# Apex Footwear's profit jumps nearly 21%

STAR BUSINESS REPORT

Apex Footwear Limited posted a 20.85 percent year-on-year increase in profit to Tk 16.71 crore in the financial year of 2022-23.

The profit stood at Tk 13.83 crore in 2021-22.

Thus, the footwear manufacturer reported earnings per share of Tk 12.86 for 2022-23, which was Tk 10.64 in the previous financial year, according to the financial statements of the company.

The net asset value per share rose to Tk 239.64 from Tk 229.96 while the net operating cash flow per share slipped to Tk 27.23 from Tk 29.94 during the period.

The board of directors recommended a 35 percent cash and 10 percent stock dividends for the year that ended on June 30.

Shares of Apex Footwear rose 3.95 percent to Tk 307.90 on the Dhaka Stock Exchange yesterday.

# BBS Cables' profit nosedives 88%

STAR BUSINESS REPORT

BBS Cables Limited suffered an 88 percent year-on-year decline in profit in the financial year that ended on June 30.

As a result, the company's profit fell to Tk 9.74 crore in 2022-23 from Tk 80.66 crore in 2021-22. It reported earnings per share of Tk 0.46 for the last financial year against Tk 3.81 a year earlier.

The EPS decreased due to an increase in the cost of goods sold caused by the depreciation of the taka against foreign currencies, said BBS Cables in a filing on the Dhaka Stock Exchange.

The net asset value per share slipped to Tk 32.99 from Tk 33.29 owing to an increase in the paid-up capital following the declaration of stock dividends.

The net operating cash flow per share rose to Tk 2.49 from Tk 1.58 for the significant increase in cash collection from customers, the filing said.

The board recommended a 2 percent cash dividend for FY23.

Shares of BBS Cables closed unchanged at Tk 49.90 on the DSE yesterday.

# Sri Lanka's recovery 'not yet assured': IMF

AFP, *Colombo*

Bankrupt Sri Lanka's economic recovery was "not yet assured", the International Monetary Fund warned Wednesday, after the first review of its $2.9 billion bailout aimed at repairing the island nation's ruined finances.

The Washington-based lender of last resort said Sri Lanka had been unable to meet its revenue targets and ensure growth although it had tamed runaway inflation.

"Despite early signs of stabilisation, full economic recovery is not yet assured," the IMF said.

Last year's economic crash sparked dire food, fuel and medicine shortages, as well as months of civil unrest that eventually toppled then-president Gotabaya Rajapaksa.

**Workers at a facility at the AR Corner Market, the biggest hub of garment products in Pabna, imprint clothes with various designs before putting them up for sale.** PHOTO: AHMED HUMAYUN KABIR TOPU

# Scrap-based apparel makers in trouble

## Businesses in north losing work orders

AHMED HUMAYUN KABIR TOPU, *Pabna*

Md Sharif Hossain, a small garment manufacturer, established a large-scale factory in Pabna sadar upazila a few years ago in a bid to manufacture apparel from garment scraps, locally known as "jhoot", and export to the Indian market.

Manufacturing clothes from garments waste, namely jhoot, presented a tremendous opportunity for small businesses in Pabna over the past three decades. As export facilities grew, businesses expanded into large-scale operations.

Sharif's business was running well for the past decade, but he suddenly closed down his factory last month due to a lack of buyers.

"I used to produce 1.8-1.9 lakh items of clothing each week. Over 100 workers operated 75 sewing machines in my factory. All of my products were supplied to the Indian market. Recently, Indian buyers are hardly coming due to a lack of marketing. I was bound to close my factory," Sharif said.

He used to supply three trucks laden with approximately 4.8-6 lakh pieces of apparel to the Indian market each week.

Now, he is unable to sell one truckload a month.

Other manufacturers in the same line of work have been experiencing similar problems related to a lack of buyers.

"We used to manufacture 2,400 items of clothing a week. Everything went to big traders and exporters for supplying to India. But now they are reluctant to take clothes since they have huge stocks," Md Nasim, another trader of Afuria village, said.

According to the Pabna Hosiery Manufacturing Group, garment products from jhoot used to bring in annual exports of around Tk 300-400 crore.

