

## Islami Bank Asian Banker's 'Strongest Bank'

STAR BUSINESS DESK

Islami Bank Bangladesh has been the "Strongest Bank in Bangladesh" and the "Strongest Islamic bank in Bangladesh" in 2022 according to Singapore-based banking and financial intelligence platform The Asian Banker.

Foo Boon Ping, the platform's managing editor, announced this on Thursday through a virtual platform which was joined by Mohammed Monirul Molla, managing director of Islami Bank Bangladesh, said a press release.

The platform recognised 22 banks analysing data from 500 lenders from Asia, Middle East and Africa, including Australia and New Zealand, and based on six indicators – ability to scale, balance sheet growth, risk profile, profitability, asset quality and liquidity.

The platform has been recognising banks since 2007.



Instantly recognisable for its vibrant colours, picturesque designs and catchy motifs, rickshaw art has made a transition onto home décor. Such products of small and medium enterprises (SME) are on display at the 10th National SME Fair-2022 in Bangabandhu International Conference Centre in Dhaka. Organised by the SME Foundation to expand markets through product diversification, the fair will run till December 3. The photo was taken yesterday.

PHOTO: RASHED SHUMON

# Nearly 90% income tax comes from Dhaka, Chattogram

Experts call for rationalising exemptions

STAR BUSINESS REPORT

Dhaka and Chattogram account for 90 per cent of the income tax collected from across Bangladesh each year and so, the National Board of Revenue (NBR) should work on widening the tax net, according to speakers at a seminar.

"The NBR still heavily depends on these two regions as 74 per cent of the tax collected comes from Dhaka while 16 per cent comes from Chattogram," said Snehasish Barua, a partner of Snehasish Mahmud and Co Chartered Accountants.

He made these comments at a seminar on "100 years of Income Tax Law of Bangladesh-Expectation and Achievement", at Gulshan Club in Dhaka yesterday. The event was organised by the International Business Forum of Bangladesh (IBFB).

He went on to say that regions outside Dhaka and Chattogram have undergone a "silent development" over the years, but the authorities have so far been unable to bring them under the tax net.

This is mainly due to the lack of taxmen in various areas and so, tax offices should

be spread at the union level to increase collection, Barua said.

He also underscored the need for increasing collection of direct taxes to help address the challenges Bangladesh will face after graduating from a least developed country in 2026.

"If direct tax collection does not increase now, then Bangladesh will face difficulties to increase internal revenue generation after graduation," Barua added.

Regarding the volume of tax returns being filed, Barua said the number of e-tins hit 74 lakh in fiscal 2020-21, up 31 per cent from 43 lakh in fiscal 2018-19.

However, the average income tax collected from each e-tin holder fell 11.4 per cent to Tk 1.12 lakh from Tk 1.43 lakh at the same time.

"So, the average number of tax returns have been increased, but the total collection has decreased," he added.

Barua then said the rise in returns filed is due to the growth of small taxpayers while the drop in overall collection is because of a corresponding decline in large taxpayers.

"This is not a healthy sign for the country," he added.

Regarding the methods of tax collection, he said around 94 per cent of the direct taxes are collected from various deductions, such as advance income tax, withholding tax and tax deposited during submission of return.

Meanwhile, the NBR collects the remaining 6 per cent through other procedures, such as tax paid by salaried individuals.

Asked about the potential automation of the tax collection process, Barua said a lot of initiatives have been taken by the government, but those are not enough.

"There is a lack of synchronisation between the country's tax and customs offices," he added.

Barua then said tax exemption in Bangladesh should be rationalised in order to increase the tax-GDP ratio.

Speaking as chief guest, Planning Minister MA Mannan said regular discussions for reforming outdated tax laws should not be stopped at any cost.

The minister then said the tax exemptions should be abolished

immediately for the country's greater interest.

"Why tax exemption is on the rise in Bangladesh is totally unknown to me," Mannan added.

MS Siddiqui, a legal economist and adviser to the Bangladesh Competition Commission, said Bangladesh still uses unjust practices in its tax affairs.

"Tax collection has not improved. Increasing the tax-GDP ratio is impossible in absence of dynamism in the tax law," Siddiqui added.

