



Women harvest mustard plants which will be dried before undergoing threshing for the collection of the seeds. The crop is planted from mid-October to mid-November whereas harvests run from late January to mid-February, according to the Bangladesh Bureau of Statistics. Around 396,594 tonnes of rapeseed and mustard seed were produced around the country on around 814,288 acres of land in fiscal year 2020-21. The photo was taken at Hasalkandi village in Gaibandha's Phulchari upazila recently.

PHOTO: MOSTAFA SHABU

## Shwapno posts 31% sales growth

AHSAN HABIB

Bangladesh's largest retail chain Shwapno registered 31 per cent year-on-year growth in sales in the July to December period of 2022-23.

Its revenue stood at Tk 840 crore in the period, which was Tk 641 crore in the same period of the previous year.

The data was found in the financial report of ACI Ltd, the owning company of Shwapno.

However, the retail chain's profit before tax remained negative at Tk 66.90 crore, which was Tk 58 crore in the same period last year.

ACI Logistics launched Shwapno in 2008 with a vision to set up retail outlets all across the country.

Now it is the largest grocery chain in Bangladesh with over 300 outlets, according to the information provided on Shwapno's website.

Sabbir Hasan Nasir, executive director of ACI Logistics, said higher inflation and a rise in sales figure helped the company post the sales growth.

The higher inflation means the higher product prices raise the sales value, he said.

In August, inflation surged to a 10-year high of 9.52 per cent. Then it slightly dropped but remained above 8.71 per cent till December, according to data from the Bangladesh Bureau of Statistics.

Nasir, however, said the higher sales growth comes from two ways -- identical sales growth and expanded outlets of the chain shop.

He explained that identical sales growth means the growth from those stores which registered around 11 per cent growth.

As Shwapno's merchandising expertise grew, it started working with its suppliers to cater for the need-based products at lucrative prices analysing consumers' behaviour, which attributed to the sales growth, he continued.

On the other hand, the expansion of the retail chain also contributed to the higher growth as it is launching several new outlets every month, he said.

In the July to December period of the 2022-23 fiscal year, Shwapno launched 60 new outlets, according to Nasir.

"Now, the company is logging operating profits marginally. If the expansion continues then it will be able to make higher profits, so it is on the expansion process."

## IFAD Autos profits nosedive

STAR BUSINESS REPORT

IFAD Autos Ltd yesterday said its net profit dipped 75 per cent year-on-year in the second quarter of financial year 2022-23.

The truck assembler and other vehicle sellers logged Tk 0.13 earnings per share in three months to the end of December 2022 from Tk 0.53 earnings a share the same period a year ago, IFAD said in a disclosure at the Dhaka Stock Exchange (DSE).

Including the second quarter earnings,

IFAD Autos overall income became negative in the first six months of its financial year.

The vehicle seller's losses per share stood at Tk 0.65 per share in the July-December period from a net profit of Tk 0.93 a share the same period a year ago.

IFAD Autos share remained unchanged at Tk 44 since the opening of today's trade.

The net operating cash flow per share of the company became negative too in the first half of the year.

## IMF's loan a respite for Bangladesh's current economy

Dhaka chamber says

STAR BUSINESS REPORT

The International Monetary Fund's (IMF) \$4.7 billion credit facility will come as a relief for Bangladesh as the country faces a shortage of foreign exchanges, said the Dhaka Chamber of Commerce and Industry (DCCI) yesterday.

On January 30, the IMF approved the credit facility under the Extended Credit Facility (ECF), Extended Fund Facility (EFF) and Resilience and Sustainability Facility (RSF) arrangements. The credit facility is to be disbursed under a 42-month programme.

"In the current economic scenario, this is a sign of relief when there is a shortage of foreign exchange. This is expected to help maintain the macroeconomic stability of Bangladesh," said DCCI President Md Sameer Sattar in a press release.

"The approval of this loan on the part of IMF is a sign of Bangladesh's creditworthiness and economic strength."

Sattar said that it is noticed that the IMF's loan is tied with some institutional and policy reform conditions. This includes reforms in the financial sector, policy framework, energy sector, public finance,

local revenue generation, and investment in climate resilience.

However, he hailed the timely decision of the IMF as the loan will assist Bangladesh in facing the current economic challenges in a structured manner.

The DCCI chief said the loan would give the government an option to consider withdrawing some rigid import conditions, such as the conditions on opening letters of credit (LCs).

**"The approval of this loan on the part of IMF is a sign of Bangladesh's creditworthiness and economic strength."**

"The loan will surely provide a relief to businesses, considering the upcoming month of Ramadan and the growing need for essential commodities."

Sattar suggested the government take immediate steps to reduce budget deficits and increase the tax-to-GDP ratio to cope with the challenges in the near future.

He urged the government to continue to uphold the spirit of good governance and try to enforce the same across all major sectors.

## Summit Alliance Port clocks 91% higher profit in Q2

STAR BUSINESS REPORT

Summit Alliance Port Limited (SAPL) posted nearly 91 per cent spike in profit to Tk 9.95 crore in the second quarter of the current financial year of 2022-23.

The inland container depot and container freight service provider made a profit of Tk 5.21 crore in the October-December quarter of the previous financial year.

Thus, the consolidated earnings per share (EPS) was Tk 0.42 in October-December of FY23 compared to Tk 0.22 in the same quarter of FY22, according to the un-audited financial statements.

