



## EDITORIAL

### Company registration must be more cost-effective and time-efficient

Registration of a company is of utmost importance to start doing business, get protection under the law, have a separate legal entity, access to finance, and increase credibility in the market. In collaboration with USAID Feed the Future Bangladesh Improving Trade and Business Enabling Environment, BUILD conducted a detailed study titled “Removing Time, Cost and Process related Bottlenecks in Company Registration in Bangladesh”.

The study reflected the survey findings on the company registration process conducted by BUILD during March-April 2021 on several local and foreign firms registered in the last two years. The research results reflected time and cost bottlenecks in several stages of company registration in the nation, such as getting name clearance, registering at RJSC, acquiring a TIN, establishing a bank account, obtaining a trade license, and obtaining VAT registration.

The research found that 89% of business owners used third parties for name clearance and RJSC registration. Although these two steps are automated, the entities still use third parties to get services quickly. It increases travel, consultancy, and document copying expenses. Third-party involvement necessitates additional visits and manual intervention.

The research emphasised the increased expenses incurred by newly registered companies due to third-party involvement. Using a consultant or third party to complete registration increases costs by 80%. The research showed that businesses must pay BDT 36,000 to register their firm via a third party, compared to BDT 20,000 when doing it themselves. Third-party payments account for 44% of the overall cost of RJSC registration. The average cost of registering with the RJSC via a third party has risen 94% to BDT 23,557. Consultants, attorneys, and brokers account for 49% of overall costs. Getting a trading licence via a third party costs BDT 10,308.

The company registration procedure has been streamlined via various changes over the years. The removal of the company seal, lower fees, and automation of several steps have made the company registration process more user-friendly. From December 2021, RJSC will combine name clearance, registration, and bank fee payment into a single procedure.

However, there are many significant obstacles, such as difficulty in getting information about the steps of the company registration process, requirements for hiring consultants and third parties, payment of informal fees by applicants to expedite the process, the widespread existence of intermediaries and informal parties, and so on. A one-stop service centre for the whole registration process in RJSC would be helpful for applicants. Other recommendations include: assuring software flexibility in rectifying mistakes in the online application, creating a mobile-friendly website, improving applicants' skill in IT, ensuring ease in obtaining trade licences and making the process online countrywide, integrating mobile banking services for fee payment, and reducing intermediaries. To thrive in 4IR and ICT, quicker business registration and lower costs are essential. ■

**Ferdaus Ara Begum**  
CEO  
BUILD



### Complete automation of company registration process saves time and money

The government of Bangladesh is committed to implementing high-impact regulatory reforms such as streamlining the existing company registration process reduce administrative costs in the procedures, said Tipu Munshi, MP, Hon'ble Minister of Commerce, who spoke in the webinar on “Streamlining Company Registration Process in Bangladesh” as Chief Guest on Sunday. The meeting was organised by Business Initiative Leading Development (BUILD) in collaboration with the Feed the Future Bangladesh Improving Trade Business Enabling Environment (FiFBITEE) of USAID.

The Commerce Minister cited the examples of Singapore Malaysia that have shown remarkable success in simplifying the company registration process, reducing the time to register a company to less than one hour. The Registrar of Joint Stock Companies Firms (RJSC) of Bangladesh has undergone several reforms, digitalised the registration process. However, there is still room for improvement for which collaboration of both the public and private sectors is required.

Abul Kasem Khan, Chairperson, BUILD, commenced the programme by thanking the Commerce Minister to modernise the Companies Act. RJSC has digitised the registration process along with other services. He mentioned that BUILD is presenting a survey conducted jointly with

FtFBITBEE supported by USAID containing recommendations to reduce the time costs in the company registration process.

Ferdous Ara Begum, CEO, BUILD, delivered the keynote presentation on 'Removing Time, Cost Process related Bottlenecks in Company Registration in Bangladesh'. She presented the survey findings conducted during March-April 2021 on the companies registered in the country in the past two years. The survey looks after the effective time overall all-time total costs of each stage of name clearance, company registration, company seal, opening a bank account, obtaining trade license registering VAT. It also made a comparison of official time cost with the appropriate cost time.

She said that new inexperienced applicants spent more hours to obtain information on RJSC registration, thus taking eight days to complete it, which is supposed to be finished within three days. She highlighted bottlenecks like manual intervention in preparing documents, consulting with 3rd parties, paying bank fees, etc. The study found that RJSC registration requires 89% of 3rd party engagement; thus, cost enhances up to 49.22%. In the case of obtaining a trade license, 67% 3rd party engagement is required incurring an added 32.33% cost. She also added that the post-registration process is more complex than pre-registration as more offline interaction is needed. CEO, BUILD suggested that adequate overall time for Company registration can be reduced with a fully automated registration service has to be introduced. She also recommended one-stop service for all stages of company registration, capacity development of applicants, embedding mobile financial services for payment, ensuring mobile-friendly website, simplification in amending the online application, express service for foreign investors, etc.

Sheikh Shoebul Alam ndc, Registrar, (Additional Secretary), RJSC, appreciated the recommendations placed by BUILD in the presentation. RJSC seeks to implement a full online service. He recommended training, awareness outreach programme to familiarise the stakeholders related to RJSC with the existing online system.

Maleka Khayrunnessa, Additional Secretary, Ministry of Commerce, GoB, mentioned that the applicant should be accustomed to the online process. There should be more training or publicity so that the registration can be done without the help of a third party without any hassle.

