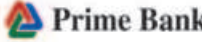




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Tax collection growth on the decline

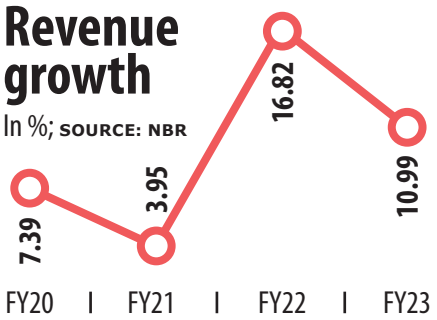
SOHEL PARVEZ

Tax collection growth slowed drastically in the first half of the current fiscal year due to falling customs tariff and direct taxes amid declining imports and reduced profits of firms, limiting the government's scope to spend on development activities.

The National Board of Revenue (NBR) clocked 11 per cent year-on-year growth in tax receipts, which amounted to Tk 145,431 crore in the July-December period of fiscal 2022-23.

During the same period a year prior, the tax authority recorded 17 per cent growth in revenue receipts.

As the collection growth slowed, the




NBR could attain 39 per cent of the Tk 370,000 crore revenue collection target for the first half of this fiscal year.

This means the NBR will have to collect 61 per cent in the second half of fiscal 2022-23 ending in June, which is likely to be tough as the economy has gotten slower.

Data released by the NBR showed that growth of revenue collection from international trade and direct tax slowed by more than half in the first six months of the year compared to the same period in fiscal 2021-22.


Only value added tax collection growth from domestic economic activities edged up slightly to 16 per cent during

READ MORE ON B3



TAKEAWAYS

- Retailers cancelling/delaying orders
- Buyers also delay taking delivery of goods
- Retailers facing a pile-up of unsold products




STRENGTH

Making more value-added products

Freight charge fell to pre-pandemic level


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CHALLENGE

Rise of theft of cargo trucks in Dhaka-Ctg highway

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BGMEA demands

Take stern action against highway robbers

Don't hike electricity, energy prices at one go

Retailers cancelling RMG orders, seeking discounts

BGMEA chief says, cites slowdown in West

STAR BUSINESS REPORT

International clothing retailers and brands are either cancelling their orders to garment factories in Bangladesh or putting them on hold because of the persisting volatility in the global economy, higher inflation, and stockpiling of unsold goods.

Inflation in Europe and the US, the two largest markets for garment items made in Bangladesh, as well as many other export destinations has remained at an elevated level despite falling in recent months, meaning a continued struggle for consumers.

"This has forced



international retailers and brands to cancel orders even for the goods that are ready to be shipped from factories," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

He made the comments

the production cost lower.

"Buyers are even asking many local suppliers to share the losses they are incurring owing to the fall in sales caused by a lower demand."

The BGMEA chief asked the government to reconsider the implementation of the latest hike in gas and power tariffs since the spike in energy costs would create an extra burden on the manufacturers and affect their competitiveness in the global markets.

The hikes should be implemented in phases, he said.

The government raised the electricity tariff by 5 per cent at the retail level on January 31, the second hike in 19 days.

READ MORE ON B3

Daraz to shed jobs

MAHMUDUL HASAN

Leading e-commerce platform Daraz Bangladesh has decided to lay off dozens of employees as its mother organisation, Daraz Group, plans to reduce its workforce by 11 per cent in order to cope with the "current market reality".

Daraz Bangladesh had 200 employees in 2018, which increased to 5,000 at the end of 2022, including 1,000 full-timers.

Around 50 out of the 1,000 full-time employees have so far received termination letters, a senior official of Daraz Bangladesh told The Daily Star seeking anonymity.

"...in the last 12 months, the market environment turned and became extremely difficult with a war in Europe, huge supply chain disruptions, soaring inflation," said the group's CEO, Bjarke Mikkelsen.

He made the comment in a letter to the company's employees shared on its website.

Daraz Group, which is a subsidiary of Chinese behemoth Alibaba, operates in Pakistan, Bangladesh, Sri Lanka and Nepal.

READ MORE ON B3



STOCKS	
DSEX ▲	CASPI ▲
0.07% 6,285.40	0.03% 18,540.24

COMMODITIES	
Gold ▼	Oil ▲
\$1,868.21 (per ounce)	\$75.62 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.37% 60,286.04	▼ 0.03% 27,685.47	▼ 0.15% 3,380.84	▲ 0.29% 3,248.09



The Daily Star



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AWARDS 2023

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অদম্য সাহসী নারীর খোঁজে  
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Wheat has been cultivated on 288 hectares of land on the chars along the Jamuna river of Gaibandha's Phulchari upazila this year, witnessing a staggering rise of over 550 per cent from last year, according to the local office of the Department of Agricultural Extension. Around 1,085,368 tonnes were cultivated on over 328,930 hectares of land around the country in fiscal year 2020-21, as per the Bangladesh Bureau of Statistics. The photo was taken at Tengrakandi Char recently.

PHOTO: MOSTAFA SHABUI

## Australia lifts rates to 10-year high

AFP, Australia

Australia's central bank on Tuesday hiked interest rates to a 10-year high as it tries to rein in surging inflation while also trying not to trigger a recession.

The Reserve Bank of Australia lifted borrowing costs 25 basis points to 3.35 per cent, marking the ninth successive increase and highest rate since October 2012.

The widely anticipated move comes as central banks around the world tighten monetary policy in the face of runaway food and energy prices partly caused by the Ukraine war.

After Tuesday's announcement, the bank's board said global inflation remained "very high" — the consumer price index hit a three-decade high of 7.8 per cent in October-December — and warned further hikes were likely in coming months.

Australia, like most countries fighting inflation, faces a delicate balancing act between bringing prices under control while not being too aggressive and sparking a recession.