The EPS increased as consolidated profit after income tax went up in the quarter compared to a year earlier, said SAPL in a filing on the Dhaka Stock Exchange.

SAPL reported a 109 per cent increase in profit in the first quarter as well. So, its profit rose to Tk 20.84 crore in the first half of FY23, up 95.50 per cent from Tk 10.66 crore during the same half of FY22.

The consolidated net operating cash flow per share (NOCFPS) rose to Tk 1.28 in July-December of FY23 from Tk 0.74 in the first half of FY22.

The consolidated net asset value (NAV) per share was Tk 33.72 on December 31 and Tk 34.34 on June 30.

Established in 2003 in Patenga of Chattogram, SAPL is the largest off-dock in the country's private sector, handling 22.50 per cent of Bangladesh's containerised export volumes and 10.50 per cent of the import volumes, according to the company's website.

Besides, it has established the first-ever inland water terminal facility in the private sector named "Muktarpur Terminal" on the bank of the Dhaleswari in Muktarpur under Munshiganj, providing off-dock services and economical cargo transportation and easing the pressure on the Dhaka-Chattogram highway.

A subsidiary of SAPL has taken over the management of three river terminals in Kolkata and Patna.

## Costly dollar hits Renata's profit

STAR BUSINESS REPORT

Pharmaceutical company Renata Ltd witnessed a 35 per cent year-on-year drop in net profit in the October-December period due to increased price of raw material generated by the dollar crisis.

As a result, the company's turnover declined to Tk 757.6 crore in October-December period of 2022 from Tk 762.9 crore the same period a year ago.

However, its cost of sales rose by 21 per cent year-on-year to Tk 483.7 crore in the second quarter of the financial year 2022-23.

Renata posted Tk 87.8 crore in income in the second quarter to the end of December 2022 down from Tk 135.9 crore in its unaudited financial statement.

Renata's consolidated earnings per share (EPS) dipped 35 per cent to Tk 7.66 for October-December 2022, from Tk 11.89 a year ago.

With the second quarter earnings, overall earnings declined 22 per cent year-on-year to Tk 18.52 for the July-December 2022.

The profits fell due to the depreciation of the exchange rate of the local currency and a significant rise in capital and raw material costs, said Jubayer Alam, company secretary of Renata.

READ MORE ON B3

## Towards a just int'l tax system

AL MAMOON

Defying all common wisdom, the world had never had an apex body for international tax cooperation. In November, the United Nations General Assembly's finance committee voted to open discussions on international tax standards, effectively overriding a decade-old initiative by the Organisation for Economic Cooperation and Development (OECD).

The stakes are high as the November 23 resolution aims at setting new rules for multinational corporations about whether they should be allowed to shift profits to tax havens and in what jurisdictions they can or can't be taxed.

**THE FAILURE OF OECD**

Paris-based OECD has been struggling to set tax standards acceptable to all economies since 2013. As a last ditch effort, the OECD launched the minimum effective global corporate tax rate of 15 per cent on multinational companies. This also could not come into being as member countries did not legislate it and Hungary objected to the European Union's adoption of the plan.

The Tax Justice Network (TJN), a group of economists, journalists and activists, is a staunch critic of the OECD. In its release styled "UN tax convention proposed at General Assembly", the network summarised OECD's long-standing effort this way: "The OECD reform process has been hamstrung by a combination of entrenched private sector lobbying and opposition from OECD member countries that rank among the world's biggest enablers of abuse on the Corporate Tax Haven Index and Financial Secrecy Index, and the organisation's inability to offer a meaningful voice to lower-income countries."

Indeed, the state of increasing unlikelihood on the OECD's part to deliver global tax solutions is largely homegrown.

**COMING TOGETHER OF AFRICAN NATIONS**

The tax convention proposed in October was first requested by a delegation of African countries back in 2019.

In February 2021, the UN high-level panel for Financial Accountability, Transparency, and Integrity called for a UN convention with the view to reforming tax policies. Also, the World Economic Forum supported the idea of a UN tax convention. The more OECD's failure came to light, the more UN's takeover gained ground.

None other than the secretary-general appeared as a protagonist for a broader UN role in international tax cooperation. His 17-page report to the General Assembly on combating illicit financial flows categorically called for implementing the Addis Ababa Action Agenda of the third international conference on Financing and Development whereby member states are pledge-bound to gear up international tax cooperation. Such cooperation must be universal in approach. One can understand now that the proposal is not just an apple falling from an African tree. It is rather a culmination of a series of efforts by countries, groups and individuals who are aware of and/or impacted by corporate manipulations.

**HOW BIG IS THE LOST REVENUE**

The International Consortium of Investigative Journalists (ICIJ) is a major player in unearthing tax fraud.

Spencer Woodman of the ICIJ writes: "In 2017, ICIJ's Paradise Papers project shed light on tax manoeuvres of more than 100 corporations, including Nike and Apple, which shifted profits around the world to accumulate \$252 billion offshore. A study published last year showed that, in one year alone, corporations shifted \$1 trillion offshore, depriving governments of hundreds of billions in revenue."

The TJN has quantified the lost revenue to the tune of \$483 billion a year.

If and when things change, can Bangladesh have a slice of the pie? We will talk about that in the next write-up.

*The author is a member of the Pacific Council on International Policy.*



People buy dry fruits at a market in Karachi. Inflation has risen to a 48-year high in crisis-hit Pakistan, where the International Monetary Fund is visiting for urgent talks, according to data released yesterday by the country's statistics bureau.

PHOTO: REUTERS