Igor Gutan, Team Leader, FtFBITBEE, said that the study is critical to know about the country's actual cost time incurred in company registration. If Bangladesh wants to get into the first fifty countries in Doing Business, the country needs to improve its

position in terms of time, cost, number of procedures in company registration.

Rajin Ahmed, Advocate at Supreme Court of Bangladesh and Head of Chambers, Ahmed and Associates, mentioned that soft copies both hard copies are still required in RJSC registration. Less than a thousand foreign companies were registered in RJSC. The payment system should be online, using mobile financial services like Bkash and Nagad.

In the Open Session, Rizwan Rahman, President, DCCI, noticed that the cost of the company registration process in RJSC ranges from BDT 6000-10,000 is bearable for the medium-large industry. However, it is a bit high for small industries. Third-party support is recognised all over the world. We may provide this third party/consultancy system under institutional formation bring them under tax bracket.

Asifa Aziz, Owner, Yoshi International, emphasised that 100% automation in every office stage will be business-friendly for the companies; otherwise, online services will have no meaning.

Dr Nadia, Director, FBCCI, requested both English and Bengali versions of the Trade license while its renewal as five years as a passport to encourage people to be under legal coverage.

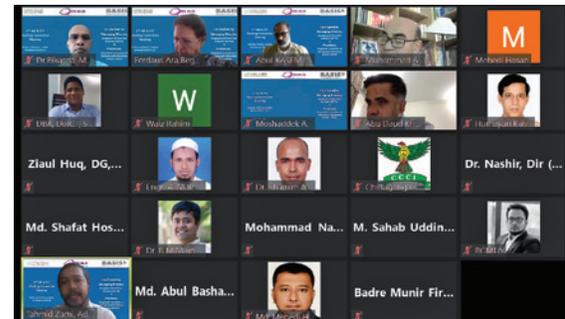
Tapan Kanti Ghosh, Secretary, Ministry of Commerce, Government of the People's Republic of Bangladesh, mentioned that while a remarkable number of reforms have been made but more needs to be done. The officials must work hard to reduce the number of days for the procedure while the cost is bearable. Every applicant should be accustomed to the online process to avail the benefit of automation. The RJSC should ensure that any 3rd party engagement cannot pose any obstacle in the smooth process.

As Special Guest, Rebecca Moanikeala Robinson, Acting Deputy Office Director - Feed the Future Office of Economic Growth USAID Bangladesh, mentioned that ease of doing business ranking could be improved by better effective reform proposed by BUILD for reducing cost time in RJSC registration.

CEO BUILD said that the comments of the participants are noted carefully will be taken into account addressed. The points derived from the discussion session will be incorporated in the final report.

As the Guest of Honour, Marc Shiman, Chief (Acting) of Party, FtFBITBE, suggested that the RJSC follow best practices adopt a practical approach to set its future actions to upgrade ranking in the Ease of Doing Business Index. The Ministry of Commerce is playing a crucial role in driving reform. An initiative from a high-powered political level is required to

ensure incremental changes to a better business environment in Bangladesh. He said the process is a continuous effort; all other countries in the world are also following the improvement in the process development. He suggested that while Bangladesh is trying to reduce the process for getting Trade License, countries have already gotten rid of Trade licenses through bank account provision. ■



## 2nd 4IR ICT Working Committee meeting of BUILD held

4IR and ICT are now a reality; Bangladesh must prepare. The private sector's involvement may improve the government's approach in this regard. BUILD produced a concept note to highlight Bangladesh's shortcomings in comparison to comparable nations. A presentation was given to collect additional ideas during BUILD's 4IR ICT working committee's 2nd meeting. Concerned public-private sector representatives were present. Bikarna Kumar Ghosh, Managing Director of Bangladesh Hi-Tech Park Authority (HTPA), and Syed Almas Kabir, President of Bangladesh Association of Software Information Services, co-chaired the meeting (BASIS). A. K. Khan, Chairperson of BUILD, and Dr Mohammad Alamgir, Member of UGC, were present.

Bikarna Kumar Ghosh, Managing Director of the Bangladesh Hi-Tech Park Authority, thanked BUILD for organising the 2nd meeting of the 4IR&ICT Working Committee and for delivering an informative keynote presentation. He emphasised the need for coordinated public-private sector cooperation to guarantee the long-term development of the 4IR&ICT industry in Bangladesh. While the government has made many steps and adopted policy measures, the private sector is always welcome to provide new and justifiable suggestions. BUILD will consider all comments, advice, and expert opinions collected from this session in its subsequent report.

Syed Almas Kabir, President, BASIS, shared his observation on data privacy guidelines, stressing the urgency of its implementation. Proper data privacy is required to enhance Big Data expansion. IOT issue needs to be addressed as a

priority agenda under the Digital Security Policy. Expansion of 5G internet is a critical need for eventually developing the IoT 4IR technologies. Up-skilling re-skilling of workers is essential to ensure that there is minimum disruption in the labour market as automation through industrial robotics technology is coming fast. It is high time to collaborate with the international robotics industry to the domestic industry.

He further informed that COVID had accelerated the pace of technology adoption. We need to be prepared to go with 4IR&ICT. BHTPA BASIS will always be with BUILD in its further journey.