The International Monetary Fund last year forecast the country should narrowly avoid a contraction. Another major risk is whether Australian homeowners can afford to pay the higher interest rates tacked on to their mortgages.

Market research firm Roy Morgan last year estimated that one in five Australian households were under "mortgage stress" and struggling to meet repayments.

# Stock indices rise though 41% shares drop

### STAR BUSINESS REPORT

Major indices of the share market in Bangladesh yesterday rose even though 41 per cent of the stocks depreciated in value while 51 per cent remained the same.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), rose by 4 points, or 0.07 per cent, to close the day at 6,285 points.

The DS30, an index comprised of blue-chip stocks, gained 0.26 per cent to reach 2,234 points while the DSES, which represents shariah-compliant companies, edged up 0.06 per cent to 1,369 points.

Of the securities traded, 29 advanced, 141 declined and 168 did not show any price movement.

Daily turnover of the DSE, which indicates how much trading activity took place during the session, dropped 4.6 per cent to Tk 553 crore.

The stock market inched up after a volatile trading session as bargain hunters cautiously showed

their buying interest on sector-specific stocks with lucrative prices, International Leasing Securities said in its market review.

In continuation of corrections made the previous day, the market posted a moderate fall early in the session before going on to recover halfway through.

Among the sectors, travel rose 2.8 per cent, services increased 2.4 per cent and jute advanced 1.4 per cent while life insurance dropped 0.9 per cent, general insurance fell 0.6 per cent, and cement declined 0.1 per cent.

Investor activity was mainly focused on the IT sector, capturing 15.9 per cent of the day's total turnover, followed by pharmaceuticals with 13.1 per cent and miscellaneous with 11.3 per cent.

Olympic Industries topped the gainers list with an increase of 5.40 per cent. Meanwhile, Eastern Housing was up 5.33 per cent, Sea Pearl Cox's Bazar Beach Resort advanced 4.5 per

cent, Dulamia Cotton rose 4.4 per cent, and Orion Pharma gained 3.6 per cent.

Pragati Life Insurance shed the most, losing 9.98 per cent, while Rupali Life Insurance, Eastern Cables, Popular Life Insurance, and Hwa Well Textiles suffered substantial losses as well.

Genex Infosys was the most-traded stock with shares worth Tk 56 crore having been transacted. The Bangladesh Shipping Corporation, Sea Pearl Cox's Bazar Beach Resort, Olympic Industries, and Orion Pharma also saw significant turnover.

Elsewhere in the port city, stocks listed with the Chittagong Stock Exchange (CSE) also rose.

The Caspi, the all-share price index of the CSE, gained 5 points, or 0.03 per cent, to close at 18,540.

Of the issues traded, 25 rose, 60 fell and 55 did not see any price movement.

Turnover of the port city bourse edged down 15 per cent to Tk 6.17 crore.

## Premier Bank gets two new AMDs



Shahed Sekander

Syed Nowsher Ali

### STAR BUSINESS DESK

Premier Bank has recently promoted its two deputy managing directors to the post of additional managing directors.

Shahed Sekander, who joined Premier Bank in 2015, worked in the industry for 39 years, said a press release.

He started his banking career at National Bank in 1983. Sekander previously worked for NCC Bank and Social Islami Bank.

Syed Nowsher Ali, who joined Premier Bank in 2000, worked in the banking sector for 37 years. Ali started his banking career at AB Bank in 1986.

## Indonesian growth rises to 9-year high

AFP, Indonesia

Indonesia's economic growth accelerated to a nine-year high in 2022 despite global uncertainty and a final quarter slowdown, official data showed Monday, owing to soaring commodity prices and easing Covid-19 curbs.

Indonesia was badly affected by the coronavirus pandemic, with its exports and tourism-reliant economy taking a massive hit in 2020 as GDP shrunk by 2.07 per cent — its first recession since the 1997 Asian financial crisis.

But Southeast Asia's largest economy has bounced back since then, posting economic growth last year of 5.31 per cent, Statistics Indonesia said Monday, the highest level since 2013.

"The figures show that Indonesia's economy grew solidly in 2022," statistics agency head Margo Yuwono said.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (FEB 7, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	1.5 ↑	5.47 ↑
Coarse rice (kg)	Tk 48-Tk 52	2.04 ↑	4.17 ↑
Loose flour (kg)	Tk 56-Tk 58	-3.39 ↓	65.62 ↑
Lentil (kg)	Tk 95-Tk 100	-4.88 ↓	0
Soybean (litre)	Tk 168-Tk 172	-2.02 ↓	15.26 ↑
Potato (kg)	Tk 22-Tk 28	6.38 ↑	42.86 ↑
Onion (kg)	Tk 30-Tk 40	-12.5 ↓	16.67 ↑
Egg (4 pcs)	Tk 44-Tk 47	21.33 ↑	24.66 ↑
SOURCE: TCB			



Mamoon Mahmood Shah, managing director of NRB Bank, handed over to Abdur Rouf Talukder, governor of Bangladesh Bank (BB), signed documents of an agreement on facilitating investments for export-oriented industries using a Tk 10,000 crore central bank fund at the latter's headquarters in Dhaka recently. Abu Farah Md Nasser, deputy governor of the BB, and Nurun Nahar, executive director, were present.

PHOTO: NRB BANK



Syed Waseque Md Ali, managing director of First Security Islami Bank, virtually inaugurates three sub-branches -- Aturar Depo sub-branch in Bayazid Bostami Thana of Chattogram, Daganbhuiyan sub-branch in Daganbhuiyan upazila of Feni, and Payra Point sub-branch in Patuakhali's Lebukhali -- from the bank's head office in Dhaka yesterday. Abdul Aziz, Muhammad Mustafa Khair, additional managing directors, Md Zahurul Haque and Md Masudur Rahman Shah, deputy managing directors, were present.