Now exports amount to around Tk 100 crore, all because the export business has expanded rapidly and in an unsystematic way, traders said.

"When traders got export facilities, many rushed to the manufacturing business without proper business plans. Most of these traders set up a few

machines and started supplying clothes to merchants with export-import licences," Monir Hossain Popy, president of Pabna Hosiery Manufacturing Group, told The Daily Star.

At the beginning, hosiery manufacturers used to sell their products in the local market, but the t-shirts and various clothes are now being exported to India, Malaysia and other neighbouring and Asian countries.

"When export business was in full swing, most of the exporters opened letters of credit (LCs) for a small amount by showing low price of clothes. A majority of clothes are supplied through illegal channels to avoid customs duties. In this way, they reduced the price of our clothes in the international market," Popy said.

Popy used to be an exporter himself, supplying clothes to Indian buyers. But he left the business after not getting timely payments from buyers.

"Each truck has goods worth at least Tk 40 lakh. Everything is collected from small manufacturers in terms of deferred payment. But delays in receiving payment from foreign buyers cause trouble, so I left the business," Popy added.

There are over 1,000 small manufacturing factories in Pabna as well as over 200 big factories established in recent years targeting the export business.

Most of them are closed now, he added.

On the other hand, exporters blamed the reduced demand for such products on the Indian market and the global economic crises for poor sales.

"After the Covid-19 pandemic, the price of our local garment products reduced in the Indian market. Then we experienced huge losses. Now the demand has reduced in their markets as Indian buyers are buying jhoot from local markets," said Md Mojnu, an exporter who used to supply clothes through LCs.

"Due to repeated losses for the past two years, we are feeling the burden of bank loans. Most of the buyers have stopped coming to us," he said, adding that exports of jhoot, the essential raw material, must be stopped.

# The saga of 'easy money' in Bangladesh

MAMUN RASHID

I would deliberately put "black money", "easy money" earned through political cronyism, or even "unearned income" in the same bracket.

In the world of finance and economics, the term "black money" often raises eyebrows. It alludes to the enormous sums of money that move covertly, out of sight of tax collectors and other government inspectors. Black money has profound consequences, which affect both people and the nation.

Black money, also known as illicit money or unaccounted wealth as mentioned above, represents funds that exist outside the purview of tax laws and government oversight. It is money obtained illegally, such as through tax evasion, corruption, or smuggling. Occasionally, lawful income that has been hidden to avoid taxes is also included.

The repercussions of black money are multifaceted. It first reduces government revenue. Governments lose crucial funds that could support public projects, healthcare, and education, impeding a country's development.

Furthermore, black money exacerbates income inequality. Tax evaders frequently build up unreported riches which widens the wealth disparity with the rest of society. Additionally, it undermines the rule of law.

The informal sector in Bangladesh has grown tremendously over the years, nearly matching the formal one. This sector encompasses street vendors, small enterprises, and unregistered businesses operating outside government oversight and taxation. The underground economy flourishes in this setting.

Black money is a worldwide problem, but it is most pervasive in nations with lax banking regulations and weak tax enforcement.

India has experienced a significant issue with black money, with billions of dollars hidden away in offshore accounts. The so-called "oligarchs" in Russia have utilised offshore companies to conceal their wealth. One common technique for concealing black money is funneling it into offshore bank accounts, often located in tax havens. These accounts offer anonymity and privacy from prying eyes.

Some countries have bank secrecy laws that make it extremely difficult for foreign authorities to access information about these accounts. These regulations are used by tax evaders and money launderers who use intricate financial arrangements and shell companies to conceal the source of the money, making it even more difficult for governments to find.

While black money is detrimental, some argue it can have limited benefits, such as providing liquidity during economic crises. These short-term benefits, however, come at a high long-term price, weakening the government's ability to pay for important services and reducing the confidence of people in their government.

Addressing the issue of black money requires a multifaceted approach. Tax changes must be given priority, financial laws must be tightened, and financial inclusion in the unorganised sector must be encouraged.

To reduce the impact of black money, accountability from top to bottom and transparency are essential along with the rule of law.