Muhammed Alamgir, Member, University Grants Commission (UGC), pointed out that Bangladesh ranked 135th among 137 countries recently in the internet connectivity in the world. There should be a clear understanding of the existing situation intended goals of development in 4IR ICT. The industry needs to be more proactive in providing customised human resource development for the graduates from academia, while the academia should have a closer alignment with the terms of the industry by delivering more outcome-based education for a skilled, employable workforce. Incentives to Industrial Research is limited that should be extended at a larger scale. 4IR strategy other relevant issues should get priority in academic syllabus preparation to achieve SDGs by 2030.

Abdul Wahed Tomal, General Secretary, e-CAB, informed that the stakeholders of the digital commerce industry are facing a series of constraints challenges. Policy interventions should be carefully designed so that the interests of various industries can be protected, contributing to a synergistic development pathway.

Intensive training on the electrical, electronic sector to boost the 4IR robotics industry is needed, observed Dr Shamim Ahmed Deowan, Assistant Professor Chairman, Department Robotics Mechatronics Engineering, University of Dhaka.

Ziaul Huq, DG, BIDA, encouraged the participation of more public sector ministries agencies in the working committee's dialogue knowledge sharing process.

Humayun Kabir, Joint Secretary, Ministry of Labour Employment, focused on creating skilled workforce logistics infrastructure sector for 4IR&ICT development in the country. Sustained private sector investment is required in this area.

Mohammad Monower Hossain, Joint Secretary, BGMEA, informed that the RMG sector is utilising upgraded technology in product development, product design, product sampling, so on. The technology software is mainly

imported from abroad. We need to focus on domestic investment, including venture capital investment for homegrown technology software solutions. Sustainability in manufacturing industries will be linked to blockchain; therefore, the skill gap needs to be addressed.

Dr Mohammad Dulal Hossain, Chief Engineer, BAEC, suggested that a very focused specific gap analysis should be conducted in that respect.

Ferdaus Ara Begum, CEO, BUILD, in her opening remarks, shared the activities conducted by the committee that includes initiating an assessment of where the country sits where it aims to reach in the arena of 4IR ICT. BUILD is working to engage relevant stakeholders from public-private sectors to this committee, she added. She urged for policy-related constraints for which BUILD can advocate.

Tahmid Zami, Additional Research Director, presented the keynote at the meeting. Representatives from the Ministry of Youth Sports, DOICT, DU, BAEC, BCSIR, Labour Ministry, BIDA, BD4IR, BACCO, and e-CAB interacted. ■



## Preparatory meeting of 4IR ICT held

At a preparatory meeting of the 4IR&ICTWC working committee on 17 July 2021, BUILD Chairperson Abul Kasem Khan welcomed the new Managing Director of the Bangladesh Hi-tech Park Authority (BHTPA), Dr Bikarna Kumar Ghosh, who co-chairs the 4IR&ICT working committee of BUILD from the public sector.

BUILD CEO Ferdaus Ara Begum said the working committee was established to harness the benefits of 4IR&ICT for the Bangladesh economy to accelerate growth and create new employment opportunities through close public-private sector cooperation on relevant policies and practises.

Several vital issues were discussed in the meeting to facilitate 4IR ICT in Bangladesh. BHTPA MD gave his kind consent for the 2nd working committee meeting, which is going to be held on 28 July 2021. Senior officials of BHTPA BUILD attended the meeting. ■



## Export trade procedures for women-owned entrepreneurs

Business Initiative Leading Development (BUILD) International Finance Corporation (IFC), World Bank Group under BICF II funded by the Foreign, Commonwealth and Development Office (FCDO), organised a virtual workshop on step-by-step export trade procedures online, which has applications for providing better services to Dinajpur Women Chamber of Commerce Industries (DWCCI). The key objective of the virtual workshop was to inform the women entrepreneurs on how to enter into the export trade. High officials from the Export Promotion Bureau (EPB), Custom House, Dhaka East, private sector officials of the trade-related agencies participated in the workshop which was organised on 22 August 2021.

Ferdaus Ara Begum, CEO, Business Initiative Leading Development (BUILD), welcomed all the participants. She thanked DWCCI for their eagerness to respond first to have programmes to raise awareness of their members on the trade procedures. She said that the country's economy is highly dependent on export, amounting to 350 billion USD. It is necessary to increase export revenue to create more employment. Bangladesh is maintaining its export target comparing to other countries amid the COVID-19 pandemic. Trade-related procedures are embracing online platforms day by day in the country. It is indispensable for women entrepreneurs to be aware of the trade-related practices where increasingly IT solutions are introduced to simplify it. Dinajpur has a high concentration on exportable agricultural products, poultry, crafts, fashion wear etc. WoBs are coming up in several new ventures, which is a good sign.

Kanis Fatama, Senior Research Associate; Shahriar Rawshon, Research Associate; BUILD, jointly presented the keynote titled "Women-Owned Entrepreneurs (WOE) on Export Trade". In reference to IFC (2016) data, the women-owned businesses (WoB) constitute six lack out of the 8 million businesses in Bangladesh. It is hoped that the full functioning of the Economic Zone at Dinajpur will make a vibrant

contribution to the local economy. The presentation covered detailed step by step export procedures, time costs engaged in getting several permissions, certificates, approvals etc. in areas of trade license, membership from the local chamber, online licensing module, export registration certificate, export permit, bank account opening, TIN certificate, VAT registration, customs procedure as well as incentives announced by the government to encourage export.

Exporters are awarded cash incentives, bonded warehouse facility duty exemption and duty drawback upon their export earnings to ensure their export competitiveness in the export market. In the end, detailed case studies on (1) export of fresh vegetables from Bangladesh to the Middle East (2) export of jute goods from Bangladesh to the EU were presented to provide the real practical scenario of the export procedure from Bangladesh.