PHOTO: FIRST SECURITY ISLAMI BANK

## Good governance crucial

FROM PAGE B4

"These will enable us to reduce the cost of customer acquisition and expand into segments where a branch-based solution may be not cost-effective," said Hussain.

He said most of the older banks in Bangladesh have developed a branch-based banking system through the setting up of brick-and-mortar outlets and ATM (automated teller machine) networks.

But Hussain, who obtained his MBA from the Institute of Business Administration under the University of Dhaka, thinks setting up more ATMs would be wasteful.

So, Meghna Bank has partnered with other banks, allowing its customers to access more than 11,500 ATMs that they have established collectively across the country free of charge.

"As a result, our customers have much greater and easier access to ATM services than customers of other banks. In view of our traffic situation, this is a cost-effective solution for our customers," said Hussain.

The bank has launched a mobile banking app that is very robust and effective.

"We have relaunched MFS in a different manner so that we can widen our footprint in a viable way despite the presence of big players such as bKash, Nagad, Rocket and Upay."

The MFS has partnered with a large non-governmental organisation that is already serving farmers, small retail outlets, garment workers, and the service industry.

"Our partner organisation has a large network of offices and hundreds of thousands of clients. Many of the clients are involved in the agriculture sector," Hussain said.

"The Bangladesh Bank has directed banks to do more lending in the agriculture sector directly at much lower costs. The partnership will allow us to do this in a prudent manner."

Meghna Bank is working with fintech companies that have e-commerce sites and logistics to supply raw materials and goods to the agriculture sector.

"We will build an ecosystem of

products around MFS, agent banking, digital wallet, e-commerce, and fintech companies. These activities will ultimately help us keep our costs down through lower physical infrastructure investment and fewer people and acquire customers at a lower cost than the industry."

Hussain said the bank was able to advise its customers towards the end of 2021 and in early 2022 to open more sight LCs (letters of credit) in a bid to reduce any possible exposure to a future currency volatility.

An LC at sight is a LC that is payable immediately.

"This helped our customers minimise losses," Hussain said.

The noted banker also touched upon the default loan issue in the banking sector.

He recommended increasing the number of court benches for the disposal of cases related to NPLs as there is a huge backlog.

"Another alternative solution would be to implement the distressed asset management company concept that the central bank is working on."

## German industrial

FROM PAGE B4

"The former growth engine of the German economy is stuttering, and improvement is not really in sight," Brzeski said.

Germany, hardest hit by the de-facto end of Russian gas supplies to Western Europe, asked households, businesses and industry to try to meet a nationwide 20 per cent gas savings target to help avoid a gas shortage over winter.

In December, gas consumption in industry was down 15.4 per cent compared to the corresponding 2018-2021 average, according to the federal network regulator.

For 2022 as a whole, German industrial production was 0.6 per cent lower in calendar-adjusted terms than in 2021 and down 5.0 per cent from the pre-pandemic year of 2019.

"This completes a miserable end to 2022 for Germany's economy following the crash in retail sales and plunge in exports," Pantheon Macroeconomics' chief eurozone economist Claus Vistesen said.

## Adani shares soar

FROM PAGE B4

"The markets are happy that they prepaid a chunk of their borrowings. This is a refreshing sign of confidence," markets commentator Srinath Sridharan told AFP.

Fitch Ratings said Tuesday that Indian banks' exposure to the Adani group was "insufficient in itself to present substantial risk to the banks' standalone credit profile".

Hindenburg accused Adani of a "brazen stock manipulation and accounting fraud scheme" in "the largest con in corporate history".

Adani artificially boosted the share prices of its units by funnelling money into the stocks through offshore tax havens, Hindenburg said.

The conglomerate has rejected the claims as a "malicious mischievous" reputational attack.

Last week tycoon Adani, 60, insisted the "fundamentals of our company are very strong, our balance sheet is healthy and assets robust".

His personal wealth has more than halved, seeing him fall from number

three in the Forbes real-time list of the richest people in the world to 17th as of Tuesday.

India's political opposition says Adani's closeness with Prime Minister Narendra Modi, with both men from Gujarat state, has allowed him to win contracts unfairly and avoid proper oversight.

Parliament has been adjourned several times in recent days with opposition parties calling for a probe into Modi and Adani's links.

Rahul Gandhi from the Congress party, which staged protests Monday, told parliament on Tuesday that the two men already had close ties when Modi was Gujarat's chief minister.

"The result of that was tremendous growth and expansion of his businesses in Gujarat," Gandhi said.

"Then the real magic began in 2014 when Modi comes to Delhi (as prime minister) and Adani — who was number 609 on the global rich list — reached number two within a few years."





Price of rod, a key construction material, was Tk 95,500 per tonne in Dhaka yesterday while it was Tk 91,500 for the same amount just one month ago. The photo was taken from Barishal city yesterday.

PHOTO: TITU DAS

# MS rod may become costlier

Industry people blame US dollar crisis, hike in fuel and energy prices

JAGARAN CHAKMA

The price of mild steel (MS) rod may soon cross Tk 1 lakh per tonne as production costs have risen due to a recent hike in fuel and energy prices amid the ongoing US dollar crisis, according to industry people.

“Around 90 per cent of the scrap steel used is imported. So, production costs have grown in line with higher US dollar prices and recent hikes in fuel and energy prices,” said Tapan Sengupta, deputy managing director of the BSRM.

As per data from the Trading Corporation of Bangladesh, 60-grade MS rod was selling at Tk 95,500 per tonne in Dhaka yesterday while it was Tk 91,500 for the same amount just one month ago.

