

Editorial | Battery Run Three Wheeler in Bangladesh Needs Policy Support

The increasingly popular Battery-run Three Wheeler (BRTW) vehicles could be a useful means of transport generating better environmental sustainability along with socio-economic benefits. There are around half a million BRTWs currently running in Bangladesh, predominantly in district towns and rural areas.

The cost of traveling in BRTW for less than 5 km distance is one-fourth of the cost of equivalent distance in Rickshaw and half of that in CNG. BRTWs or the easy bikes currently transport 2.5 crore passengers in both urban and rural areas every day and has created jobs for about 30 lakh people. The BRTWs consume around 450MW of electricity per day, charged often through the domestic electricity line in the absence of clear monitoring and regulations as well as in absence of charging stations.

In India, there are around 1.85m BRTWs which are called e-Rickshaws there. The Government of India (GoI) took a clear view of the benefits of e-Rickshaws, that include higher mobility for citizens, saving of foreign currency due to reduced import bill for LNGs, energy security, generation of employment, improved urban air quality and reduction in GHG emission. The GoI therefore quickly brought in clear policies and regulations for these vehicles. The government instituted registration and licensing procedure for e-Rickshaws to be done by Regional Transport Office under India Road Transportation Awards and International Centre for Automotive Technology respectively. India has adopted a National Electric Mobility Mission Plan and Faster Adoption & Manufacturing go Hybrid and Electric Vehicle scheme to promote electric vehicles with an intention to replace fuel-based vehicle in the coming decades.

Comparison between the scenario of BRTWs in India and Bangladesh shows that although in terms of adoption of e-Rickshaws per 1,000 people, Bangladesh has higher level of adoption of BRTWs. India has developed a detailed policy framework to regulate and promote BRTWs, while Bangladesh has not made progress in that respect. Bangladesh can follow the Indian example in promoting FDI and local content manufacturing. Eventual transition to lithium-ion battery and renewable energy technology could be kept in the horizon in planning the pathway for BRTWs. From the conservative estimation, it is seen that the government can earn BDT 5500 from a single battery run three wheeler every year through the registration fee, route permit, fitness certificate, driving license examination fee, tax token and route permit. So, after formalization of this sector, the government of Bangladesh can earn about BDT 2.7 billion from the existing half a million BRTWs. Considering the annual growth of 35,000 BRTWs, it is estimated that around BDT 192 million may be added as government revenue every year from all the relevant fees. A detailed cost-benefit analysis can be done in that respect to assess the actual return of formalization of the sector.

It is thus an urgent priority that the BRTWs are regularized in view of economic, social, and environmental benefits. Vehicular pollution is a key source of environmental pollution and BRTWs reduce pollution on the road. Bangladesh can save USD 200m to 800m per year with reduction of air pollution in four major cities. BRTWs create social inclusion through enhancing mobility of ordinary people, including women. There are also manifold economic benefits, as BRTWs provide jobs, save the fuel import bill, and so on. On the policy side, the government should develop an interim mechanism to ensure smooth transition to regularization of BRTWs. The national policy should be revised to promote BRTWs through subsidies and other incentives. Registration, certification, licensing, and permit procedures could be instituted and regularized

Ferdaus Ara Begum, CEO, BUILD

BUILD Trustee Board Shared Plan of Activities with PMO



The Principal Secretary presides over the meeting while BUILD CEO briefing the meeting agenda in presence of BUILD Trustee Board Members and Director General and Director of PMO

BUILD Trustee Board Members joined a meeting with Md. Nojibur Rahman, Principal Secretary to the Prime Minister on April 8, 2018 at Prime Minister's Office to discuss how PSDPCC established at PMO can collaborate further in areas of research, policy and advocacy for private sector development.

The Principal Secretary welcomed the delegation of BUILD and commended the initiative of the private sector that is already working, as a conduit to formalize decisions of the Government in a mode of public private collaboration. This is a balanced platform to bring both public and private sector together, so we can discuss their needs and adjust the policies that required for the private sector development of the country said he. In response to a request of BUILD Chairman Mahbubul Alam for increasing the frequency of the PSDPCC meetings, the Principal Secretary retorted that "we will hold bi-monthly PSDPCC meetings and involve all the ministries related to trade and commerce so that they can act more proactively in improving the business environment".

Having instantly instructed the Policy Coordination Unit (PCU) for making the parallel year planner for PPP Office and BUILD (for holding PSDPCC and PPP meetings as one process of government can implement other process), he requested BUILD for giving PMO inputs for private sector development and create the momentum of the Policy Coordination Unit of PMO, added he.