**Women entrepreneurs must be cognizant of trade-related procedures, which are increasingly being simplified by IT solutions.**

In the open session, moderated by BUILD CEO, a number of WoBs participated. Shadia Khanom, Member, DWCCI, said that she is doing online business in the crafts sector. She hoped that she might expand her business depending on customers' demand. She has her own Facebook page, where she regularly posts her goods to attract customers.

Suraya Begum, Member, DWCCI, said that she is delighted to join the programme. She said that she is mainly involved in online business and delivers goods to different parts of the country besides Dinajpur. She sought everyone's help to help her expand her company beyond the country.

Nahida Akter Bubli, Member, DWCCI, said that she runs a boutique business. She also has an internet presence. She is presently selling to neighbours in the area, and she hopes to grow her company if she receives assistance. She also informed that she did not receive the stimulus package for women announced by the government.

Salma Nasreen, Additional Secretary (former), Ministry of Finance; Director, Dhaka Stock Exchange, CDBL, thanked BUILD and said that the insightful presentation would benefit women entrepreneurs in capacity building. She noted that additional IFC support mechanisms for women entrepreneurs in remote regions are needed. Rural areas have the most female entrepreneurs. It would help to enhance the visibility of female entrepreneurs in the business community. She also said that a specific

tax waiver for women businesses would be an excellent boost for WoB.

Nusrat Nahid Babi, Private Sector Specialist Task Team Leader Trade Competitiveness for Export Diversification Project Bangladesh Investment Climate Fund II, IFC, informed that IFC-WBG worked for trade facilitation for quite a long time to facilitate the Trade sector to make the business process easy. In 2018 IFC-WBG conducted a baseline study to identify the difficulties between men or women in trade in collaboration with BUILD. From the study, it has been found that sometimes men need more time than women. Most of the women importers-exporters are mainly dependent on C&F agents for customs clearance. She also mentioned that based on the type of business, the processes are different, but some certification registration processes of the trade, like ERC, VAT, TIN etc., are now online. Anyone can access those services from anywhere in Bangladesh. There is a massive potential for import-export from Birol port. So she recommended WoBs looking into expanding their company and engaging in trade if they are interested.

Dr Nahida Faridi, ADC, Customs Excise VAT (Dhaka East) Sub-Project Director, NBR National Single Window Project, thanked BUILD IFC for organising such a dedicated session for WoB assured that NBR is a WoB-friendly organisation very much dedicated to assisting. She requested WEs to visit concerned offices to avail themselves of better services. Government is very much willing to reduce the procedural complexities of VAT, TAX, Customs issues by making these online. She referred to some special tax exemption for WoB, such as up to Tk 70 lac turnover; for men, the amount is Tk 50 lac, she suggested using these benefits.

Khaled Mamun Chowdhury, Director General 2, Export Promotion Bureau, said that empowering women entrepreneurs to encourage more sectoral participation in businesses is necessary. He noted that EPB always works as a business-friendly organisation is very eager to assist women entrepreneurs. If all the formalities are done accurately, all the trade-related certifications can be obtained easily. He encouraged the women entrepreneurs to apply for the stimulus package. It is essential to focus on export diversification. He informed about special support for WoB to participate in the trade fairs as well as support for attending fairs abroad. He suggested establishing a help desk in BUILD to support WoB and organising a similar programme in all districts.

Suraya Begum, DWCCI Member, said she distributes to other areas of the country besides Dinajpur. She notified that since many of them do not get financial assistance, they become demotivated, resulting in setbacks for business expansion. The programme drew a total of about 46 entrepreneurs and business representatives. ■



## Preparatory meeting of PSDPCC held with PMO

A preparatory meeting took place virtually on 19 July 2021 to review the agenda of the 14th Private Sector Development Policy Coordination Committee (PSDPCC).

Private Sector Development Policy Coordination Committee (PSDPCC) is planning to organise its 14th meeting soon. Zubaida Nasreen, Director General 1, Prime Minister's Office, chaired this review meeting.

Ferdous Ara Begum, Chief Executive Officer, Business Initiative Leading Development (BUILD), presented 19 proposals in 4 steps related to Bonded Warehouse Facilities for the Non-RMG sector. She also raised 12 proposals in two steps associated with the scope of works of the SME Policy 2019, considering the COVID-19 situation. In these proposals, some specific recommendations were raised in line with Bonded Warehouse Facilities for Non-RMG sector SME Policy 2019.

In her speech, BUILD CEO presented a short review of the SME Policy 2019, the impact of COVID-19 in the economy, different initiatives/programmes their progress, support to achieve policy goal, reconsidering the definition of CMSME tax policy based on the current proposed definition.

Anisur Rahaman, Director 1, PMO, asked for the opinion of the Ministry of Industries (MoI) regarding the definition of SMEs opinion of the National Board of Revenue (NBR) regarding the readjustment of the tax policy based on the proposed definition.

Zubaida Nasreen, DG 1, PMO, said that it would be very effective if BUILD and the Ministry of Industries organised a joint meeting to provide all the MoI supported recommendations to PSDPCC. Also, she urged minimising the number of proposals.

Dr Mafizur Rahaman, Managing Director, SME Foundation, expressed his unanimity with the proposals of BUILD. He said BUILD's SME related proposals had reflected the thoughts of SMEF. He said that all kinds of discrimination are to be eliminated to implement these proposals.