The US dollar has gained around 22 per cent in value against the local currency over the past six months. As such, steel makers are having to settle letters of credit (LCs) at Tk 112 per US dollar to import raw materials.

Besides, they are facing difficulties in opening LCs, which is hampering business by preventing factories from running at full capacity, he added.

Regarding the recent tariff hike for power and gas used by industries, Sengupta said the production cost of steel making units would increase by a maximum of Tk 1,500 to Tk 3,000 per tonne depending on the factory.

For example, manufacturers using energy from captive power plants will have to spend an additional Tk 3,000 to produce each tonne of steel while it will be Tk 1,500 for those supplied by the national grid.

This is because the Energy and Mineral Resources Division has increased the price of gas used by power plants by 87.50 per cent to Tk 30 from Tk 16 per cubic meter.

Similarly, the price per cubic metre of gas for large industries has been increased by 150.41 per cent to Tk 30 from Tk 11.98.

Manwar Hossain, president of the Bangladesh Steel Manufacturers Association (BSMA) recently wrote to the commerce ministry to inform about these concerns.

“The price hike will double the fuel cost for producing steel. This additional increase in the price of MS rod will result in a loss of consumer purchasing power,” he said.

Around 15 per cent of the production cost for making steel goes into paying for fuel and energy. This means that if each tonne of steel costs Tk 80,000 to produce, then the gas and electricity charge accounts for Tk 12,000 of that amount, Hossain added.

**“Around 90 per cent of the scrap steel used is imported. So, production costs have grown in line with higher US dollar prices and recent hikes in fuel and energy prices,” said Tapan Sengupta, deputy managing director of the BSRM**

At present, the production cost of steel billet stands at Tk 81,300 per tonne with Tk 20,000 being spent on operational expenditure and Tk 2,200 on duty and advance income tax.

Considering the situation, the total production cost will reach Tk 103,560 per tonne in no time.

Hossain went on to say that the steel industry in Bangladesh is suffering as infrastructure development works have slowed down, especially in the private sector.

With this backdrop, the BSMA demanded that their short-term loans be converted into long-term ones so as to prevent losses.

The association also urged the government to instruct banks to facilitate LC opening for importing raw materials and increasing the gas of price gradually rather than all at once.

Mid Shahidullah, secretary general of the BSMA, said manufacturers will have to adjust their prices due to the higher production cost.

This will put pressure on consumers and increase the cost of development projects, putting pressure on public expenditure, he added.

Shahidullah then informed sales have already dropped by up to 25 per cent in the last six months.

Shahriar Jahan Rahat, deputy managing director of KSRM, said the jobs of roughly 50 lakh people involved with the steel industry are now in jeopardy thanks to the current situation.

## Bangladesh to see more China-funded mega projects

New envoy says

STAR BUSINESS REPORT

Bangladesh will see more China-funded mega projects in near future, Newly-appointed Chinese Ambassador to Bangladesh Yao Wen said yesterday.

“Many China-funded mega projects will be completed this year, including Bangabandhu tunnel in Chattogram. We are discussing to implement more mega projects in Bangladesh soon.”

China wants to be a part of the development of Bangladesh, especially economic development, he said.

The ambassador made the comments while talking to reporters after a meeting with Planning Minister MA Mannan at the Planning Commission in Dhaka.

The envoy also said the Chinese government will host a business summit next month in Dhaka to bring more investment for Bangladesh.

The 7.1 per cent growth in gross domestic product Bangladesh has achieved is a miracle and the credit goes to the hard work of the country’s prime minister and general mass, Wen said.

The ambassador said his government wants to invest more in ICT, agriculture, food processing and renewable energy sectors.

About Rohingya crisis, he said China has been working very closely to resolve the crisis.

The Rohingya crisis, which has been there for the last six years, is quite complicated, he said.

China has been playing the role of a coordinator among the stakeholders to bring a solution to the crisis, he said.

The Chinese ambassador is committed to take Sino-Bangla friendship to a new level through increased trade, commerce and economic connectivity, the planning minister said.

## 55 local firms take part in German show

STAR BUSINESS REPORT

Some 55 Bangladeshi companies participated in the world’s largest consumer trade show Ambiente in Germany’s Frankfurt to showcase the locally produced goods to the international customers.

The five-day fair ended yesterday.

Bangladesh was the second largest participant of the trade show after India among the South Asian nations, according to a statement from Ambiente.

Bangladesh has always been a regular participant of the showcase.

Some 4,561 exhibitors from 83 countries took part in the 2023 edition of Ambiente to present their latest innovations and trends from all over the world.

A huge number of buyers came to the Ambiente from nearly 160 countries, according to the statement.

Some of the 55 exhibitors which represented Bangladesh were Paragon Ceramic, Shinepukur, Peoples Ceramic, Monno Ceramic, San Trade and RFL Plastics, SK Handicraft and Saidpur Enterprises.

The last two participated in the show under the Export Promotion Bureau’s pavilion, according to the statement.

## Daraz to shed jobs

FROM PAGE B1

“In order to weather the storm, we need to collectively do everything we can to improve profitability and save costs. This includes refocusing on the core business, simplifying the organisation, and doing more with less in all departments,” he added.

In Bangladesh, Daraz already decided to close down its business to business e-commerce wing and laid off around 80 per cent of the 40-odd workforce of the wing, a few officials of Daraz Bangladesh told The Daily Star seeking anonymity.

The employees from other departments, including marketing, is also being laid off.

However, the company hasn’t disclosed the total number of people who will be laid off in Bangladesh.

many online-based platforms, including Foodpanda and Sheba, cut a substantial number of jobs last year. Some have put expansion plans on hold.

In addition to the current economic condition, the e-commerce sector in Bangladesh had already faced a downturn since 2021 when a number of fraudulent activities were unveiled in the sector, leaving thousands in uncertainty over the recovery of thousands of crores of taka.

