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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

Demand 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

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

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



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 catwalks 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.



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

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 Hilfiger, 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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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 packets 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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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

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.

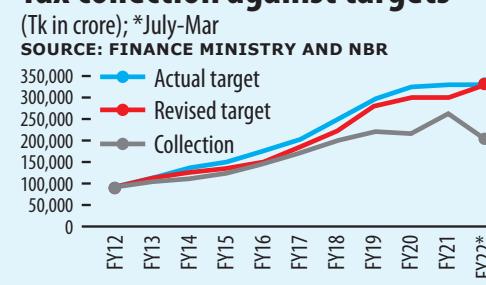
The NBR managed to collect Tk 204,008 crore in the nine months to March of the current fiscal year of 2021-22, which is 62 per cent of the collection goal of Tk 330,000 crore. This means tax officials will have to clock a staggering 63 per cent growth in the last quarter of FY22 to hit the target.

"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.

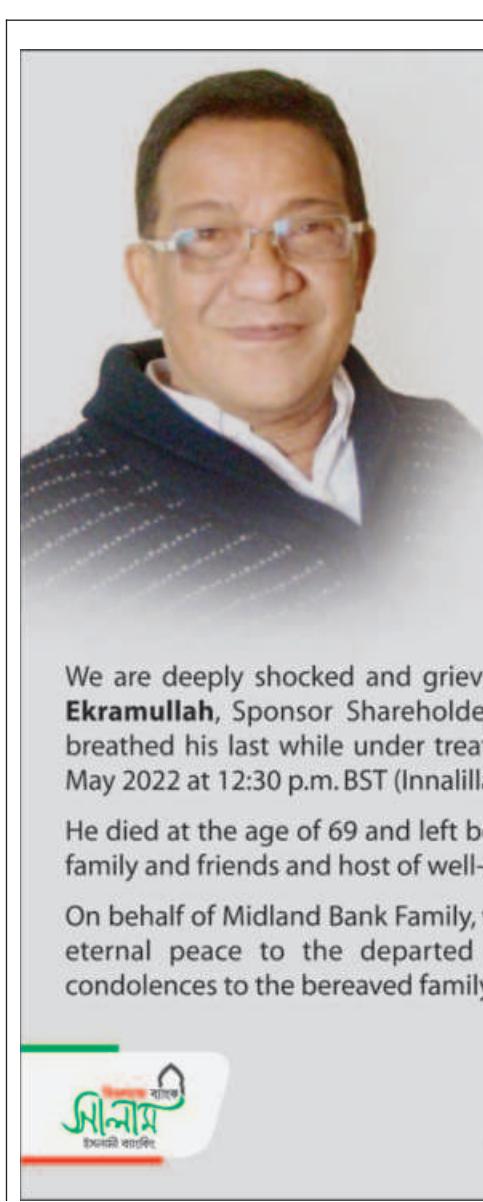
Tax collection against targets



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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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 (Innalillah Wa Inna Ilahi 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.



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