

FICCI

FOREIGN INVESTORS'
CHAMBER OF COMMERCE & INDUSTRY

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Feature

Innovative financial solutions critical for Bangladesh jobs and growth: World Bank

Micro Small and Medium Enterprises (MSMEs) are critical to achieve the World Bank's twin goals, as they boost job creation and promote growth. The World Bank's recent report on High-Growth Firms, shows innovation, clusters, skills, linkages, and financial development are specific channels through which policymakers can contribute to helping firms experience high-growth. In particular, improved access to finance has a significant and positive impact on employment growth for all firms, but smaller firms benefit the most.

In Bangladesh, MSMEs account for the overwhelming majority of formal firms 99 percent and non-farm jobs 86 percent. Most formal MSMEs are involved in trading and face substantial productivity challenge.

A key policy objective in Bangladesh, similarly to other emerging economies, is to help MSMEs grow.

Access to finance is, however, among the top 3 obstacles to business reported by Small and Medium Enterprises (SMEs) in the 2013 Enterprise Survey.

Malaysia's MSME sector compares well with Bangladesh's: 98.5 percent of businesses in Malaysia are MSMEs and employ 66 percent of the labor force. Twenty-one percent of MSMEs in Malaysia are women-led. In Bangladesh, women's economic participation stands at 16 percent.

Bangladesh MSME financing landscape

A new report by the World Bank and the Policy Research Institute of Bangladesh: "Financing Solutions for Micro, Small and Medium Enterprises (MSMEs) in Bangladesh" highlights some findings.

First, the lack of a unified framework affects the effectiveness of MSME policies. The knowledge gap on the sector is significant

in Bangladesh. This is partly because, until the 2016 National Industrial policy, there was no uniform definition for MSMEs, apart from one used by the Bangladesh Bank. Relevant data collection and analyses are thus limited. In addition, despite the multiplicity of agencies involved in the sector, Bangladesh does not have an overarching policy framework and coordinated approach for supporting MSMEs.

Second, the viable demand for MSME finance is largely unmet. Thanks partly to targeted government policies, bank lending to MSMEs has tripled between 2010 and 2016 in Bangladesh. Yet, an estimated financing gap of Bangladeshi Taka 237 billion (\$2.8 billion) remains.

Third, although Bangladesh has been a pioneer of microfinance, the range of financing solutions available to Bangladeshi MSMEs is narrow and inadequate, especially for young and

small ones.

Authorities' efforts have helped increase lending from a low base but have mainly benefited medium enterprises and financing has been predominantly short-term. The small segment is the most underserved, and supply and demand constraints are exacerbated for these firms despite their high potential for growth and job creation. These constraints include the lack of capabilities for both firms and banks. In addition, risk perceptions and underlying financial infrastructure weaknesses have led to stricter collateral requirements by the banks. Pre-bank and equity financing options are also extremely limited.

The Malay Experience

The experience of Malaysia in the preparation of its 2012-20 SME Development Master plan can be regarded as a relevant example for Bangladeshi context. Implemented by strategic partners and monitored by SME Corp Malaysia, the Master plan is comprised of six High Impact Programs: the SME Investment

Programme (SIP) for access to finance; business registration; inclusive innovation; and export support amongst others. Nonetheless, all SIPs contribute to MSME development and their implementation is coordinated within an overarching governance structure under the leadership of the Prime Minister.

Malaysia's journey initially involved achieving consensus on a uniform definition for SMEs in the country – of interest is that they have decided to refer to SMEs when referring to all MSMEs. The SIP was developed to address the main barriers to MSME financing in Malaysia: (1) limited early stage financing due to the underdeveloped non-banking financial sector; (2) risk aversion by banks; (3) poor creditworthiness of the firms; and (4) lack of know-how and resources by financial institutions. These barriers resonate well with the underlying constraints to MSME finance in Bangladesh.

MSMEs access to finance issues discussed in Dhaka

At a workshop in Dhaka earlier this year, high level

policy-makers, regulators, supporting agencies, industry associations, commercial banks and micro-finance institutions gathered to discuss the report and specially on issues that to be addressed to improve access to financing for the MSMEs.

The participants agreed with the report's emphasis on financial infrastructure reforms and alternative financing platforms to meet MSMEs' needs, including non-debt, fintech-based and asset-based financing solutions. For example, in Malaysia, the SIP has supported the establishment of crowd funding equity platforms and a range of financial technology (fintech) applications to lending, remittances, payments and insurance. In Bangladesh, these are still early days for fintech. In spite of significant advances in the digitization of payments and use of mobile-money, Bangladesh still needs to focus more improving the offering and penetration of digital financial services.