However, Alibaba seems committed to the Bangladesh market as it announced in August last year that it intended to invest Tk 1,000 crore in Bangladesh in the next 3-4 years to ramp up its operation by building infrastructure and ecosystem.



Daraz Bangladesh declined to give official comment on the issue.

Earlier in July, HungryNaki, Daraz’s food delivery arms, scaled down operations by half and laid off a majority of its employees.

The cuts had come about a little over one year after Alibaba acquired 100 per cent of HungryNaki, which was launched in 2013, from its local owners via Daraz Group.

Alibaba acquired Pakistan-based e-commerce platform Daraz in 2018.

Amid the global economic downturn and depressing customer sentiment due to soaring inflation,

But with the recent downturn in the market, it is yet to be seen how long Alibaba can keep up its optimism in this market.

Daraz Bangladesh earlier said it now has 235 product collection points, which was only 48 in 2019.

In 2018, the company started delivery services for campaigns with only 150 two-wheelers and 25 vans, which rose to 2,300 two-wheelers and 600 vans at present.

It has also introduced nine new “Digibox” points in partnership with a2i for a convenient automated collection facility.

## Tax collection growth

FROM PAGE B1

the period compared to 13 per cent the previous year.

“Revenue collection data is a reflection of the slowdown of the economy,” said Mohammad Abdur Razzaque, director of the Policy Research Institute (PRI) Study Centre on Domestic Resource Mobilisation. He added that revenue receipts from customs tariff showed a slowing trend as imports fell after the authorities restricted non-essential imports through various measures.

Amid rising stress on the country’s foreign exchange reserves and its subsequent fall resulting from higher imports than exports and remittance earnings, Bangladesh Bank began to impose various rules to discourage non-essentials imports.

The measures worked as Bangladesh’s imports declined 2.15 per cent year-on-year to \$38.13 billion in the six months ending with December in 2022 compared to a year, data from the central bank showed.

Customs tariff collection data exemplifies that. The NBR collected Tk 44,950 crore as customs tariff by posting 9.25 per cent year-on-year growth in the July-December period.

The customs duty collection grew 22 per cent during the same period a

year ago.

“High value imports have fallen,” said Ahsan H Mansur, executive director of PRI of Bangladesh.

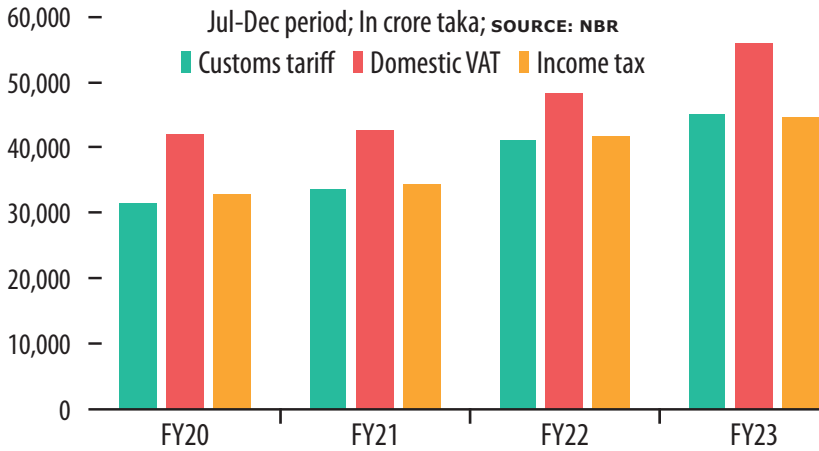
Besides, corporate incomes of large companies and banks have dropped for increased costs, which

taxmen recorded 15 per cent growth in income tax collection.

Mansur then said the slowing growth would affect the government’s expenditure for development projects.

“We are already seeing this. Work

### TAX COLLECTION BY SOURCES



has affected income tax collection, he added.

Income tax receipts grew 6.25 per cent to Tk 43,959 crore in the July-December period compared to the same time the previous year, when

of many projects has stalled,” he said, adding that the development of foreign funded projects would suffer for a dearth of local funds.

As a result, the government will have to borrow more.

## Retailers cancelling RMG orders

FROM PAGE B1

On January 18, it increased the retail price of gas by 14.5 per cent to 178.9 per cent for industries, power plants and commercial establishments.

“If the prices of energy are adjusted downwards in the local market following the decline in prices of liquefied natural gas, the prices of many other things will fall in the domestic market. This will also lower the cost of production,” Hassan said.

Despite the economic volatility at home and abroad stemming from the dragging Russia-Ukraine war and the global energy crisis, the shipment of garment items from Bangladesh is increasing.

Hassan credited the depreciation of the local currency against the

US dollar and the export of high-value-added items for the increased earnings.

The taka has lost its value by about 25 per cent against the American greenback since the war erupted, making the goods manufactured in Bangladesh cheaper in the export markets.

Thus, the garment shipment, which accounted for about 85 per cent of national exports, rose 14.31 per cent year-on-year to \$27.41 billion in the July-January period of the current financial year.

In Bangladesh, many local garment factories are capable of producing jackets worth \$30 to \$35 per piece, which indicates that the country is shifting to the production of value-

added apparel items from basic ones.

Moreover, a lot of orders are moving away from countries such as China, India, Pakistan, Vietnam, and Myanmar to Bangladesh, helping the ready-made garment sector to keep growing even during turbulent times.

In another encouraging development, freight costs have declined and returned to the pre-pandemic level, said a number of suppliers.

Hassan also expressed concerns about the gradual deterioration of the image of the garment industry because of an alarming rise in robberies facing goods-laden trucks on the Dhaka-Chattogram Highway.