International cooperation is essential to combat black money's cross-border nature. Stricter rules for offshore accounts and improved information exchange between nations can stop the flow of illegal money.

As most agree, the effects of black money are wide-ranging and have an impact on tax collections, income disparity and economic stability. Fighting black money is a complicated problem that requires cooperation from both governments and people.

By fostering transparency, accountability, and fair taxation, nations can hope to combat the shadowy spectre of black money and build more equitable and prosperous societies.

*The author is an economic analyst*

# Russia ramps up China yuan payments

REUTERS, *London*

The share of Russia's imports invoiced in Chinese yuan soared to 20 percent in 2022 from 3 percent a year earlier after its invasion of Ukraine unleashed a raft of sanctions that cut the country out of the global financial system, a new study found on Wednesday.

The sharp increase represents a shift away from US dollar and euro transactions, which declined in the same period to 67 percent from up to 80 percent, the European Bank for Reconstruction and Development (EBRD) found in the report.

"After Russia's full-scale invasion of Ukraine in February 2022 and the imposition of economic sanctions by the EU, US and a number of other advanced economies, Russian imports became increasingly invoiced in yuan," according to the paper led by economists Maxim Chupilkin and Beata Javorcik.

Yuan invoices now accounted for 63 percent of imports from China by end-2022, up from nearly a quarter a year earlier, and had now "displaced primarily the US dollar as well as the Russian rouble as the currency of choice," the authors said.

The use of the Chinese yuan for trade with Russia has also increased for third countries that did not impose economic sanctions but hold a currency swap line with the People's Bank of China (PBOC), such as Mongolia and Tajikistan.

These swap lines "make it easier for an exporter to use yuan received from, say, a Russian importer," the paper added, after analysing more than 12 million import records associated with over 70,000 firms.

# How serious is Russia's fuel export ban and who will be hit?

REUTERS, *Moscow/London/Singapore*

Russia said on September 21 it had temporarily banned gasoline and diesel exports to all but four ex-Soviet states in response to domestic shortages, a move that will disrupt global trade that has already had to adjust to Western sanctions on Russian fuel exports.

Russia eased some of the restrictions on September 25, saying it would allow the export of bunkering fuel for some vessels and diesel with high sulphur content.

But analysts say importers will still have to find alternative sellers until Russia can replenish its own stocks.

Traders said the fuel market in Russia, one of the world's biggest oil producers, was hit by a combination of factors including maintenance at oil refineries, bottlenecks on railways and the weakness of the rouble, which incentivises fuel exports.

Russia tried to tackle the diesel and gasoline shortages in recent months but turned to export curbs to prevent a fuel crisis, which could be awkward for the Kremlin as a presidential election looms in March.

The diesel ban will have the biggest impact because Russia is the world's top seaborne exporter of the fuel, just ahead of the United States.

It shipped an average 1.07 million barrels per day (bpd) of diesel from the start of the year to September 25, accounting for more than 13.1 percent of the total seaborne diesel trade, according to oil analytics firm Vortexa.

It is a much less significant gasoline exporter, shipping an average 110,000 bpd in the year to September 25, Vortexa said.

Russia said exports would resume once it had stabilised its domestic market, but did not give a precise timeline.


**A driver prepares to fill his vehicle with gasoline at a service station in the southern French city of Montpellier.** PHOTO: AFP/FILE

Analysts, such as consultancy FGE Energy, said the ban on diesel could last up to two weeks before Russia replenishes its stocks and resumes exports.

Expectations for the length of the gasoline ban vary. JP Morgan said it could last a couple of weeks until harvest season concludes in October, while FGE Energy said replenishing Russia's gasoline stocks could take up to two months.

After the European Union banned Russian fuel imports over Moscow's invasion of Ukraine, Russia diverted Europe-bound exports of diesel and other fuels to Brazil, Turkey, several North and West African countries and Gulf states in the Middle East. Gulf states, which have their own major refineries, re-export the fuel.

The Russian ban will change those flows again.Diesel supplies from Russian ports to Brazil reached about 4 million metric tons in the year to Sept. 25, compared with 74,000 tons in all of 2022, LSEG data showed. The Russian fuel replaced Brazil's imports of diesel from the United States.