Speaking at the meeting, AbulKashem Khan, President of DCCI said that establishment of Private Sector Development Policy Coordination Committee (PSDPCC) is a mechanism to meet the demand of research and study for systematic, research-backed and fact-based business operation. Echoing DCCI President, Farooq Ahmed, Secretary General of MCCI requested the PMO to ponder actions for PSDPCC and resolve all business issues through this platform. BUILD CEO Ferdaus Ara Begum shortly put light on the meeting agenda and also briefed about upcoming and overall activities of the organization, including all updates regarding the last PSDPCC Meetings.

BUILD CEO also discussed the draft agenda of the up-coming meeting of PSDPCC and requested for date to hold the 10th PSDPCC meeting. The Principal Secretary instantly directed the Policy Coordination Unit of PMO to review all agenda and fix a meeting in late April for PSDPCC.

BUILD CEO informed that so far 157 plus reforms through PSDPCC have been implemented and it needs more support from the corresponding wings of the Government to get rid from the regulatory issues. In this connection, the Principal Secretary said that the Policy Coordination Unit of PMO will engage and inform all related ministries to support BUILD so that it can invigorate its activities and meet the need of the PSDPCC established and working under the PMO. A.H.M Rezaul Kabir, Secretary General of DCCI also was present and interacted in the meeting.

Thrust on Removing Sectoral Constraints for Raising Export Competitiveness



Industries Secretary presides over 5th SME Development Working Committee (SMEDWC) Meeting at the Industries Ministry

Chaired by Muhammed Abdullah, Secretary of Ministry of Industries, the meeting discussed SME issues and policy simplification, including regulatory barriers with a view to make the SMEs of leather, plastics and technology competitive for doing business.

BUILD CEO Ferdaus Ara Begum presented four papers based on research pointing to the SMEs for which MoI is the parent ministry to administer. The studies included Export Competitiveness of Leather Footwear Industry in Bangladesh, Access to Technology for SME Women Entrepreneurs, Quality and Compliance Issues of Plastic Sector in Bangladesh and Simplification of Ownership Transfership of BSCIC Industrial Plots.

The Secretary, Ministry of Industries appreciated the BUILD activities for SME development and he emphasized the real needs of reforms for several issues for women entrepreneurs and shared the government vision to promote the sector. He also expressed his interest to make financing for SMEs simple and a collateral guidelines for the entrepreneur up to Tk 2.5 million for them. Referring to the presentation on Quality & Compliance Issues of Plastic he informed that a standard weight and measurement act 2018 has been finalized by BSTI and will be submitted to the Parliament which includes IP and ICT issues taking care of the present need of entrepreneurs.

Referring to CETP of Savar Tannery Estate Hosna Ferdous Sumi, Private Sector Specialist, World Bank Group said that if the solid waste can be managed/recycled properly it can become a value addition. It will help to serve the need for environmental management which has got a huge social and environmental impact.

Mustak Hassan Md. Iftekhar, Chairman, BSCIC agreed to the need of updating the BSCIC Gazette no. IE/BSCIC/156/79 circulated in 1988 on transfer of ownership of land. He informed that BSCIC has been working for updating it. He added by saying that two (02) Leather Estates are also in the process which will be able to meet the scarcity of land.

Sardar Abul Kalam, Director General, BSTI informed that there are several standards set by BSTI for leather and plastic products. They would be happy to get new standard related request from associations and other stakeholders. Dr. Md. Mafizur Rahman, Director General, BITAC, approving the proposals by BUILD remarked that there is a need for a Plastic Policy. In regard to the issue of separate Leather Estate he said that 'We need to think differently to accommodate more industries in a single building.' Parag, Additional Secretary of Ministry of Industries requested BUILD to send separately the reform recommendations through a letter mentioning specific tasks of the concerned ministries in respect of the identified reforms.

Ali Sabet, Team Leader of PRISM, suggested to bring all the policies and actors under a single umbrella of entrepreneurship development and stressed the need for formulation of an integrated policy.

Md. Nurul Islam, Secretary, BTA suggested that a leather and leather goods (LLG) sector policy is going to be framed. Land and cattle rearing issues need to be included in the policy. He suggested for coordinated activities of lead ministries for supporting the private sector.

Concerted Efforts to Lift the Anti-dumping Duty Imposed on Exports of Bangladeshi Products



Representatives from Ministry of Commerce, National Tariff Commission, BUILD and other organizations joined the RTD at BUILD.

Held on April 9, 2018, a round table discussion on Anti-dumping (AD) Measures on Hydrogen Peroxide organized by BUILD in cooperation with the Ministry of Commerce (MOC) urged to lift the anti-dumping duty imposed on exports of Bangladeshi products. The round table discussion analyzed the present situation of anti-dumping measures on some exports of Bangladesh imposed by India, Pakistan, Brazil etc. such as jute and jute goods, hydrogen peroxide and some other upcoming sectors.