“Over the last 15 years, a syndicate of robbers has stolen garment items

The government’s net borrowing to finance its budget from domestic and external sources stood at Tk 31,338 crore in the July-November period of the current fiscal year, down from Tk 50,474 crore during the same period a year ago, Bangladesh Bank data showed.

To increase tax collection and reduce dependence on borrowing, revenue collection has to improve, according to analysts.

For this, systematic improvements and administrative reforms of the NBR is needed, Mansur said.

Towfiqul Islam Khan, senior research fellow of the Centre for Policy Dialogue, said the growth in collection recorded in the early months of this fiscal year was largely driven by rising commodity prices.

“Hence, slow progress in improving institutional efficacy for mobilising domestic resources regrettably did not get the due attention,” he added.

Now, as Bangladesh has gotten loans from the International Monetary Fund, it has a specific target on tax revenue.

“But a business-as-usual approach will not deliver it. The current adjustments opted by the government as a response to the macroeconomic crisis will also make it difficult to mobilise revenue,” he said.

worth hundreds of crores of taka from more than 2,000 export goods-laden covered vans plying on the highway.”

Last month, a buyer in Brazil sent a video clip to a local supplier where the buyer showed that 8,000 pieces out of 26,000 units of clothing items were missing from the cartons that he received from the Bangladeshi firm.

It happened because one Shahed and his accomplices stole the goods from the trucks. The members of the Rapid Action Battalion later arrested four along with Shahed and recovered the stolen goods, Hassan said.

The BGMEA chief urged the government to take stern action against the miscreants involved in the theft of export-bound goods.



DHAKA-SYLHET HIGHWAY

# 2 Sino-Bangla JVs to expand 35km portion

STAR BUSINESS REPORT

Two China-Bangladesh joint ventures are going to expand a 35-kilometre portion of the Dhaka Sylhet Highway at a cost of Tk 2,318 crore.

The Roads and Highways Department (RHD) is set to sign two separate contracts with the firms for package number-3 at a city hotel today, sources said.

Road Transport and Bridges Minister Obaidul Quader is expected to join the programme.

A joint venture of Henan Highway Engineering Group Company Ltd of China and Mir Akhter Hossain Ltd of Bangladesh will be awarded a Tk 1,232 crore contract.

Under the deal, the joint venture will expand a 15.7km stretch from Sarail intersection to Budhonti bus stand in Brahmanbaria and build 11 bridges and 11 culverts and carry out other tasks.

A joint venture of China Shandong International Economic and Technical Cooperation Group Ltd and Shandong Luqiao Ground Co Ltd of China and Property Development Ltd of Bangladesh has already been awarded a Tk 1,085 crore. The contract with the firms will be signed today, sources said.

The joint venture will expand a 19.1km road from Budhonti bus stand to SM Spinning Mill in Habiganj's Madhabpur upazila and will build seven bridges, 25 culverts and carry out other related tasks.

## The Roads and Highways Department is set to sign two separate contracts with the companies today

The contractors will get four years to complete the work. There will be a one-year defect liability period and then they will provide performance-based maintenance services for six more years.

The RHD is implementing a Tk 16,918-crore project to turn the 210km Dhaka-Sylhet highway into four lanes by adding a service lane on each side.

The Asian Development Bank will provide Tk 13,244 crore, its biggest portfolio in the transport sector in Asia.

The deadline for the project is December 2026. The authorities decided to implement it under six packages and hire 13 contractors for quick execution.

The RHD has already hired contractors—both local and foreign—for two packages. Physical work started on February 1.

The Dhaka-Sylhet highway connects the Sylhet division with the capital and Chattogram.

The project was undertaken as the existing two-lane highway from Narayanganj's Kanchpur to Sylhet is turning out to be inadequate in dealing with a growing number of vehicles, often leading to traffic congestion and road crashes.

Besides, several economic zones are going to be established centring the highway, which will ultimately accelerate economic growth.

The highway is also a part of the Asian Highway-1, which connects Meghalaya with West Bengal of India via Tamabil-Sylhet-Dhaka-Narail-Jashore.

The government has taken up a separate project to turn the Sylhet-Tamabil Highway into four lanes.

# Oil price rises

REUTERS

Oil prices rose for a second straight session on Tuesday, driven by optimism about recovering demand in China and concerns over supply shortages following the shutdown of a major export terminal after an earthquake in Turkey.

Brent crude futures were up \$1.78, or 2.2 per cent, to \$82.77 per barrel at 1042 GMT, while West Texas Intermediate US crude futures rose \$1.74, or 2.4 per cent, to \$75.88 per barrel.

"The price of the barrel is finding support as the reopening of the Chinese economy, following the end of the zero-Covid policy, is expected to drive a significant increase in demand for crude this year," said ActivTrades analyst Ricardo Evangelista.

# Adani shares soar 15% after loan pledge

AFP, India

Shares in the flagship firm of troubled Indian conglomerate Adani rose almost 15 percent Tuesday, clawing back some of its recent huge losses after saying it would repay more than \$1 billion in loans.

Investors wiped out around \$120 billion in value from the group owned by tycoon Gautam Adani after claims of accounting fraud by short-seller US investment group Hindenburg Research on January 24.

The collapse raised concerns about the group's ability to raise fresh financing to pay down its debts. It cancelled a share sale, and reportedly also a bond issue, last week.

But India's biggest conglomerate said Monday it was repaying early loans worth \$1.1 billion, in a move meant to reassure investors.

