of powdered milk went up by Tk 60-70 per kilogramme last week, depending on the supplying company. The price will go up further, they added. MILK COMPANIES DEPRIVE FARMERS OF FAIR PRICES Md Al Amin, a milk producer in the Faridpur municipality, said Pran Dairy buys his milk for between Tk 43 and Tk 50 per litre. "But even though production costs have increased in the last two months, the price we receive has remained the same," he added. Amin supplies 80 to 100 litres of milk to Pran Dairy's collection centre every day. Echoing the same, Saiful Islam, secretary of the Pabna District Milk Producers Association, said milk producers are not getting the expected prices. "Dairy farming has gotten costly as feed prices have soared up to Tk 200 per bag in the last one month, while the cost of grass has also increased as it has started raining," he added. Md Shariful Islam, in-charge of the Pran milk collection centre in Baghabari area under Shahzadpur upazila of Sirajganj, said since the supply is smooth, they currently have no plans to increase the prices at the farmers' end.

Tax collection target likely

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the domestic level and the income tax. Indeed, the growth of indirect tax collection at the domestic level was less than the nominal GDP growth expected by the Bangladesh Bureau of Statistics. "This is simply unacceptable," he said. Even if the attained growth rate in the nine months sustains, the NBR will face a shortfall to the tune of more than Tk 30,000 crore, Khan added. The government has not revised downwards the target for the NBR, which generates roughly 86 per cent of the total revenue for the state. A senior official of the NBR said the revenue collection usually gained pace in the last quarter of the fiscal year, especially in the month of June because of increased implementation of the Annual Development Programme, one of the major sources of withholding taxes

from contractors. He said the NBR's overall collection is likely to be Tk 310,000 crore at the end of the fiscal year. That means this would be the 10th consecutive year the NBR would fail to achieve the original and revised targets fixed by the government, data from the finance ministry showed. A very higher target than the actual collection, the absence of major reforms aimed at modernising the tax administration and governance-related problems have been the main factors for the recurrent failure to hit the revenue generation goals. For instance, the government gave a 25 per cent higher target for the NBR in FY22 than the actual collection of Tk 263,872 crore in the last fiscal year. In FY21 too, the NBR was tasked with logging a 53 per cent higher tax growth from Tk 216,037 crore earned a

year ago. On average, the annual tax collection target was 40 per cent higher for the revenue administration than it could actually collect in the last nine years, according to the NBR. Raihan, also a professor of the economics department at the University of Dhaka, said the NBR is likely to miss the target like the previous years. "As usual, it will need to revise the collection target." He said it was evident that there would be a squeeze in consumption for the economic slowdown caused by the coronavirus pandemic. "Keeping in mind the possible shock, it was necessary for the tax authority to prepare strategies to increase collection. But we have not seen any strategy from the NBR to respond to the crisis," he said, adding that the strategy was necessary to create fiscal space for development spending. Prof Titumir said the revenue authority could take steps to settle tax-related cases in courts.

Stocks drop for fifth consecutive

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"The stocks continued their losing streak as risk-averse investors kept their selling spree on sector-specific issues to avoid further erosion of their portfolios," said International Leasing Securities in its daily market review. "The investors are more conservative nowadays because of the negative global macroeconomic outlook and the worsening local outlook amid deteriorating exchange rate and inflation pressure, along with the existing

threat to corporate profitability." On Monday, the taka lost 0.91 per cent in value against US dollars, the sharpest single-day fall in the past decade, amid the falling supply of the American greenback against surging demand to settle import bills. Because of the squeezing supply of the American greenback, travelers had to pay between Tk 97 and Tk 102 per USD at banks yesterday. Bangladesh is under tremendous pressure to

weaken the taka to protect its depleting foreign currency reserves amid soaring imports against moderate exports and falling remittances. Daffodil Computers topped the gainers' list thanks to a 9.97 per cent gain. International Leasing Financial Services, Fu-Wang Ceramic Industries, ICB AMCL First Agrani Bank Mutual Fund, and Bangas also saw major gains. RFD Food shed the most with a 4.9 per cent drop. Sonar Bangla Insurance, IPDC Finance, Jute Spinners, and Pragati Insurance were among the heavy losers. Beximco Ltd became the most traded stock on the day with its shares worth Tk 47 crore changing hands, followed by Shinepukur Ceramics, JMI Hospitals, Salvo Chemical Industries, and Fu-Wang Ceramic Industries. The Chittagong Stock Exchange (CSE) also fell. The CASPI, the main index of the CSE, was down 121 points, or 0.64 per cent, to close the day at 18,745.