Md. Hafizur Rahman, Joint Secretary, WTO Cell, Ministry of Commerce, presented the keynote and highlighted the details of the DGAD (Directorate General of Anti-Dumping and Allied Duties) report and findings based on which the anti-dumping measures was initiated from India. Similarly AD measure was initiated by of NTC (National Tariff Commission) of Pakistan. It was viewed that there are information inconsistency and erroneous analysis which can be challenged if the private sector stakeholders collaborate by providing accounting information and work together with the related government bodies.

Another presentation was made by Barrister Khandoker M. S. Kawsar, Consultant, CeTIL Bangladesh, who referred to a number of clauses of anti-dumping agreement (ADA) told that the anti-dumping measure initiated against this sector can be legally challenged. He argued that Bangladesh can challenge the issue concerning dumping margin determination, injury determination, casualty issues and procedural issues etc.

The panel discussion session moderated by Md. Munir Chowdhury, DG, WTO Cell, Ministry of Commerce, said in some cases there was serious information inconsistency in calculating the injury and the anti-dumping margin. In case of Hydrogen Peroxide there are no subsidies given by the government for this sector. He specifically mentioned some of the areas which can be easily argued, because of calculation and information gaps.

In the panel, Rama Dewan, Joint Chief, Bangladesh Tariff Commission, highlighted some specific issues such as employment and investment increase of the sector in the face of AD initiated by the countries while allegation raised about dumping etc.

Shirin Sultana, Lecturer, Department of Law, University of Dhaka, highlighted the capacity building needs for Bangladesh where Md. Abu Saleh, Senior Lecturer, Daffodil University, highlighted the examples of Philippines, Thailand from whom Bangladesh can learn more and to work in this area. Sharifa Khan, Additional Secretary, Ministry of Commerce, highlighted some of the issues Bangladesh can avail as an LDC which will not be available while graduating to a developing country. She informed that in the long run, tariff concession will not be in place rather non-tariff barriers would be the main protection for trade.

CEO, BUILD, highlighted and inquired about the next step to be initiated for this purpose. In that respect it was decided that there is a serious need for collaboration among different types of stakeholders for lodging a complaint in the Dispute Settlement Body (DSB) for which a consultation paper needs to be prepared.

Upcoming Budget to Uplift Sectoral Competitiveness



BUILD Chairman places budget proposals before the NBR Chairman at NBR.

BUILD placed some fiscal policy related suggestions to the National Board of Revenue (NBR) on 5th April 2018 to the Chairman of NBR in a pre-budgetary discussion with BUILD at NBR conference room. It has placed 110 fiscal suggestions (Income tax: 41, VAT: 20, Customs: 49) where it has given emphasis on policy support for building sectoral competitiveness (leather & leather goods, plastic and engineering and electronics goods), tax network widening, the present scenario of the VAT policy and some customs related issues for improving the competitiveness of selected sectors such as, bicycle, leather, plastic goods, electronic and electrical goods etc.

As Bangladesh is going to be graduated to a developing nation soon, Bangladesh has to maintain some more criteria to keep the status of the country where Sustainable Development Goals (SDG) implementation is one of the major issues for Bangladesh. To get these done by 2030, a remarkable investment, is needed from both Government and Private sector. To promote private investment, a continuous policy support needs to be assured on the basis of time to time consultation with the Private sector, on the other hand, the revenue mobilization process need to be updated through strict implementation of automation in every aspects of Tax wings, Income Tax, VAT and Customs).

It has been suggested that the tax holiday facility for Leather & Leather Goods, Plastic and Engineering and Electronics Goods (EEG) sector should be ensured, as it is observed that these sectors have contributed to the Bangladesh economy through creating 2.27 million employment and adding US\$ 2.26 billion to the export basket which is 4.3% of GDP.

The Corporate Income Tax (CIT) should be lowered to 30% (Publicly Traded Companies) and 20% (Non-Publicly Traded Companies) from 35% & 45% respectively. The Reduced CIT for another export-oriented sector such as Leather sector (Now Paying 15%), plastic sector 35% should be aligned with RMG sector (12%). CIT for listed banks should be as same as other listed companies.

In case of environmental sustainability, BUILD proposed to impose a carbon tax as carbon pricing scheme, to reduce and exempt custom duty on relatively less harmful vehicles (hybrid cars, electric vehicles) at import stage. A duty imposition on hazardous chemical and single-use polyethylene needs to be addressed. All fire safety equipment should be exempted from customs or any other tax, in this respect, a comprehensive list of fire safety equipment for Industries and household need to be framed.

