

Apparel items made from denim fabrics are on display at a factory of Denim Expert Limited in Chattogram. Bangladesh is the largest supplier of denim products in the world. PHOTO: RAJIB RAIHAN

## Local denim retains dominance in US markets

REFAYET ULLAH MIRDHA

Local denim has maintained its top position in the US markets despite the ongoing global crisis as the demand for garments made from the widely used fabric is soaring among American consumers.

Bangladesh's denim shipment grew 42.01 per cent year-on-year to \$738.70 million in the July-September period this year. It was \$520.16 million in the corresponding period a year earlier, data from the US Office of Textile and Apparel (OTEXA) showed.

In the denim segment, Bangladesh conquered the European markets in 2017 after surpassing China and overtook the world's largest garment exporter in the US markets in 2020.

Denim is one of the major items that showed its true potential when it comes to export diversification within apparel. And the item has proved its strength and today, one in every three consumers in Europe wears denim trousers manufactured in Bangladesh.

In fact, denim has been performing strongly for the past decade on the back of significant

investments made in the sector after local entrepreneurs noticed the changing fashion globally and got down to grab the opportunity. Their efforts have paid off.

Bangladesh's 40 mills can produce 80 million yards of denim fabrics a month and the investment in the sector is Tk 16,000 crore. The country's share in the global denim market is 24.64 per cent and it is growing.

In July-September, Mexico came second in the denim export segment in the US. Its export grew 18.99 per cent year-on-year to \$561.38 million.

Pakistan was the third largest supplier, clocking a 36.63 per cent growth to \$376.95 million, OTEXA data showed.

Vietnam was in the fourth position after it shipped denim items worth \$348.64 million, up 25.12 per cent year-on-year.

China, despite being the largest apparel supplier worldwide, has been performing poorly in the US market. Between July and September, denim shipments from the country to the US increased by only 6.12 per cent to \$291.45 million.

The dragging tariff war between the two largest

economies in the world has been the main reason for the significant fall in Chinese merchandise exports to the US, opening up opportunities for garment-producing countries like Bangladesh since orders are shifting from China to other destinations.

He said Bangladesh is receiving a lot of orders for denim products but most of them have largely been for low-end products.

Bangladesh is also a favourite supplier to US denim importers as the country is a champion in setting up green garment

of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

BGMEA President Faruque Hassan lists three important developments that took place in the denim segment in Bangladesh over the last one decade.

"A lot of new investments have taken place. Many laundry washing plants armed with the latest technologies have been set up. And there has been the development of a lot of technical know-how in the country," he said.

Bangladesh has a huge opportunity to expand its denim exports globally.

The global market for denim jeans was estimated at \$57.3 billion in 2020 and is projected to sprint to \$79.6 billion by 2027, according to a study by Research and Markets, a global research firm.

The denim jeans market in the US was estimated to stand at \$14.2 billion in 2020. China is forecast to have a market size of \$16.5 billion by 2027.

The denim market in Japan and Canada may grow 2.6 per cent and 4 per cent respectively between 2020 and 2027, while Germany is forecast to grow at 3 per cent during the period, the study added.



Owing to the trade tension, many major US-based retailers and brands have expressed their intention to source more denim products from Bangladesh in order to ensure a stable supply chain, according to Shams Mahmud, managing director of Shasha Denims, one of the largest denim items manufacturers.

"If their plans translate into reality, the shipments of denim to the US will continue to grow for many years."

factories and complying with environmental standards.

The US imported denim fabrics worth \$3.24 billion in July-September, registering a 27.78 per cent expansion, OTEXA data showed.

"Although the shipment of denim saw a downward trend in September, October and November, it is expected that the export will turn positive from February since inquiries from buyers are high," said Mohiuddin Rubel, a director

## Banks asked to disburse more farm loans than target

STAR BUSINESS REPORT

Bangladesh Bank yesterday asked private banks to speed up their farm loan disbursements to enhance the country's food security.

As such, lenders have been asked to give out 30 per cent more loans instead of sticking to the annual disbursement target set by the central bank.

A Bangladesh Bank official said the central bank instructed to increase food production to tackle any unexpected food crisis in the country while the entire globe was facing an escalation of food prices.

Bangladesh Bank set a loan disbursement target of Tk 30,911 crore for this fiscal year. Of the target, banks disbursed 31 per cent between July and October, showed data from the central bank.

Selim RF Hussain, chairman of the Association of Bankers, Bangladesh, said the country's farm sector accounts for around 12 per cent of its gross domestic product (GDP).

However, the trend of farm loan disbursement has not reached a satisfactory level yet given the agriculture sector's contribution to the GDP.

"So, banks should gear up the farm loan disbursement to make the economy strong," said Hussain, also managing director of Brac Bank.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said the world may face food shortages sometime soon as per the projections given by several global organisations.

"Although there is no such projection for Bangladesh, we should fortify our food security to avert any unexpected situation," he said.

Bangladesh Bank formed a Tk 5,000 crore refinance scheme last week to ensure food security in the country as the banking regulator thinks the world might face a food crisis in the days to come.