Also, he commented that the tax policy readjustment is important for SMEs.

Kazi Sakhawat Hossain, Additional Secretary (BSCIC, SME BITAC), Ministry of Industries, said that the definition of SME is needed to be reconsidered soon. In this regard, several joint meetings with SME Foundation have already been organised. Based on these meetings, the decision of revisiting the definition of SME will be made soon.



**It is necessary to replicate the assistance provided to the RMG industry in other industries as well. Bond facilities are not available to all sectors, and all sectors require them at the macro level.**

Abul Kasem Khan, Chairperson, BUILD, said that the supports given to the RMG sector need to be duplicated in other sectors. All the sectors are not getting bond facilities. It is required in order to be established through PSDPCC that at the macro level, all sectors need bond facilities. Then the sectoral priorities should be determined at the micro level. In the last budget, ten years of tax holidays were given to the electric sector. The bond facility is a must to implement this decision. He also mentioned that sector diversification industry diversification is urgent to achieve the targets of Vision 2030, 2041. ■



## Meeting on women, business and the law held

BUILD, in collaboration with IFC-WBG, has initiated a detailed study to analyse the related laws, rules, and regulations so that the ranking of Bangladesh in the WBL can be improved in the next session of the WBL report.

The indicators used in the report are: mobility, workplace, pay, marriage, parenthood, entrepreneurship, assets, and pension. The WBL 2021 presented an update of the index based on the laws and regulations reformed between 2 September 2019 and 1 October 2020. In the study, BUILD will also recommend some provisions for the overall improvement of the situation of women in

the business. BUILD has developed a detailed questionnaire, started interviewing concerned professionals/lawyers/academics, and set meetings with those already interviewed for the WBL 2021 published in February of this year. ■

## BUILD urges central bank to support services sector

SME and Special Programmes Department of Bangladesh Bank (BB) has issued a circular on 3 August 2021 (SMESPD Circular Letter no. 09/2021), which instructed that the Refinancing interest/profit rate be fixed at 0.5% at the bank/financial institution level maximum 5% at the customer level, previously which was 3% 7% respectively as per SMESPD Circular Letter no. 02/2020.

As per the instructions of paragraph 3 of SMESPD Circular no. 2/2019, net loan of CMSME sector at the end of 2024 a minimum distribution target of 15% of the advance status is set for women entrepreneurs (WE) for refinancing facility on a priority basis under the "Small Enterprise Refinancing Scheme".

Through its SME Development Working Committee, BUILD recommended that Bangladesh Bank take the initiative to ensure a separate refinancing scheme for WE to enable them to avail more credit facilities a dedicated desk for WE in Banks NBFIs to get prompt services.



**The circular would undoubtedly benefit women entrepreneurs who take out multiple loans regularly. For them, well-timed loans and uncomplicated conditions are much more essential than interest rates.**

The circular would definitely support WE, those who are multiple loan consumers; for them, other than interest rates, timely loan and simple conditionalities are much more important. It is seen that banks required about 24 types of documents in the form of company documents, personal documents, business guarantor documents which becomes very difficult for submitting for a small business entrepreneur. Simplification in this respect is also very important.

Rural women entrepreneurs are in a precarious position because they cannot afford collateral, despite the fact that BB has announced several other options such as educational certificates and chamber/association certificates. Still, banks and financial institutions rely heavily on collateral-based loans. Nowadays, in the rural areas, many returnee migrants at the local level who have just lost their jobs, suffering a severe financial crisis, need collateral-free finance even if the amount is minimal for their sustenance. ■



## MPS for FY 2021-22, new investment drives

For the first time, the yearly Monetary Policy Statement (MPS) has been announced electronically for FY 2021-22, which is an expansionary accommodative policy with some specific steps to mitigate the damages done in the economy by the COVID-19 pandemic. Considering the situation's lack of assertiveness for investment businesses, MPS targeted private sector credit growth at 11% and 14.8% for the first and second half of FY 2022, while the public sector credit growth target is 30.6% and 32.6%, respectively.

Banks have excess liquidity of BDT 2.31 trillion as of 30 June 2021 because of lower private sector credit growth. In that situation, Bank investment maybe diverted to alternative sectors such as stocks, bonds, or even the real estate business. Experts apprehend asset bubbles, i.e., excess money with no dividends. The situation has to be adequately addressed by encouraging alternative investments. The service sector could be a good opportunity for which supportive policies need to be announced. The Bangladesh Bank has provided policy support in the form of a loan moratorium, an extension of the validity period of an L/C for the import of essential goods, a Credit Guarantee Scheme, Start-Up Loans, a Taka 1,000 crore Technology Upgradation Fund, an extension of the EDF, and so on. Unfortunately, the investment situation is not improving. Because of low credit growth in the private sector, the broad money supply has been reduced, which is described by the BB as one of the reasons for the containment of the inflation rate.

MPS also mentioned that about Taka 1.35 trillion with 28 stimulus packages had been announced by the government to contain the impact of COVID19. However, disbursement of the fiscal incentives to the required areas is limited. Many entrepreneurs could not get support from these SPs, especially the CMSMEs. Special attention supportive policies are to be announced for micro, cottage small entrepreneurs. A significant share of micro, cottage small entrepreneurs is informal businesses suffering from small monetary support. Bangladesh Bank's policies to support these segments need to be more comprehensive.