For SMEs, VAT exemption limit should be revised as BDT36 Lac instead of the present level of BDT 30 Lac. It has also opined that the present confusion about amended VAT rules, VAT online, E-BIN, Price Declaration etc. There should be a clear guideline for the private sector for VAT compliance in the upcoming Budget.

The meeting was attended by Executive Chairman, BIDA; Executive Chairman, Bangladesh Economic Zones Authority; Representative Bangladesh Export Processing Zones Authority (BEPZA); Bangladesh High Tech Park Authority, and others.

Meeting with Spanish Chamber of Commerce & Industry



BUILD CEO and SBCCI President are in a discussion at BUILD.

A meeting was held on simplification of sample import policy in Bangladesh between Spanish Bangladesh Chamber of Commerce and Industry (SBCCI) and BUILD on 18th April, 2018.

Nuria López, President, SBCCI said that the rules on import of sample items which is stated in the Import Policy Order is not clear. There is no specific definition of commercial sample items in the import policy order. On the other hand, tabled CFR (cost & freight) value for importers to import sample items and yearly value ceiling/maximum numbers of sample to be imported by the export oriented manufacturers are not sufficient. She also added the following.

- (1) submission of MAWB (monthly airway bill) to the Customs increases the sample items clearance lead time;
- (2) submission of letter of authorization by the authorized C&F agent of the importers after the arrival of sample items requires extra 2/3 days;
- (3) it takes 7-13 days to get the final clearance to release the sample items;
- (4) sample items are lost from the airport warehouse and no compensation is found in that case from the Biman Bangladesh which is the ultimate custodian of the imported sample. As a whole this delay in the lead time reduces the capacity of the manufacturers to submit price quotation and proposal to the potential foreign buyers. As per the Customs Act 1969, the De Minimis Value (no duty/ tax collection on imported items) in Bangladesh is BDT 1000, which is too low and insignificant.

Ferdous Ara Begum, CEO, BUILD placed some valuable recommendations which may be included by the Ministry of Commerce in the upcoming Import Policy Order to simplify the sample import policy in Bangladesh such as;

- (1) inclusion of the specific definition of sample items and commercial sample;
- (2) imported sample items should be exempted from tax and duty; (3) sample importers should be exempted from opening L/C to import sample items;
- (4) withdrawal of (CFR) value limit;
- (5) inclusion of yearly value ceiling/ maximum numbers of sample to be imported for plastic industry and engineering & electronics goods industry;
- (6) increase the yearly value ceiling/ maximum numbers of sample to be on the specific percentage of the annual turnover of the company or yearly value ceiling/maximum numbers of sample to be imported for export oriented industries should be increased rationally;
- (7) focus on the capacity building of the courier service companies by the full implementation of 'The Courier Service (Customs Assessment) Operation and Licensing Rules 2016';
- (8) raise the De Minimis value upto USD 50. At last she added that, a comprehensive and compact sample import policy/rule needs to be formulated by the Ministry of Commerce to ensure the export competitiveness of Bangladesh and BUILD will take necessary steps to convince the Ministry in that regards. Abu Saleh, Executive Director, SBCCI and Mohammad Nazimuddin, Research Associate, BUILD were present in the meeting.

Regulatory Predictability is Compulsory



In presence of representatives from World Bank, BUILD and respondents of the survey, the meeting is in progress.

Regulatory unpredictability is often cited as a problem by businesses globally. Bangladesh is no exception. Addressing regulatory unpredictability requires a good understanding of the many dimensions of the problem. As a first step towards this, a survey was carried out of businesses operating in Bangladesh to assess their views on regulatory unpredictability - its manifestations and impact.

BUILD along with World Bank arranged a Discussion on Bangladesh Regulatory Predictability Survey Findings with an exclusive set of representatives of different private sector organization who participated in the survey. The discussion session was moderated by Syed Akhtar Mahmood, Lead Private Sector Specialist, Macro Economic Policies, Trade & Investment, WBG. The discussion session was held at BUILD Conference Room, Dhaka on April 12, 2018.

Several sources of regulatory unpredictability have been highlighted in the discussion. Often, rules and regulations are enacted without prior consultation. Thus, regulatory design does not benefit from the ground-level knowledge of businesses. Businesses often lack adequate knowledge on what rules, regulations and procedures they need to comply with, be at entry, operational or exit stages. Rules and regulations, as written, may leave huge scope for differing interpretation. Sometimes, regulatory agencies do not provide adequate guidance to the front-line officials on how to interpret and administer the rules. Many regulatory areas lack effective grievance mechanisms whereby businesses can complain about adverse regulatory decisions affecting them.

Businesses are most concerned about inconsistencies in laws and regulations and undue use of discretion by officials. Most of the respondents identified these factors as problematic. Businesses are relatively less concerned about announcement of regulations without prior consultation.