The prices of several food items have gone up in global market, which is why the central bank has formed the fund such that farmers can get low-cost loans.

Under the scheme, farmers will be able to take loans at 4 per cent interest.

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STOCKS		
DSEX ▲	CASPI ▲	
0.63%	0.18%	
6,230.50	18,416.86	

COMMODITIES		
Gold ▲	Oil ▲	
\$1,747.55	\$81.06	
(per ounce)	(per barrel)	

ASIAN MARKETS				
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 0.45%	▲ 0.61%	▲ 0.28%	▲ 0.13%	
61,418.96	28,115.74	3,259.56	3,088.94	

## Growth in taxpayer registration slows

SOHEL PARVEZ

The National Board of Revenue (NBR) is witnessing slowing growth in the number of new taxpayers as the rule for compulsory tax return submission discourages many, officials say.

The tax authority saw the number of registered taxpayers hit 78 lakh by the end of fiscal 2021-22, up 22 per cent from 64 lakh a year ago, according to NBR data.

And in the first four months of the ongoing fiscal (July-October), 4.34 lakh persons and firms got new TINs, down 2 per cent from the same period a year ago.

Insiders blame the rule of mandatory filing of tax returns irrespective of income and the requirement for submitting proof of tax returns for 38 services for the slowing growth. Besides, the absence of easy ways to file tax returns is also blamed.

"The rule was introduced to increase revenue but the problem is hassle in preparation of returns while filing is not easy yet. People will be encouraged once the process is made easier," said Muntaseer Kamal, research fellow of the Centre for Policy Dialogue (CPD).

Besides, there are questions about the use of public money. Many want to know what they get in return for paying tax in terms of public services such as health and education.

"If they see returns, they will feel inspired," he added. However, some officials say the total number of TINs is already above 82 lakh now and the rate of opening new TINs is unlikely to grow fast as many potential taxpayers have already signed up.

The NBR, except for 38 services, is also not encouraging all to register for TINs.

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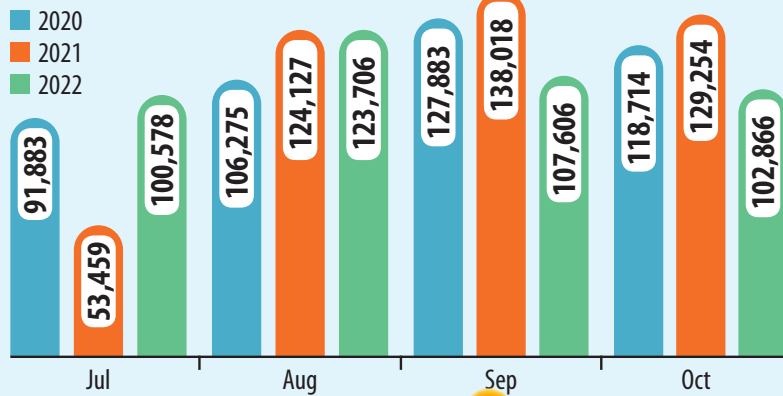
### WHAT'S WHAT

- NBR made tax return filing mandatory for TIN-holders in FY22
- Proof of submission of tax return made compulsory for 38 services from FY23
- Some 25 lakh tax returns filed in FY22

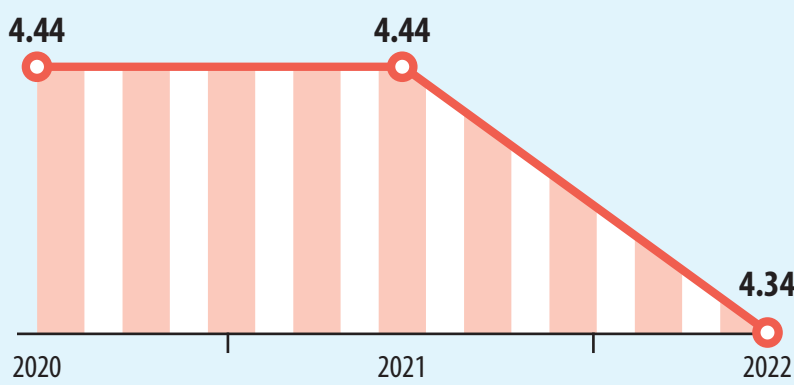
TINs OVER THE YEARS	FY16	FY19	FY22
	1,997,317	4,177,810	7,806,348

### Opening of new TINs over the months

SOURCE: NBR



### Trend of new TINs In lakh; Jul-Oct period



## TK 25,000CR SME SCHEME Banks to get BB protection for default loans

STAR BUSINESS REPORT

Banks will be able to get back a majority of loans from a Bangladesh Bank credit guarantee scheme (CGS) if borrowers default on loans taken from a small and medium-sized enterprises (SME) refinance scheme of Tk 25,000 crore.

Under the CGS of the central bank, a lender can get back 75 per cent of a loan if they are unable to recover the fund in the first place.

The central bank earlier allowed banks to only enjoy the guarantee support for their SME loans disbursed to the service and manufacturing sectors.

Along with the two, loans given to the trading sector will also enjoy the guarantee support from now, according to a BB notice yesterday.

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