[Source: <https://blogs.worldbank.org/endpointpovertyinsouthasia/innovative-financial-solutions-critical-bangladesh-jobs-and-growth>]

Business News

53.8 Lakh jobs will be at stake

Some 53.8 lakh jobs spread across five specialized industries garment, food and agriculture, furniture, tourism and hospitality, and leather and footwear are at risk for the impending fourth industrial revolution, found a recent study. The study on Future Skills conducted by Access to Information (a2i) programme under the ICT Division along with some local and international experts between May and October last year found the jobs will disappear within the next two decades for adoption of new technologies. Of the five sectors, garment will be the worst hit, with as many as 60 percent or 27 lakh jobs vanishing by 2041, found the study that was completed in December last year but unveiled yesterday at a programme held at the Pan Pacific Sonargaon hotel in Dhaka. The paper stressed the

need for training to combat the upcoming challenge.

At the same time, they also gave importance to improving the skills of the manpower to lead the upcoming revolution. It would be misleading to say people will lose their job after automation. People should accept automation to accelerate our growth and at the same time workers need to be trained up to combat the incoming industrial revolution.

With this education system Bangladesh cannot even produce quality accountants and that is why more than 100,000 accountants from the neighboring country are working in Bangladesh. The government is planning to teach robotics in some selected schools on a pilot basis. After the pilot, the ministry will take a decision on when it

will incorporate robotics into the curriculum. The government is trying to update the curriculum in schools and colleges for the upcoming industrial revolution. There was a negative perception about vocational education in the country and the government is trying to improve the situation. Without vocational education or proper training, we can't face the challenge of 4.0 industry revolution.

Hi-tech companies like Samsung have rolled out their production lines with some sophisticated products and new companies will come. This will also help us to face the challenge. The industry is exporting huge amounts of furniture now. Currently, 25 lakh people are working in this field and the industry still has huge demand, especially for trained manpower.

Growing economy attracts Japanese businesses

Many Japanese companies are keen to do business with Bangladesh as its economy is growing. Bangladesh has been achieving impressive economic growth for the last few years. It is really tremendous growth.

Other Japanese companies doing business in Bangladesh follow Toto's success story. The opening of the showroom proves that Bangladesh is progressing and demand for high-end products is rising

thanks to the increasing purchasing power of people. Imported high-end sanitary, kitchen and bathroom solutions from Toto would satisfy customers.

Leather goods exports dull despite huge potential

Vietnam entered the global footwear export market just a decade ago and the Southeast Asian nation's export now stands at \$20 billion a year. On the other hand, Bangladesh made the foray three decades ago but its overseas shipment in the segment is hovering around \$1 billion despite having the main raw material and human resources. A lack of backward linkage industries, inconsistent policies, lengthy customs procedures, and harassment in getting bonded warehouse facility for imports of raw materials are mostly blamed for the low leather goods exports from Bangladesh.

“But Bangladesh is capable of increasing its leather and footwear exports to \$10 billion by 2025 if the authorities such as the National Board of Revenue and the port authority as well as banks extend cooperation to exporters. Exporters have to import almost all the raw materials except raw leather and it increases the lead time for exports. Customs officials also do not allow importing raw materials needed for a year

at a time.

At home, the leather and footwear sector is playing second fiddle to the garment sector although exporters in both sectors began selling their produce internationally within a gap of a few years. Apparel accounted for 80 percent, or \$40 billion, of the national exports in fiscal 2018-19, whereas the shipment of footwear and other leather goods brought \$1 billion. Of the sum, the footwear sector bagged \$608 million, up from \$565 million a year ago. There are about 60 local companies, including Apex Adelchi Footwear, Jennys Shoes and Bay Footwear, which export footwear and leather goods. The destinations are mainly Japan, Europe and the US to some extent.

Government is formulating a “Leather and Leather Goods Development Policy” to raise export earnings to \$5 billion. “The policy alone can't achieve the target unless the government becomes cooperative with the exporters and understands their needs.

Bangladesh's leather and footwear sector is failing to make it big internationally despite having the main raw material and skilled workforce. The sector has three decades of experience which can help the sector boom, but that is not happening. The country can use only 30 percent of its finished leather. The remaining 70 percent is exported, mostly to China.