Global clothing retailers

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Bangladesh. They include Gap, Walmart, Tesco, G Star, VF Asia, Li & Fung, Uniqlo, Zara, Inditex, American Eagle, and LC Waikiki. As global buyers are widening their footprint in Bangladesh, Hamid Fabrics expanded its production capacity to one lakh yards of woven fabrics per day from 75,000 yards just before the coronavirus outbreak. "With the improvement of the global Covid-19 situation, the sales in Europe and the US have rebounded and many buyers are facing a shortage

of apparel items now. As a result, they are calling for quick supply of goods," said Mahin. Urmi Group, another garment exporter, makes 35 tonnes of fabrics per day and supplies the entire produce to its garment segment to manufacture products for its clients. "I have had to increase my production capacity as buyers are demanding more local fabrics," said Asif Ashraf, managing director of the company. Urmi Group is sitting on a lot of orders and is expecting to rake in \$200 million in exports this year, up 20 per cent from a year

ago. The rise in the local production of fabrics has pushed up the import of raw cotton in the last few years. Bangladesh may need 9.5 million bales of the textile raw material this year to feed the vast textile industry, according to estimates of various international research bodies. It was 7 million bales three years ago. Md Shahidullah Azim, senior vice-president of the Bangladesh Garment Manufacturers and Exporters Association, says exporters can save up to 60 days in some cases if apparel items are produced from local fabrics. "However, the price is a major factor since China can supply raw materials at competitive rates." Mohammad Ali Khokon, president of the BTMA, echoed Azim. He added although mills are flooded with orders, the inadequate supply of gas has appeared as a major bottleneck for the sector. Local millers are lagging behind China when it comes to offering competitive prices and fabric designs, added Azad, a former president of the Federation of Bangladesh Chambers of Commerce and Industry.



Machines are used to cut straw so that it can be easily consumed by cattle. Products of small and light engineering factories in Saidpur are apparently meeting half of the country's demand for such equipment. The photo was taken at a fair on Rail Police Grounds in Saidpur at the end of March.

PHOTO: EAM ASADUZZAMAN

Small, light engineering industries in Saidpur abuzz

Produce 2,000 types of machinery; annual turnover stands at Tk 100 crore

EAM ASADUZZAMAN

Small and light engineering industries in Saidpur have helped the railway town emerge as a hub for producing valuable machinery and spare parts consumed by various sectors, thus cutting dependence on imports, saving foreign currencies and generating jobs for thousands.

There are 500 large and small workshops in Saidpur under Nilphamari and they produce 2,000 types of machinery and spare parts and clock an annual turnover of Tk 100 crore.

At least 5,000 people are employed in the industries, according to sources.

The country's largest railway workshop situated in Saidpur used to employ thousands of skilled workers in its smithy, foundry, mechanical, and various other units at the time of Bangladesh's independence. This was the time when local small and light engineering industries also emerged.

One of the early initiators was late Mohammad Abbas, a former employee of a smithy shop in the railways. He established a foundry factory, SML Metal, in the Bangalipur area.

The factory is now one of the biggest tube-well manufacturing factories in the area and is run by his successors.

Another pioneer was late Nazir Ahmed, who after his retirement set up Two Star Engineering Works in the Munshipara area with only a few thousand taka he received as the retirement benefit.

Thanks to perseverance and hard



work, Ahmed went to achieve huge success. His sons now run the workshop.

Entrepreneurs say when rice husking mills, irrigation pumps, buses and trucks went out of order 50 years ago, mechanists and imported spare parts had to be brought from Dhaka to repair them.

To ease suffering, some railway employees used their leisure time and innovation to start making valuable parts, reducing the cost by 60 per cent.

"This innovation opened a new horizon and entrepreneurs started setting up workshops, turning it into a flourishing sector," said Nuruddin Dulal, secretary of the Small and

Light Engineering Industries Owners Association in Saidpur.

He says industries produce chopper machines that are used to cut straws into small pieces paving the way for easy consumption of cattle at the farm and household level. The workshops meet half of the country's requirement for chopper machines, which have already gained traction.

Valuable spare parts for jute mills, rice husking mills, sawmills, flour mills, and ceramics factories are widely produced at the hub.

The machinery of consumer goods factories, which make ice cream, noodles, vermicelli, juice, popcorn,

potato chips and cookery items, is also produced in Saidpur.

Spare parts for irrigation pumps, buses, trucks, tractors, and motorbikes are also made and factories have the reputation of making mixture machines to blend sand, cement and stone chips for use in construction works and jaw crushers to crush stone bolder.

Khorsheed Alam, the owner of Two Star Engineering Works in the Munshipara area and the son of Ahmed, said, "We even produce 200 kinds of equipment mostly used in trains."

Some of the products are signal lights, compartment handles, footboards, metallic windows, bathroom fittings, paddle clips, brake shoes, and special nuts and bolts, many of which had to be imported previously, he said.

He alleges that there are middlemen in the supply chain.

"If we get direct work order from the railways, a good amount of foreign currencies could be saved and our factories would also be benefitted."

Ershad Alam Pappu, president of the Saidpur unit of the Small and Light Engineering Factories Owners Association, called for setting up a separate industrial zone since workshops have to operate in a congested area.

"We also need adequate long term bank loans at lower interest rates."