The country needs to promote investment to ensure maximum utilisation of the existing SPs as well as the Credit Guarantee Schemes for the immediate rescue of CMSMEs. The government may announce a specific 2nd round of SPs with an allowance for new employment as well as retention of jobs for encouraging investors. While there is a huge amount of liquidity in the Banks, there could be a good use of this liquidity in the areas so that the velocity of money increases.

The trade balance has deteriorated by approximately USD 3.2 billion over the previous fiscal year. This is concerning since imports have been slowed for five months. It should focus on encouraging service exports to maintain the trade balance positive. We have a 36 per cent increase in foreign currency reserve that can last three quarters. But the overseas employment rate has fallen severely in the last two years. Many of the 0.4 million returned Bangladeshis are jobless. MPS may intervene in this market via a credit-based investment programme.

There are no directions for Lending Rate, Deposit Rate, Interest Rate Spread, Cash Reserve Ratio (CRR), Statutory Lending Rate (SLR), Repo, Reserve Repo Call Money rate in the stated MPS, making the liquidity position in the credit market uncertain. In the event of a credit decision, the Bank's other lenders would be affected. The MPS should utilise OMO, reserve requirements, credit guidance, and collateral policy to maintain favourable monetary and economic indicators.

The MPS of the central banks aims to control the money supply, inflation control, employment creation. The announced MPS has not been directed clearly to keep inflation under control in the era of broad money expansion; it has not shown any directional policy support about new job creation after the devastating pandemic period. New circulars should be issued to compensate for the lack of policy push for job creation and inflation control. ■

## Post-COVID cottage, micro, small, medium enterprises: Youth women responsive strategy

The Daily Star and ActionAid Bangladesh organised an online discussion titled "Post COVID Cottage, Micro, Small Medium Enterprises (CMSMEs): Youth Women Responsive Strategy" on 28 June 2021.

Having joined the discussion, BUILD Chairperson Abul Kasem Khan said that loan applications should be processed within seven days, regardless of the loan size, allowing businesses to plan ahead to avoid losses. CMSMEs should be able to register through an app to receive their trade license universal ID, which they can

## BUILD Reforms

### Extension of VAT and SD exemption period for refrigerator industry

In 2019, an SRO (SRO no. 173/AIN/2019) was issued to provide the local refrigerator sector with a VAT and supplemental duty (SD) waiver for purchasing necessary parts (import or local source) which expired in June 2021. The pandemic prevented this industry from using the benefits promised by the government of Bangladesh to give space for growth as an advanced manufacturing industry, ultimately becoming an export-oriented sector. BUILD proposed that the waiver period be extended till 2029. NBR extended the VAT and SD exemption period until June 2024 through an SRO (SRO no. 142-AIN/2021/139-VAT) issued on 3 June 2021, which would assist the existing assembling industry in becoming producer experts, eventually creating an option for export diversification through the development of import substitute industries. ■

## BUILD Scope

### Survey on returnee migrants

COVID-19 has created tremendous negative impacts on the livelihood of the marginal population in Bangladesh. Many people working in the informal sector have lost their job income due to the ongoing pandemic. Unemployment poverty among the people in both urban-rural areas throughout the country has increased, with often differential effects for different genders, occupational groups, skill levels or asset bases. Many workers who worked in various areas apart from their home region had to return home as their workplaces were shut down or there were layoffs temporary cessation of operation. In the Southwestern region of Mongla, Bagerhat Khulna, many workers businesspersons have been displaced or returned home due to COVID-19. With support from the PROKAS programme of the British Council FCDO, BUILD has undertaken a rapid survey on the returnee migrants in the Mongla-Bagerhat-Khulna region, reaching out to the vulnerable social group by ground-level contact as well as telephone interviews. Based on the survey, specific recommendations would be made for creating relief opportunities for the distressed sections of the marginal population. ■

## BUILD Articles

Achievement of private credit growth target unlikely • *The Business Standard*  
[cutt.ly/EW2cDhk](https://cutt.ly/EW2cDhk)

ঐদ ও কাঁচা চামড়ার অর্থনীতি [Eid and the economy of rawhides] • *Bonik Barta*  
[cutt.ly/2W2cIEen](https://cutt.ly/2W2cIEen)

Can MPPE be a potential sector for export diversification? • *Dhaka Tribune*  
[cutt.ly/FW2cPtI](https://cutt.ly/FW2cPtI)

Tariff policy in the making to protect industries, attract investment • *The Business Standard*  
[cutt.ly/6W2vqyF](https://cutt.ly/6W2vqyF)

show to the banks when applying for loans. The trade licensing process in Bangladesh is complicated, so bank loan applications should not require such a license.

The government should establish a research innovation fund for CMSMEs advance taxes should be removed to lessen the need for stimulus.

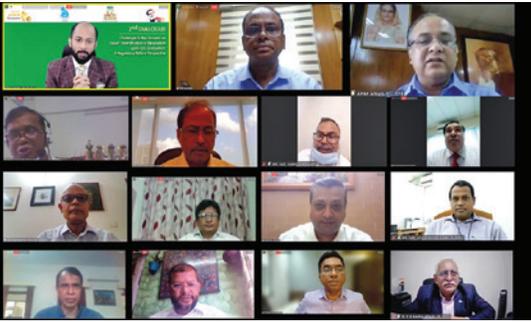
Rizwan Rahman, President of the Dhaka Chamber of Commerce Industry (DCCI), said that we should arrange SME bonds and reduce the documentation cost for loans. Some existing banks should be instructed not to provide loans higher than Tk one crore so that CMSMEs can avail smaller loans.