Two-thirds of businesses feel that regulatory officials use a lot of undue discretion in dealing with them. A similar proportion complains about wide variation in interpretation of rules and compliance requirements among officials. A reason for this is the absence of clear criteria for decision-making in many areas. About half of the respondents felt the absence of such criteria. Even where such criteria exist these are not followed in decision-making. Indeed businesses consider non-adherence to decision-making criteria as a bigger issue than absence of criteria.

Two out of three businesses think that many laws in Bangladesh are inconsistent with each other. Even for the same law, there is inconsistency between the rules and regulations following from the law. More than half of the businesses also complain about inconsistencies between regulations, and associated administrative procedures and compliance requirements.

More than 50% of businesses in Bangladesh feel that finding information on existing rules and regulations is a major obstacle to doing business. There are also concerns about the information that is available. Almost two-thirds of businesses complain that available information is usually not updated regularly, and is often unclear, incomplete and unexplained.

Meeting between BUILD and BSTI Stressed need for Plastic Policy



BSTI DG presides over the meeting in presence of BUILD CEO and other officials of BSTI.

A meeting between BUILD and Bangladesh Standards and Testing Institution (BSTI) on "Standard and Quality issues of Plastic Sector" took place on March 28, 2018 at BSTI. The main agenda of the meeting was to discuss about the quality and policy constraints of the plastic sector of Bangladesh for improving export competitiveness and discuss the role of BSTI in that respect. As per the BUILD proposal, Certification Mark license providing time by BSTI has been reduced from 78 days to 22days provided that the applicant submits the normal fees while it takes only 11 days if pays the urgent fee paid.

In regard to implementation of US FDA guidelines for food-grade plastic products, BSTI DG Sardar Abul Kalam said that those who are dealing business with the USA they have to maintain FDA guidelines, but BSTI follow the CODEX standard in case of food items. In this standard it is mentioned that for Packaging products for drinks, juice, etc., for testing system and they avail the testing facilities of BCSIR and BAB accredited laboratory. BSTI also informed some more details in that respect and agreed to send the reference, if the standard prepared by BSTI.

Arafat Hossain informed that BSTI is the focal point of CODEX and they adopt this standard directly. In case of providing licenses they maintain the timeline as mentioned in the Citizen Charter. A copy of which has been handed over to BUILD. In the course of discussion, it was recommended that the quality of imported Resin which is one of the raw materials for plastic product has to be controlled from the level of the sources of import. Custom should be responsible in that respect.

BUILD CEO stressed the need for Plastic Policy which will have a definition of plastic products. There is a debate between survival of small industries in parallel with large industries. In the plastic sector, presence of small entrepreneurs is prominent, in order to increase their Export Competitiveness linkage between large and small is a must. Policies are different for large and small enterprises. In the plastic sector there is a very significant presence of enterprises, few of them are large.

She also told that a Plastic Products Recycle policy would need to be prepared and in that respect, or there can be a Policy for Plastic sector with an appropriate definition of the sector which should also give importance on the recycling considering environmental issues of the sector. In order to support plastic sector in respect of quality, the updated list of mandatory products should be included in the Import Policy, added she.

In some countries standard requirements is much higher than that of the international standard, in that case, more bilateral agreements or MRA can be established.

BSTI has so far signed several MoUs with some countries such as- India, Nepal, Bhutan, Turkey, Saudi Arab, Sri Lanka etc. SARSO has also prepared South Asian Standard of 4 products. In some cases international standard are not accepted by some South Asian countries rather they have higher standards than the international one.

2nd Project Co-ordination Committee (PCC) Meeting of the Project for Promoting Investment and Enhancing Industrial Competitiveness



The Principal Secretary to Hon'ble Prime Minister presides over the meeting in presence of all stakeholders at the PMO

As one of the PCC member CEO, BUILD was present in the meeting held on 25th April, 2018 at PMO chaired by Principal Secretary Mr. Mohammad Nojibur Rahman. There were presentation on component-1 implemented in collaboration with BIDA, component -2 implemented with the collaboration of BEZA and component - 3 implemented in collaboration with MOI.

The presentations highlighted a Progress Report of the project and the Action Plan for implementation of necessary activities throughout the whole project period. Some Regulatory Reforms have been identified for implementation by BIDA where BUILD can collaborate. The presentation emphasized on the collaboration of some local and foreign investment so that the capacity of local industry can be increased.

Celebrating 55 years of Coca Cola's Presence in Bangladesh



BUILD CEO joins a discussion in the sideline of the ceremony with Asia Foundation Country Representative Sara L Taylor and United Purpose Representative.

On the occasion of 55th anniversary of Coca Cola production in Bangladesh, BUILD CEO was present where new product Thumbs Up energy drinks was launched. BUILD as a trusted partner of Coca Cola exchanged their best wishes to the multinational company serving this countries since more than 5 decades.