Muhammad Abdul Majid, a former chairman of the NBR, said the problem lies in both sides – the taxpayer and receiver.

"So, it is very important to change our attitudes on both sides for the state's wellbeing," he added.

The seminar was chaired by IBFB President Humayun Rashid.

Among others, AF Hassan Arif, former attorney general and former adviser of the caretaker government, Halizur Rahman Khan, immediate past president of IBFB, and Lutfunnisa Saudia Khan, vice president (finance), spoke at the event.

## National Bank sinks

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Instead of chasing institutions for deposits, the bank has targeted to collect funds from the mass public through its branches in the rural areas, said Husain.

"Our top priority is to accelerate the loan recovery rate and keep the operating costs under control so that we can return to profit."

NBL's investment income also dropped in the nine months to September. It fell by around 17 per cent to Tk 408 crore.

The net asset value per share declined to Tk 14.82, which was Tk 6.13 in December 2021.

In 2010, the bank distributed 95 per cent in stock dividends to shareholders. Now it is struggling to provide any dividends, so it was downgraded to the B category share on the premier bourse of Bangladesh, said Abdul Mannan, an investor since 1998.

"A company's profit may fall for a period. But National Bank's performance has been eroding for years."

In 2021, it failed to provide any dividends, DSE data showed.

"So, the Bangladesh Bank should look into it. The Bangladesh Securities and Exchange Commission should also look into it as a securities regulator," said the investor.

NBL shares have been trading below the face value of Tk 10 at least for the past two years and closed at Tk 8.30 on Thursday.

Fahmida Khatun, executive director of the Centre for Policy Dialogue, thinks NBL's case could be a lesson for other banks that a profitable bank may sink to losses if it does not examine loan proposals properly before sanctioning them and monitor them after it is disbursed.

"Banks should lend considering the commercial viability of companies or projects," she said.

Owing to the ongoing crisis amid the Russia-Ukraine war, NPLs may go up, so banks should be watchful, the economist said.

"Otherwise, the depositors and investors will suffer."

## BGMEA wants to import

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In the scanning of goods at the Hazrat Shahjalal International Airport has improved a lot.

According to the BGMEA chief, the Middle East is going to be a major garment export destination for Bangladesh and it was evidenced during the Made in Bangladesh Week, where 43 retailers and brands from the region participated, compared to

almost zero previously.

"The Asian markets are going to be another major export destination for apparel exporters."

Bangladesh wants to export \$100 billion worth of garment items by 2030 and the BGMEA is preparing a roadmap to achieve the target.

The country wants to raise its stake in the global garment market to 14 per cent from 6.26 per cent now.

## Foreign aid disbursement

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The decline in both commitments and disbursements came after the government received the highest-ever foreign assistance of \$10 billion in the fiscal year of 2021-22, which ended in June.

The ADB topped the fund

disbursement list with \$2.57 billion. The Manila-based multilateral lender provided around \$1 billion in assistance for Covid-19 vaccinations.

Japan was the second-largest lender with \$2.20 billion and the World Bank came third with \$1.67 billion in aid in the last fiscal year.



People walk past Black Friday signage in shop windows during Black Friday on Oxford Street in London on November 25.

PHOTO: REUTERS

# Cost-of-living crisis casts shadow over Europe's Black Friday

REUTERS, London

Europe's retailers are hoping Black Friday discount day will get shoppers spending, though it is taking place against a backdrop of a worsening cost-of-living crisis and the distraction of the soccer World Cup.

Retailers across Europe fear the overall Christmas trading season could be the worst in at least a decade as shoppers cut back, while the costs of doing business show no sign of abating, squeezing profit margins.

Double-digit inflation has dented consumers' purchasing power and their confidence is also at or close to the gloomiest on record as soaring energy bills add to the spiralling cost of living.

But to help budget their finances, consumers have begun their Christmas shopping early this year and many are still shopping on

Black Friday.

Some consumers may, however, have other priorities, with Wales, England, the Netherlands and Poland all in action on Friday at the World Cup.

Britons will spend 8.7 billion pounds (\$10.5 billion) over the Black Friday weekend (November 25 to November 28), according to research by GlobalData for VoucherCodes – up 0.8 per cent year-on-year but masking a big drop in volumes once inflation is accounted for.