Khan said Bangladesh can earn three times more from exports of leather goods if all the finished leather produced locally is utilized. Finished leather exports fetch less than a third of a footwear item: one square foot of finished leather brings only \$0.60 whereas footwear made from three square feet of finished leather hauls in \$5. Bangladesh produces 400 million square feet of finished leather annually. Presently, Bangladesh has around 165 footwear and leather factories and they could fetch up to \$5 billion in exports receipts were they compliant and used modern technologies.

Changes in digital commerce policy in the offing

The government has taken a move to bring some changes in the existing digital commerce policy aiming to flourish the sector considering its potential. With this end in view the ministry of commerce (MoC)

brings some changes to the “National Digital Commerce Policy-2018” that includes simplification of registration for starting e-commerce business, investment ratio, payment and delivery systems etc. A

high official of the MoC have brought some changes in the existing policy after discussions with the stakeholders. The commerce ministry official said that in the existing policy if anyone intends to start

e-commerce business, he/she has to face some difficulties for making registration to start business.

Besides, the existing policy has the provision of the investment ratio at 49 per cent and 51 per cent. But the MoC suggests incorporating a provision in the policy for 50 per cent investment in e-commerce business by foreign entrepreneurs. If any foreign national wants to invest in the country's e-commerce sector then he/she could invest 50 per cent here. And he/she could repatriate profits proportionately. The objective of the digital commerce

policy is to promote trade and businesses through digitization that will ensure transparency and accountability in the field of business. The country has made a significant progress in information and communications technology (ICT) area in recent years. The growth trajectory of the ICT sector is an indicator of how e-commerce grows in Bangladesh. The area and popularity of digital commerce have been growing rapidly across the globe.

Internet, social media, mobile apps are among the vital tools for e-commerce businesses. Internet users, safe server

system, use of credit card, reliability on postal services are helpful for creating a favorable atmosphere are also important for expanding e-commerce trade. Besides, development of ICT infrastructure, broadband internet and hosting, digital payment, digital security, digital procurement and logistic supports are also important for rapid expansion of e-commerce in the country. Bangladesh is a fertile ground for e-commerce to take root and benefit companies and end-consumers alike. Some amendments in the national digital commerce policy 2018 will help increase foreign investment in the e-commerce sector.

Bangladesh gets \$2.5m export order from Canada exhibition

Bangladesh readymade garment (RMG) industry has received around \$2.50 million export order from the apparel sourcing exhibition, titled Apparel Textile Sourcing Canada (ATSC), held in Toronto of Canada. Bangladesh participants drew attraction of the buyers and succeeded in obtaining a good

number potential export orders.

DK Textile Limited, Masco Industries Limited, Panache Knitted Creations Limited and Hand Touch got remarkable response from the potential buyers. Hopefully this participation of Bangladesh will open new window for the

Bangladesh apparel sector to further expand their market in North America. Displayed embroidered handmade fashionable garments which attracted the potential buyers and they have made some good contacts which will be soon turned into visible export orders.

BIDA launches massive hunt for entrepreneurs

The Bangladesh Investment Development Authority (BIDA) has launched an innovative campaign across the country to bring out potential entrepreneurs for fostering investments and generating jobs.

People irrespective of their educational background can drop their innovation ideas to them if they want to be an entrepreneur. A jury board comprising members from the government and private sector as well as successful entrepreneurs will select

potential entrepreneurs from those ideas for further training. At least 24,000 such entrepreneurs will receive month-long extensive training to become an entrepreneur under the Entrepreneurship and Skill Development Project.

Fiscal Year 2019 trade gap narrows

The country's merchandise trade deficit with the rest of the world narrowed in the past fiscal year (FY'19), despite slight rise in imports. The latest statistics showed that trade gap reached US\$15.49 billion in FY19, down from \$18.17 billion in FY18. The double-digit expansion in goods exports and moderate growth

in imports helped reduce the trade gap during the period.

Balance of payments (BoP) table showed that export in terms of FoB (Free on Board) registered 10.10 per cent growth in FY'19 while imports edged up by 1.80 per cent.

The gap in services trade also decelerated to \$3.71 billion in

FY19, which was \$4.20 billion in FY18. The reduction in trade gap along with around 10 per cent growth in inflow of remittances contributed to easing the pressure on current account balance. After a record-high current account deficit of \$9.56 billion in FY'18, it came down to \$5.25 billion in the past fiscal year.