Other Engagements of BUILD

→ BUILD CEO attended the Brainstorming Consultation Meeting on (Diagnostic Trade Integration Study (DTIS) Update at the Ministry of Commerce on March 20, 2018.

→ BUILD CEO attended the World Water Day, 2018 on March 27, 2018 organized by the Ministry of Water at Bangabandhu International Conventional Hall.

→ BUILD Team attended an Open Discussion on Electrical and Electronics Goods on March 28, 2018 at BUILD. The entrepreneurs from the sector joined the meeting.

→ BUILD FSDWC Team joined a day long Consultation on Development Effectiveness that broadly discussed about the development projects and policies related to development effectiveness including Paris declaration, Accra Action Agenda, Istanbul principles, and the activism of Global Partnership for Development Cooperation (GPEDC) and CSO Partnership for Development Effectiveness (CPDE) in order to find out the better way to advocating for enabling environment for development effectiveness on March 28, 2018 at YWCA auditorium, organized by VOICE.

→ BUILD CEO joined the Lunch of PRI Flagship Publication: "Policy Insights" on 2nd April 2018 at Policy Research Institute.

→ BUILD CEO joined the Dinner for Engagement For The Leadership Team on 7th April 2018 at the Hotel Radisson

→ BUILD CEO joined a preparatory meeting for the SME Development Working Committee on 8th April 2018.

→ Research Team of BUILD joined a meeting on GTM and ESRM at the International Finance Corporation on 9th April 2018 at World Bank.

→ BUILD Sr. Communication and Advocacy Associate joined the Workshop for taking opinion on Bangladesh Trade Portal, Initiated by Bangladesh Regional Connectivity Project (BRCP) on 12th April 2018 at the Ministry of Commerce.

→ BUILD Taxation Team joined the 39th Advisory Committee Meeting of NBR on 12th April 2018 at NBR.

→ BUILD FSDWC Team joined the Consultation on National Financial Inclusion Strategy for BD: A Roadmap towards digital Financial Inclusion on 12th April 2018 at the Hotel Radisson.

→ BUILD CEO joined the BPO summit Bangladesh 2018, Opening Ceremony organized by ICT Division on 15th April 2018 at the Pan Pacific Sonargaon Hotel

BUILD CEO joined the Meeting on Import policy ordinance 2018-21 organized by the Ministry of Commerce at MOC on 22nd April 2018.

BUILD Reform

Reform Implementations for SME Financing

1 As per the Master Circular of SMESPD, Bangladesh Bank (paragraph 2.3), minimum SME financing portfolio for the manufacturing sector is minimum 15% for the service sector and minimum 55% for trade. BUILD proposed for enhancement of financing limit for the manufacturing SMEs and reduce limit for trading SMEs. Accordingly the allocation for manufacturing SMEs has been increased from earlier 30% to 40% and for trading it has been reduced to 35% from the earlier 55%.

The SMESPD Circular Number 3; Dated 29 June 2017 reflected the reforms as follows: -

→ By 2021, to finance sustainable SME sector, minimum 40% to the manufacturing, minimum 25% to the service sector and minimum 35% to be provided to trade.

2. The Women SME entrepreneurs do not get enough necessary financing. BUILD pleaded for increasing allocation for financing for SME Women Entrepreneurs (WEs) Accordingly, the above circular has increased the financing portfolio for SME WEs to 15% from the earlier level of 10% to be effective from 2021.

The SMESPD Circular Number 3; Dated 29 June 2017 reflected the following reform-

→ 10% of total SME financing portfolio has to be provided to women entrepreneurs and by 2021 it has to be increased to 15%

3. To bring mobility in the cottage, micro, small and medium sector, BUILD proposed reforms to increase facilities for SME WEs. The SMESPD Master Circular Number 1, Dated 07 January, 2016 mentioned refinancing scheme for WEs. BUILD recommended that up to 25 lacs BDT be lent to women entrepreneurs as a collateral-free loan.

Accordingly SMESPD Circular Number 1, Dated April 02, 2017 reflected the following reform-

→ Under the Refinancing Scheme of Bangladesh Bank, up to 25 lacs BDT will be provided as collateral-free loan considering their personal guarantee as collateral. (SMESPD Circular Number 1, Dated April 02, 2017)

BUILD Scope

Market Research on Electrical and Electronics Industries of Bangladesh

As Bangladesh economy is making large strides in GDP growth and improved living standards of the people, the Electrical and Electronic (E&E) sector is making rapid progress. In the electronic home appliances assembling and manufacturing sector, around BDT 5 billion is invested, employing more than 10,000 people. Television, refrigerators and air conditioners are among the major products of the E&E industry.