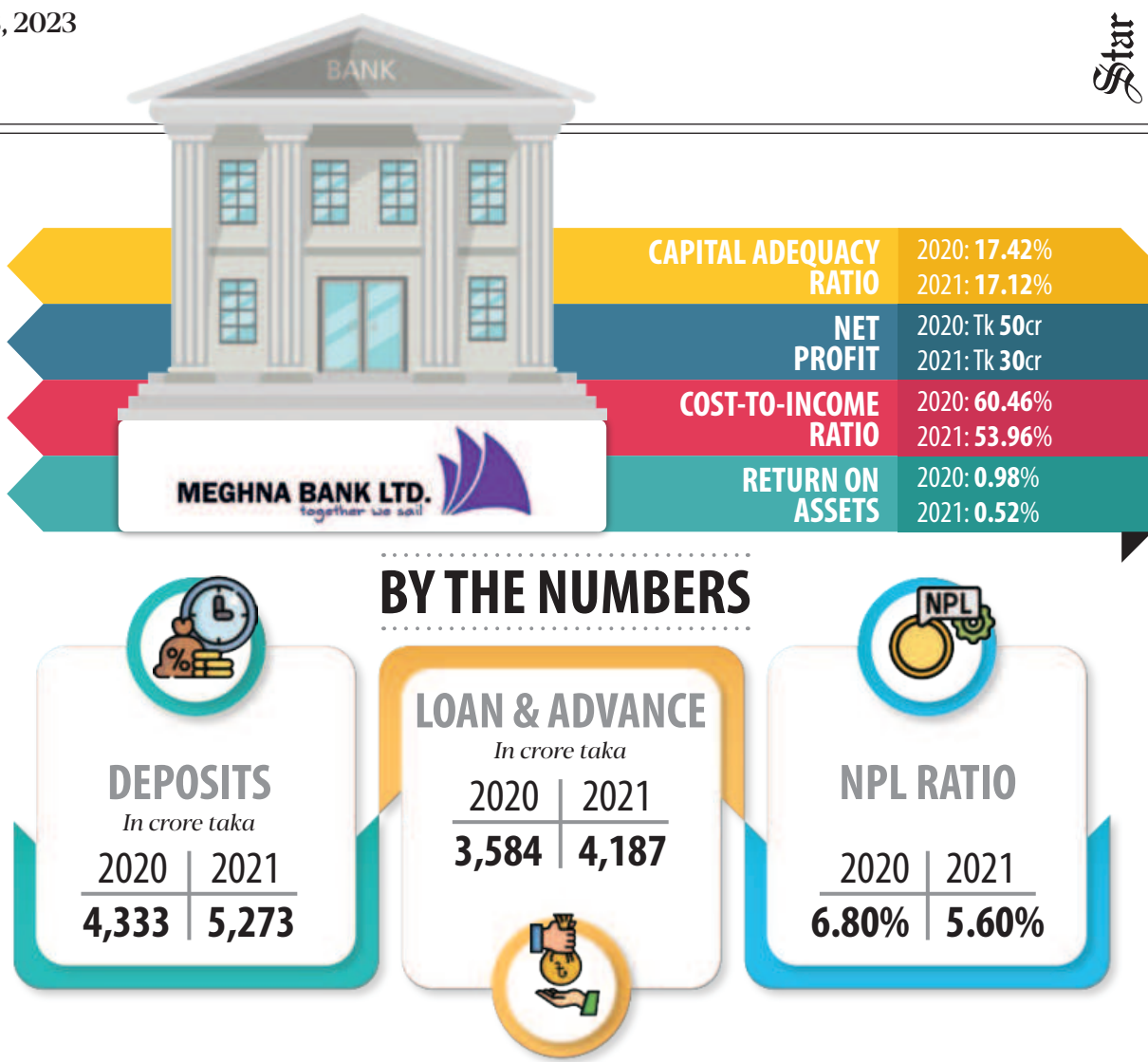
The Adani Ports subsidiary said Tuesday it would also repay debts of around 50 billion rupees (\$605 million) and slash by half its capital expenditure in the next financial year.

Adani Enterprises, the group's flagship firm, soared as much as 25 per cent on Tuesday, with trading suspended three times on the way up.

The shares closed up 14.6 per cent -- although they are still down by more than half since the start of the year.

Other group companies were mixed, with Adani Transmission rising five percent but closing 0.77 per cent lower, and Adani Total Gas down five percent and trade suspended again.

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# Good governance crucial for banks

Says Meghna Bank MD and CEO Sohail RK Hussain

AHSAN HABIB

Good corporate governance is critical for banks everywhere and at all times since it makes them transparent and accountable, helps attract deposits and investments and carry out business globally, said Sohail RK Hussain, managing director and chief executive officer of Meghna Bank Ltd.

Governance is especially important now for banks in the view of adverse events and media reports, which at times can be somewhat sensational but perhaps lack context, he said.

According to the noted banker, good corporate governance directs banks and makes them and their decision-making process transparent and accountable to stakeholders.

Banks with good governance will have greater access to depositors, confirmation lines from international banks and the capital market, and will be able to draw domestic and foreign investments, Hussain said during an interview with The Daily Star recently.

Hussain joined Meghna Bank in 2020 with a vision to transform the organisation's processes, introducing new products and delivery channels, strengthening management quality, and expanding into new customer segments, thus improving the overall performance of the bank.

Currently, the bank's capital to risk-weighted asset ratio is around 21 per cent, comfortably higher than the minimum regulatory requirement of 12.5 per cent. The bank was a net lender in the interbank market in December 2022.

Meghna Bank's leverage ratio,

which refers to the core capital to its total assets, is 10 per cent against the minimum requirement of 3 per cent.

Its operating profit shot up to Tk 104 crore in 2021, up from Tk 73 crore in 2020 and Tk 82 crore in 2019, according to the annual report of 2021.

Meghna Bank, which commenced its operation on May 9, 2013, is transforming in a number of ways. It has placed high emphasis on projects that ensure a high level of corporate governance.