Farah Kabir, Country Director, ActionAid Bangladesh, said that CMSMEs play a

crucial role in Bangladesh's economy, particularly in the area of employment generation. This sector was affected the most by the COVID-19 pandemic. The businesses operated by young women suffered the most. ■

## Meeting with Winrock International

On Wednesday, 11 August 2021, a meeting was conducted to explore a potential cooperation possibility between BUILD and Switzerland-based Winrock International's Ashshash. An MoU may be signed based on the cooperation areas to create a strategic collaboration in providing employment opportunities for vulnerable groups policy advocacy. ■



### After LDC graduation, technology and skill development are keys to success: DCCI

After LDC graduation, technology and skill development are keys to success. A panel discussion titled “Challenges Way Forward on Export Diversification of Bangladesh Upon LDC Graduation: A Regulatory Reform Perspective” discussed how Bangladesh might overcome the challenges of LDC graduation. DCCI organised the event alongside the Export Promotion Bureau (EPB).

At the opening remark, AHM Ahsan, vice chairman CEO of EPB, said despite the COVID-19 pandemic, non-RMG export increased though it is not in line with the faster pace of the RMG sector. Policy reforms policy support will expedite boosting non-RMG export, he said.

“It is inevitable that we would lose a lot of waivers after graduation,” said Md Tofazzel Hossain Miah, Prime Minister’s Office Secretary. A backward connecting human resource research value chain is also required, he said.

### FBCCI webinar on justification of providing export incentives for export competitiveness

Ferdaus Ara Begum, CEO, BUILD, attended a webinar chaired by Md. Jashim Uddin, President, FBCCI, on 5 August 2021. The webinar was designed to gather input from stakeholders on the merits of giving export incentives to boost export competitiveness. Manzur Ahmed, Advisor to FBCCI, presented the session’s keynote in the context of export competitiveness, export incentives, LDC graduation, WTO provision.

Bangladesh will graduate from the LDC class in 2024, BUILD CEO restated.

Light engineering, jute products, IT ITES, pharmaceutical, agro-processing and leather goods are some of the potential industries that need be assisted before becoming a middle-income nation, according to DCCI President Rizwan Rahman. These industries have significant difficulties in the global market because to restricted access to financing, lack of trained human resources, high import duties, non-tariff barriers, long customs testing procedures, and certification.

Shaikh Yusuf Harun, Executive Chairman of Bangladesh Economic Zones Authority (BEZA), said Bangladesh need to be engaged with different regional trade group to diversify products market.

Dr Selim Raihan, executive director of SANEM, said Bangladesh needs to develop its negotiation skills emphasised doing proper homework for identifying impact after LC graduation. ■

### Economy showing signs of recovery: MCCI

Despite some challenges, the economy has been showing some signs of recovery in the fourth quarter of 2021, according to a quarterly analysis of the Metropolitan Chamber of Commerce Industry (MCCI) on 26 August 2021.

The stimulus measures reassured companies, allowing the economy to recover. Trade and remittances have performed successfully during the COVID-19 epidemic. Last fiscal year, strong remittances and exports aided Bangladesh (FY21). From April to June 2020-21, exports climbed 15%, and remittances surged 36.11%, according to the MCCI’s Review of Economic Situation in Bangladesh. Rural economies sustain local consumer demand, supporting other

According to WTO regulations, offering export/cash incentives would face some restrictions, reducing Bangladesh’s export competitiveness in the global market. To ensure export competitiveness, she identified several issues that must be addressed soon, including the recognition of engineering, procurement, and construction (EPC) as deemed export, the development of a National Logistics Policy Framework to improve export production efficiency, the establishment of a central bonded warehouse facility, and the announcement of a new Entitlement Policy. In Export Policy 2018-21, CBC should enable bonded warehouse license holders to utilise warehouse space every month and offer warehouse space to the highest priority special development sector, she added. Only the RMG industry in Bangladesh gets all three facilities, export incentives, bonded warehouses and

sectors, particularly SMEs. The inflation rate is steady, and the reserve currency is substantial. Payment balances are positive, and the exchange rate is stable. Bangladesh was no exception in dealing with the new normal of COVID-19 practices such as social distance, masking, virtual meetings, and online courses. Since the initial case on 8 March 2020, individuals from all backgrounds have suffered. The frequent lockdowns since March 2020 have only marginally slowed Bangladesh’s growth trajectory. However, the recovery period is uncertain and is reliant on immunisation and global economic health.

Lack of widespread access to mass inoculation seems to be delaying economic recovery. Conversely, specific economic indicators are less optimistic than anticipated. ■

### CCCI signs MoU with HSBC to boost investments

CCCI signed a Memorandum of Understanding (MoU) with the Hongkong Shanghai Banking Corporation (HSBC) on Wednesday. CCCI president Mahbubul Alam, CEO of HSBC Bangladesh Mahbub Ur Rahman, signed the agreement at Bangabandhu Hall, WTC. Under the MoU, both the organisations will enhance the investment in Chattogram arrange workshops, seminars, dialogue, training visits of trade body leaders.