Having considered the importance of the sector, BUILD undertakes A Market Research on Electrical and Electronics Industries of Bangladesh such as Television, Refrigerator and Air Conditioner that focuses on these three sub-sectors and seeks to understand the current market situation, consumers' preferences, impact of market segmentation, assess the competitors, and explain the strategy and risks for each of the three sub-sectors. The study has been conducted mostly through field survey covering 16 showrooms of different brands such as Walton, LG, Singer, and so on and also taken some help from secondary literature review.

Safety Compliance for Potential Export Sector

BUILD is working for export sector competitiveness and in that respect identified Leather & Leather Goods, Engineering and Electronics and Plastic as potential SME dominated sector which can generate more employment, attract investment, etc.

Safety compliance is one the strategic issue for a sustainable sectoral development. In view of that BUILD is looking after the policies of import of safety equipment, authorities responsible for controlling and monitoring of these safety equipment. Testing labs to examine the fire fighting equipment so that enough securities can be maintained in the industries.

BUILD would like to recommend industries to follow the Bangladesh National Building Code (BNBC), engagement of Bangladesh fire service civil defense (BFSC) to provide authorization so that safety issues are maintained properly in the industries.

BUILD has been assigned to support BICFII for organizing structured Public-Private Dialogue for policy advocacy for reforms through conducting research on specific issues which is a part of Export Competitiveness for Jobs (EC4J) project. BUILD would organize sectoral Dialogues for policy advocacy so that some important reforms can be brought in this respect.

BUILD Articles

Regulatory predictability is a priority

<https://thefinancialexpress.com.bd/views/opinions/regulatory-predictability-is-a-priority-1524412656>

Taking trade relations with Austria to new height

<https://thefinancialexpress.com.bd/views/views/taking-trade-relations-with-austria-to-new-height-1523459334>

Policy change needed for enforcing business contracts

<https://thefinancialexpress.com.bd/views/reviews/policy-change-needed-for-enforcing-business-contracts-1520092759>

Partner's Corner



DCCI Placed Budget Proposals to NBR for 2018



President of Dhaka Chamber of Commerce & Industry (DCCI) Abul Kasem Khan places DCCI's budget (2018-19) recommendations to the Chairman of NBR Mr. Md. Mosharraf Hossain Bhuiyan, ndc at a pre-budget discussion meeting between NBR and DCCI on April 03, 2018 at NBR. DCCI this year placed total 20 budget recommendations to NBR for government's consideration.

DCCI President Abul Kasem Khan in his budget recommendations proposed Taka 3,00,000/- as individual tax free income limit. He also proposed for reducing 5% corporate tax rate in 2018-19, 7% reduction in 2019-20 and 10% reduction in 2020-21 at a progressive rate. If a company re-invest its 5% of taxable income into R&D and SDG related activities, he proposed for declaring it as tax free investment.

NBR Chairman Md. Mosharraf Hossain Bhuiyan said, we have to increase our export volume from US\$35 billion to US\$50 billion within a shortest possible time. We have been trying to increase the GDP growth to 7.7% this year. He said that our infrastructure development has been increased in manifold.

DCCI Senior Vice President Kamrul Islam, FCA, Vice President Riyadh Hossain, Directors, Andaleeb Hasan, Hossain A Sikder, Humayun Rashid, Imran Ahmed, K.M.N. Manjurul Islam, Mamun Akbar, Engr. Md. Al Amin, Mohammad Bashiruddin, Waqar Ahmad Choudhury and Secretary General AHM Rezaul Kabir were present.

India Mulls Investment in BD's three Economic Zones



A delegation of Bengal Chamber of Commerce and Industry from Kolkata visited the Chittagong Chamber of Commerce and Industry (CCCI) at the World Trade Centre in the city on 23rd April 2018.

The 15-member delegation of the Indian businesses headed by its president Chandra Shekhar Ghosh represented industrial sectors like food packaging, cement, steel, engineering, design and technology, real estate, education, media, pharmaceuticals, petro-chemical and LPG, manufacturing, IT and banking and non-financial institutions.

The Indian trade body leaders had a very effective meeting with the CCCI leaders chaired by its president Mahbubul Alam. CCCI vice president Syed Jamal Ahmed, Indian Assistant High Commissioner Anindya Banerjee, former director Mahfuul Haque Shah and Habib Mohiuddin, leading trader Taher Sobhan, women chamber leaders Abida Mostafa and Munal Mahbub, IEB former president Engineer Md Harun and Khorsher Rahman spoke on the occasion.

Mahbubul Alam said bilateral trade relations between Bangladesh and India is very deep-rooted. "We are eager to strengthen that relation by exporting greater volume of Bangladeshi goods to India. The two neighbouring countries can work together to remove the trade deficit while it is very imperative that the road communication be improved to the welfare of both the countries," the CCCI chief said.