Sohail RK Hussain

For instance, it is in the process of introducing strategic domestic and international investors and partners.

"We are also working on obtaining an international credit rating along with high-quality foreign investments," Hussain said.

The bank is also working to secure a number of international certifications regarding its processes, which includes ISO (International Organisation for Standardisation) certification for its operating departments and IT and digital financial solution divisions.

The bank is introducing numerous new products and solutions for customers. "Some of the products are unique in the industry," said Hussain.

Hussain aims to turn Meghna Bank into one of the top 20 banks in

Bangladesh in terms of funds under management and one of the top five banks in terms of governance.

He has already gathered vast experience on how to help a troubled bank to make a comeback.

Hussain started his banking career at Standard Chartered Bank. He, along with a group of experienced bankers, moved to Eastern Bank Ltd in 2001 to give the bank a new beginning.

Likewise, City Bank in 2007 recruited almost the same team with a view to improving its performance. Hussain led the bank as its MD and CEO from November 2013 to January 2019.

When he joined Meghna Bank in May 2020, in the midst of the coronavirus pandemic, the non-performing loan ratio of the bank was 7.8 per cent of its total loans. It declined to 5.60 per cent in 2021.

In the last couple of years, Meghna Bank introduced an Islamic banking window, offshore banking unit, agent banking, internet banking, account opening through electronic know-your-customer, rolled out a call centre and document archiving, and relaunched its card business.

It also began focusing on green lending.

In 2023, the bank plans to make large investments in IT, cyber security, agent banking, mobile financial services, digital financial services, branches, and sub-branches.

Meghna Bank is going to tie up with fintech companies and other partners to expand its product features and footprint and new offerings for both existing and new customers.

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# Bangas posts 75% profit growth

STAR BUSINESS REPORT

Bangas Limited recorded a 75 per cent rise in its year-on-year profit in the second quarter of the current financial year.

The bread and biscuit manufacturer made a profit of Tk 5.34 lakh in October-December of 2022-23 against Tk 3.05 lakh in the same three-month period a year earlier.

Thus, it reported earnings per share (EPS) of Tk 0.07 for the second quarter of FY23, which was Tk 0.04 in October-December of 2021-22, Bangas said in a posting on the Dhaka Stock Exchange today.

Bangas also stated that its profit stood at Tk 9.15 lakh in the first half of FY23, up 33 per cent from Tk 6.86 lakh in the identical half of FY22. So, its EPS rose to Tk 0.12 from Tk 0.09 during the period.

The company's net operating cash flow per share increased to Tk 0.51 in the July-December period of FY23 from Tk 0.43 in FY22.

The net asset value decreased to Tk 21 as on December 31 last year from Tk 21.11 on the same day of 2021.

# Drug makers face Covid cliff Sales set to plummet

REUTERS, New York

Pharmaceutical companies that made billions from the pandemic over the past two years selling vaccines and treatments are now up against a steep Covid cliff and investor pressure to spend their windfalls wisely.

Western drugmakers including Pfizer Inc, BioNTech, Moderna Inc, Gilead Sciences Inc, AstraZeneca PLC and Merck & Co are estimated to have brought in about \$100 billion in revenue from Covid vaccines and treatments in 2022.

Company and analyst estimates suggest those sales could fall by nearly two-thirds this year due to build up product inventories around the world including in the countries that pay the most. Population immunity from high rates of vaccination and previous infections means that demand for treatments could dip as well.

These companies are used to steep revenue drops known as patent cliffs that occur when their exclusivities on big-selling drugs expire and generic rivals move in, but they strategise for those swings for years.

"When you think about traditional drug and vaccine development and longevity of sales, it's usually much more spread out," Morningstar analyst Damien Conover said. "This is very, very concentrated."

The sudden inflow of revenue should prod companies to strike deals and link up with new partners, he said.

BMO Capital Markets analyst Evan Seigerman said companies should use the quick cash for transformative deals.

"Pfizer did these \$10 billion deals to build their portfolio and I think they need to do something bigger and more impactful," he said, referring to the \$5.4 billion buyout of Global Blood Therapeutics and \$11.6 billion purchase of migraine drugmaker Biohaven Pharmaceutical.

Pfizer has been the biggest corporate beneficiary of the pandemic financially, with more than \$56 billion in 2022 revenue from the vaccine it developed with German partner BioNTech and from its Covid-19 antiviral treatment Paxlovid.

Pfizer has said it expects that revenue to drop to around \$21.5 billion in 2023, although some analysts believe that forecast is overly optimistic.

Children aged 5 to 11 receive booster vaccinations against the coronavirus disease (Covid-19) in Schwenksville

"We remain skeptical that Covid revenues will grow in 2024 and beyond," JP Morgan analyst Chris Schott said in a research note, adding that vaccination rates could fall even further than the significant decline seen with booster shots in 2022.



Art school teacher Sagar Kambli gives final touches to a painting of Indian businessman Gautam Adani, highlighting the ongoing crisis of the Adani Group in Mumbai on February 3. Investors wiped out around \$120 billion in value from the group owned by tycoon Gautam Adani after claims of accounting fraud by short-seller US investment group Hindenburg Research on January 24.

PHOTO: AFP

# German industrial output falls more than expected

REUTERS, Berlin

German industrial production fell more than expected in December, driven by a plunge in output from energy-intensive sectors, the federal statistics office said on Tuesday.

Industrial production decreased by 3.1 per cent on the previous month, the office said. In a Reuters poll, analysts had pointed to a drop of 0.7 per cent for the month.

The drop was more severe in energy-intensive industrial sectors, where production decreased by 6.1 per cent in December compared with November.

This illustrates how severely the energy crisis is hurting industry, said Carsten Brzeski, global head of macro at ING.

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