Senior Vice President of CCCI Tarafdar Ruhul Amin, directors A K M Akter Hossain, Anjan Shekhor Das, Najmul Karim Chowdhury Sharun, Sayed Mohammed Tanvir, top officials of HSBC in Bangladesh, were present at the MoU signing ceremony. ■

DEDOs. According to Md. Jashim Uddin, President, FBCCI, representatives from prospective export sectors, chambers, organisations, policymakers from public sector think tanks, and policymakers from private-sector think tanks should develop a structured proposal to create a better business investment climate to make the Perspective Plan 2041 a success. ■

### Specialised bonded warehouse free economic zones

A meeting between IFC, GLCC Solutions Team and different consultants working for Bonded Warehouse policies was held on 9 August 2021 virtually. Dr Masrur Reaz, Chairman, Policy Exchange; Nusrat Nahid Baby, Private Sector Specialist, BICF-II,

IFC; Margub Kabir, Consultant, IFC; Giorgi Tskhakaia, Consultant, GLCC Solution; and Ferdaus Ara Begum, CEO, BUILD, among others, were present in the meeting. There was a presentation made by the GLCC team on the assessment of the Free Economic Zones how it operates how Bonded Warehouse (BWH) facilities can be extended to the SEZ entrepreneurs.

The meeting also discussed the BWH facilities for the different export sectors, such as the Leather goods agro sector, in case of having centrally bonded warehouse facilities in the SEZ what types of policy changes were required. As BUILD, Policy Exchange, and GLCC Team were working on these issues, the meeting to coordinate efforts for Bond Policy simplification was held to share each other's views.

CEO, BUILD, informed that BUILD will soon have a meeting with NBR as a preparation for the next PSDPCC Meeting. She also raised the problems of Agro sector Bond policies, referring to a sectoral consultation session on Bond policies of BUILD organised in cooperation with IFC. ■

## BUILD Chairperson's condolence message on Alhaj Anwar Hossain's passing

BUILD is deeply grieved by the passing of Alhaj Anwar Hossain (*Inna Lillahi wa inna ilayhi raji'un*), Founder Chairman of Anwar Group of Industries, Former MP, a famous industrialist, and a business icon of the country. For all of us, he was a great gift to Bangladesh's business sector. He will be remembered as a great innovator and entrepreneur who made major contributions to the country's economy.

BUILD's Chairperson, trustee board members, and staff offer their heartfelt condolences to Alhaj Anwar Hossain's family. His contribution to the country will always be admired and cherished. We recall his contributions to trade, commerce, employment, industrialisation, and social development. The country's business and trade sector benefited greatly from his work. His commitment to the growth of the private sector were inspiring and one-of-a-kind. May his institutional legacy go on in perpetuity.

We extend our heartfelt condolences to the family members. We beseech Almighty Allah to provide him peace and strength to his family for them to endure this irreparable loss. Ameen. ■

## Tariff rationalisation study group at NBR

To tackle the challenges of LDC graduation, a subcommittee was formed to plan, oversee, and execute Internal resource mobilisation tariff rationalisation. The subcommittee has formed a tariff rationalisation study committee. The TOR are: develop a strategy to progressively decrease customs duties or tariffs to increase export product competitiveness while protecting local industry interests, recommend a tariff rationalisation plan taking into consideration the national tariff policy initiative, identify measures to improve domestic resource mobilisation following LDC graduation, identify potential barriers to taking action on tariff rationalisation, and determine the benefits of tariff rationalisation. The BUILD CEO who attended the meetings as a member of the research group gave forth written suggestions; the meeting put forward an effective idea for phase-wise rationalisation so that local industries can withstand the shocks. ■

## ERF-TAF RAPID webinar on leather sector export

The Economic Reporters Forum (ERF) co-hosted a webinar with RAPID titled "Leather Export from Bangladesh: Capitalising on the Global Economic Recovery". On 13 July 2021, Dr M. A. Razzaque of RAPID spoke on reviving the leather sector after COVID-19. The chief guest was Salman F. Rahman, a private sector advisor. BUILD CEO attended the event and reviewed the RMG and Non-RMG sector's unequal regulations, arguing that fair rules for all export sectors would result in significant increases in exports from Bangladesh. ■

## Meeting on monitoring of the overall situation of leather industry

The Ministry of Industries organised the meeting titled "Monitoring of the Overall Situation of Leather Industry" on 8 July 2021 at Ministry of Industries. BUILD CEO, as a task force member, was present in the meeting. Zakia Sultana, Secretary of the Ministry of Industries, presided over the meeting. Monitoring the leather industry's overall condition was one of the major agenda items during the Eid al-Adha festivities. The agenda included the effective CETP of Savar Tannery Industrial Estate, solid waste management, adequate supply for collection storage processing of raw hides across the country, prevention of leather smuggling, level playing field, debt settlement, credit facilities, transfer, development and use of tannery city, and market creation strategy for leather products globally.

BUILD's CEO proposed different pricing for staled non-salted rawhide. She said that the already stored salt would be sufficient to satisfy the need for culinary salt, including the preservation processing of raw skins for Eid al-Adha. She went on to say that Bangladesh exports three types of leather: wet blue leather, polished leather, and leather products, with leather goods generating the most money. BUILD is collaborating with the Ministry of Commerce on a leather export strategic road map, and it has been discovered that policies for exporting leather-related goods face discrimination against other export products. She said that the major markets for rawhide are Argentina, Brazil, Vietnam, Taiwan, China, and the EU and that by increasing the monetary incentive, exports of wet blue leather may be expanded into new markets. She particularly highlighted Vietnam, which exports USD 350 billion now and began working with Bangladesh simultaneously; there is a significant need for export diversification, and these policies should be sector-neutral. ■

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