As of 1300 GMT, Barclaycard Payments, which processes 1 pound (\$1.21) in every three pounds spent in the UK, had seen a 0.7 per cent increase in the volume of payments versus 2021.

"Sales volumes holding up against last year will come as welcome news for retailers against the challenging economic backdrop," Marc Pettican, head of Barclaycard Payments, said.

This year, consumers will use Black Friday, which has become more of an online event, much more for jumping on spontaneous deals and for Christmas gifts, rather than for bigger, delayed purchases, according to consultants McKinsey.

Its research shows a quarter of UK consumers have already done their Christmas shopping, while about one in 10 plans to do most of it on Black Friday.

Idealo, the European price comparison portal, said 65 per cent of online Italian shoppers are ready to buy something during the event.

In France, 70 per cent plan to shop on Black Friday and Cyber Monday, according to research by PwC France. However, the Spanish are less keen, with just 24 per cent of shoppers planning to take advantage of Black Friday deals, according to the Spanish Association of Mass Consumer Goods Companies.

## FBCCI urges Wales businesses to invest in Bangladesh's textiles

STAR BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) has urged businesses in Wales to invest in the textile sector of Bangladesh.

The FBCCI made the call during a meeting with delegates of the All Chambers Wales Trade, Investment and Education Mission, United Kingdom at the FBCCI office in Dhaka yesterday.

The global fashion industry is shifting towards non-cotton garments due to rising cotton prices and dwindling supply while the local garments sector's demand for manmade fibres is increasing, said FBCCI President Md Jashim Uddin.

Once Bangladesh makes the United Nations status graduation from least developed to developing country, most value addition of exports should be done locally to avail European trade privileges, he said.

About 83 per cent of Bangladesh's export earnings come from garments. The textile industry, especially manmade fibres, will be potential investment sectors, he said.

Jashim also informed about investment possibilities in renewable energy, ceramics, furniture, information and communication technology and human resource development.

There are opportunities for direct or joint investment with businesspeople in Bangladesh, he said, assuring to provide support to entrepreneurs from Wales who were interested in investing in Bangladesh.

There are opportunities for bilateral cooperation in trade, education and culture, said Paul Slevin, executive chairman of the Chamber Wales. He urged both governments to include the private sector in all development works.

The meeting will open up a new dimension for strengthening bilateral trade relations, said Mostofa Azad Chowdhury Babu, senior vice-president of the FBCCI.

## BMW to invest \$2.1 billion at Hungary unit

AFP, Germany

German automaker BMW said Friday it plans to invest more than two billion euros (\$2.1 billion) at its under-construction Hungarian factory and is building an electric battery assembly plant on site.

The plans for the plant are part of a shift towards electrification at BMW and in the German car industry as a whole.

The firm announced plans in 2018 to build the factory close to the eastern town of Debrecen, joining follow German automakers in manufacturing cars in lower-wage central Europe.

Construction began six months ago, and BMW announced Friday it would also build the battery plant there as it accelerates its shift towards electric vehicles.

## US bans Huawei, ZTE equipment sales, citing security risk

REUTERS

The Biden administration has banned approvals of new telecommunications equipment from China's Huawei Technologies and ZTE because they pose "an unacceptable risk" to US national security.

The US Federal Communications Commission said on Friday it had adopted the final rules, which also bar the sale or import of equipment made by Chinese surveillance equipment maker Dahua Technology Co, video surveillance firm Hangzhou Hikvision Digital Technology Co Ltd and telecoms firm Hytera Communications Corp Ltd.

The move represents Washington's latest crackdown on the Chinese tech giants amid fears that Beijing could use them to spy on Americans.

"These new rules are an important part of our ongoing actions to protect the American people from national security threats involving telecommunications," FCC Chairwoman Jessica Rosenworcel said in a statement.

Huawei declined to comment. ZTE, Dahua, Hytera and the Chinese embassy in Washington did not immediately respond to requests for comment.

Hikvision said in a statement that its products don't threaten US security.

"This decision by the FCC will do nothing to protect US national security but will do a great deal to make it more harmful and more expensive for US small businesses, local authorities, school districts, and individual consumers to protect themselves, their homes, businesses and property," Hikvision said, adding that it will continue to serve US customers "in full compliance" with US regulations.