Pappu says local industries could even go for exports if the government extends facilities to entrepreneurs in order to help them set up heat treatment plants

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Ukraine war could be a wake-up call for Bangladesh's arable sector

AKM ABDULLAH AL-AMIN, JAMES LOWENBERG-DEBOER and HASNEEN JAHAN

Ukraine and Russia, known as "the breadbasket of Europe", are the major exporters of the world's basic foods. Both countries export approximately one-quarter of wheat, more than three-quarters of sunflower oil and one-sixth of corn.

From the beginning of the war on February 24, 2022, now in the third month, the invasion of Ukraine has caused food price inflation following the economic downturn sparked by the Covid-19 pandemic. Disruption in international trade has affected mostly the import-oriented countries in Asia, the Middle East and Africa. The war will have a ripple effect, which leads to "cascading risk".

How the war will trigger Bangladesh's food crisis

The Ukraine war has already created a shock in the commodity market of Bangladesh. The supply chain disruption in the international market caused a price hike in soybean oil in Bangladesh, although the country imports soybean oil mainly from the United States, Brazil and Canada.

The price of wheat flour increased sharply as Bangladesh imports wheat mainly from the Black Sea region. According to the Observatory of Economic Complexity (OEC), more than half of wheat was imported from those two countries.

The high import dependency means that the Bangladesh economy is feeling the heat of the Ukraine war that may trigger the food crisis in Bangladesh. The extent of impacts may last even after the war

For instance, in 2020, Bangladesh imported \$1.28 billion-worth wheat, which was the top import (2.65 per cent) among the traded foodstuffs. The highest share was imported from Russia (31.8 per cent) worth \$409 million and Ukraine (23 per cent) worth \$295 million.

Similarly, in 2020 a significant portion of dried legumes, corn, onion, rapeseed, and apples and pears was imported from those countries.

Fertiliser prices surged owing to the conflict. Russia and Belarus provide approximately 40 per cent of the world's potash. The soaring price of fertiliser could lead to serious problems for Bangladesh's arable farming.

Owing to high worldwide petroleum prices linked to the Ukraine invasion, the country already feels the increasing pressure of diesel prices. This price increase may spark the uncertainty of the government's transitional policy toward conventional mechanisation since, to date, there is no cost-effective substitute for diesel engines.

The high import dependency means that the Bangladesh economy is feeling the heat of the Ukraine war that may trigger the food crisis in Bangladesh. The extent of impacts may last even after the war. The Ukraine war could be a wake-up call for Bangladesh's arable sector.

Ways forward to Bangladesh's arable sector From birth to the first three decades, the prime objective of the political economy of Bangladesh was to ensure "food security". However, in the last two decades, Bangladesh extended the focus to "food and nutrition security" prioritising crop diversification.

To achieve the vision of the Ministry of Agriculture (i.e., safe, profitable and sustainable agriculture), the Bangladesh government

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Food inflation pain puts emerging markets between rock and hard place

REUTERS, London

Like for millions of people in developing and emerging market countries around the world, shopping for staple foods has turned from a necessity into a luxury for Selcuk Gemici.

The 49-year-old, who works in an auto repair shop in Turkey's largest city Istanbul and lives with his wife and two children in his father's house, says fresh produce is often out of reach with his family living on pasta, bulgur and beans.

"Everything became so expensive, we cannot buy and eat what we want - we only buy what we can afford now," said Gemici. "My children are not properly nourished."

Global food prices have climbed for two years, fuelled by Covid-19 disruptions and weather woes. Supply shocks to grains and oils from Russia's invasion of Ukraine saw them hit an all-time record in February, and again in March.

Inflation rates have soared, with energy price rises adding to pressure. Turkey or Argentina with annual inflation of 70 per cent and around 60 per cent might be outliers, but readings are into double-digits in countries from Brazil to Hungary. It makes US inflation at 8.3 per cent look modest in comparison.

Rising food prices are a hot topic in emerging market, raising the risk of civil unrest with echoes of the Arab spring and putting policy makers in a bind between stepping in with fiscal support to ease the pain on their population or preserve government finances.

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Customers queue to enter a Stone Island shop in London on May 12. Britain's economy shrank in March on fallout from soaring inflation, increasing the prospect of the country falling into recession.

PHOTO: AFP/FILE

Britain's unemployment hits 48-year low

REUTERS, London

Britain's unemployment rate fell to its lowest since 1974 in the first three months of this year, but soaring inflation led to the biggest annual fall in real earnings for most workers since 2013, official figures showed on Tuesday.

The jobless rate dropped to 3.7 per cent from 3.8 per cent - below forecasts in a Reuters poll for it to hold steady - and the number of people out of work was less than job vacancies on offer for the first time on record.

"Despite a slowdown in growth this March, the UK's labour market remains red-hot with record vacancies and job-to-job moves," the Confederation of British Industry's director for people and skills, Matthew Percival, said.

The Bank of England is watching the strength of Britain's labour market warily, as it fears that higher-than-normal pay growth is a key channel through which the current

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