Anindya Banerjee said Indian investment in three economic zones of Bangladesh is under active consideration of both the governments. Different Indian companies have already registered investment worth \$ 3.0 billion. India can also provide \$4.50 billion for improving the communication network of Bangladesh, he said.

MCCI Holds Quarterly Luncheon Meeting



MCCI quarterly luncheon meeting was held at the Chamber on 11 April, 2018. Mr. Md Mosharrarf Hossain Bhuiyan, Chairman of the National Board of Revenue (NBR) attended the meeting as the chief guest. seen speaking on the occasion.

The National Board of Revenue (NBR) is considering carrying out an 'experiment' to increase revenue earning by lowering corporate income tax, said its Chairman Md Mosharrarf Hossain Bhuiyan. He also promised to include non-traditional and new products in the list of bonded warehouse facility for enjoying duty-free benefit to diversify the country's export basket. MCCI President Nihad Kabir presided over the meeting and presented a written proposal of the chamber before the NBR chairman. In the proposal, the trade-body suggested the government to focus on education, skills and human resources development in the upcoming budget.

MCCI also stressed the need for maintaining policy consistency, preferably for at least five years, to help entrepreneurs prepare their investment plan. Responding to a proposal of Runner Group Chairman Hafizur Rahman Khan on offering bonded warehouse facility for motorcycle export, the NBR chairman said the revenue board is willing to provide the facility to export of such non-traditional products. Motorcycle with higher engine capacity, like - 250 cc, will also get the benefit. It will be only for export purposes, not for selling in the local market, he added. Currently, import of motorcycle with engine above 165 cc is prohibited.

The MCCI leaders urged the government to ensure higher allocation in human resources development, education and skill development. They also demanded withdrawal of the penalty provision for employers in case of non-submission of tax returns by their employees. MCCI vice-president Golam Mainuddin and committee member Habibullah N Karim, and HSBC chief executive officer Francois de Maricourt also spoke at the meeting.

Simplification of Policies for Bicycle Export from Bangladesh



The meeting between BUILD and PRAN- RFL group is in progress.

BUILD is doing a research on the export of bicycle from Bangladesh. BUILD is conducting a research on the Engineering and Electronic Goods (EEG) with a special emphasis to review the policies for export of bicycle. BUILD had a discussion with PRAN- RFL Group on April 19, 2018, to discuss with them about the bicycle operating industries in Bangladesh. It was seen that even though bicycle export from Bangladesh is not significant but there is huge potential to increase export from Bangladesh. In course of the discussion, it was viewed that electricity availability is a problem and thus they prefer to use captive power generators. Because of insufficient supply of gas, they demanded 20 Mega Watt power generation in Sylhet but approval of only 12 Mega Watt was received, the remaining is still pending which is hampering their growth.

PRAN- RFL wanted to establish their factory as one of the import substitute sectors. They now can produce 60% of the local raw material requirement. For the remaining 40%, they have to depend on import. Import facilities have not improved up to the requirement. Thus, they cannot reduce the Lead Time. They also agreed with the corporatization of port. Even they feel that the port handling can be given to a foreign company as an experimental purpose. They also suggested considering the similar unit value to be imported through land port and seaport. They agreed that there could be a distinct definition of Light Engineering sector and cash incentives for it. In case of Argon gas, which is one of the raw materials for welding, PRAN- RFL suggested that LLG and LPG can start Argon gas bottling to reduce the monopoly and offer a competitive price.

Strengthening Market Access for Women Business Owners in Bangladesh



BUILD CEO speaks at the Q&A session at the meeting.

BUILD CEO Ferdaus Ara Begum attended a roundtable discussion on Strengthening Market Access for Women Business Owners in Bangladesh. Light Castle co-hosted the discussion session for disseminating findings of the report on strengthening market access for women-owned businesses in Bangladesh.

WEConnect International had conducted a survey on 38 senior executives at sourcing professionals from local and international corporations to know about their procurement needs and their current procurement for women owned businesses. Despite challenges of sourcing in women owned businesses and product and services, the corporations believe that women owned businesses extend these services competitively.

BUILD Organized a roundtable in January on the same issue and identified that women entrepreneur capacity building is one of the serious needs to prepare them to be integrated with the world. BUILD CEO also raised the CSR related activities which should not be treated as supporting women entrepreneurs to strengthen their market access. She also emphasized on separate collateral Policy for Women Entrepreneur to solve their funding problems.

This is a part of the 2-year long project funded by the World Bank Group, DFID and co-implemented with WEConnect International, an US based INGO. Findings of the study and subsequent feedback from industry luminaries will help craft the future intervention plans.

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