Bangladesh second in export growth: WTO

Bangladesh has achieved the second highest export growth globally over the past decade (2008-2018) and the highest among South Asian nations thanks to the spiraling apparel shipment, according to World Statistics Review 2019.

Vietnam, which is also one of the top garment exporters worldwide, topped the list with a 14.6 percent export growth while Bangladesh gained 9.8 percent, according to the flagship annual report of the World Trade Organization.

Exports of two giant economies, China and India, grew by 5.7 percent and 5.3 percent respectively. Bangladesh exceeded the export growth of many leading economies like China, India, Brazil and Turkey and some developing nations

because of the high volume of garment export.

"Bangladesh's exports of apparel and clothing more than trebled between 2008 and 2018," the WTO said. Vietnam's exports of electrical machinery increased almost 30-fold between 2008 and 2018, according to the report. Bangladesh is now the 42nd largest exporter and 30th largest importer of the world, the data said. Meanwhile, Bangladesh maintained the title of second largest garment exporter worldwide grabbing 6.4 percent of the trade while China maintained its dominance occupying 31.3 percent despite a slight decline in the growth in 2018.

The overall export growth has been fixed 15.20 percent higher than the achievements

last fiscal year. In merchandise export, the growth rate has been fixed at 12.25 percent higher than that attained last fiscal year while in services 34.10 percent. Overall exports had registered a 14.30 percent growth, 10.55 percent in goods shipments and 46.06 percent in services sector. As usual, the highest export target has been fixed for the garment sector in the current fiscal year at \$38.20 billion, which is 11.91 percent higher than the achievement of last fiscal year.

Of the amount, \$18.85 billion has been targeted from knitwear and \$19.35 billion from the woven sector. Last year Bangladesh exported garment items worth \$34.13 billion, registering a 11.49 percent year-on-year growth.

Market & Financial News

BB to issue notice soon on capping interest rates

The government is not giving up on capping the interest rates on deposits and lending at 6 percent and 9 percent respectively. Central bank would issue the notice within the shortest possible time. So far, 16 of the 57 banks, including seven state banks, have brought down their interest rate on lending to

single digit. Such interference to market mechanism will affect the banking industry badly and depositors will be discouraged to put their money in banks.

Taka will lose its attractiveness and depositors will shy away from banks. Banks' liquidity crisis will deepen further. Furthermore, it goes against

the global best practices and open market economy as well. A forum of private banks' sponsors demanded relaxing the provisioning requirement against the bad loans that will be rescheduled under latest Bangladesh Bank policy. A bank has to keep aside 100 percent provisioning for bad loans, according to the present policy.

Lower private sector credit growth to hit investment

Central bank's lower private credit growth target would impact investment, especially in smaller firms. Lowering the target would squeeze credit flow to the private sector, which will ultimately hurt investments.

The private credit growth target in the Bangladesh Bank's July-December has been set at 14.8 per cent, 1.7 percentage point lower than that of fiscal year 2018-19. The private sector may face trouble due to higher credit flow to the public sector. The credit growth target for the public sector has been raised by more than 100 per cent to 24.3

per cent, which was just 10.9 per cent in the past fiscal year. However, the lending rate of banks and financial institutions still remained double-digit. The single digit rate of interest for lending is necessary for boosting industrialization.

Banks and Financial institutions would bring down the rate of interest to single-digit shortly. The business community expressed its dissatisfaction over higher non-performing loans in the banking sector. The business community expressed its dissatisfaction over higher non-performing loans in

the banking sector. The Non Performing Loan (NPL) is a very much sensitive and important issue and it is considered as a burden. Noting NPL is an impediment to investment. The measures for reducing the NPLs should be strengthened further. The banking system should be more efficient and investment friendly. The banking system should be digitalized fully and made paperless as part of the government's vision for digital Bangladesh. It supported the central bank's move to announce the monetary policy yearly rather than on a half-yearly basis.

Banks demand single regulatory reporting requirement: BIBM

Banks want a single regulatory reporting format through an authenticated mail address instead of existing multiple reporting to avoid complexities.

There should be "maker and checker" option while sending these reports. The BIBM team conducted a survey on 21 banks in credit, trade services, finance

and accounts departments, treasury, risk management and office of the CAMELCO. The central bank officials also

participated in the survey on “Regulatory reporting requirement for banks in Bangladesh.”

The banks now have to submit some 70 credit-related reporting to Bangladesh Bank. These reports are submitted online or via soft copy, hard copy format or both online and soft/hard copy format. The bankers said preparing reports in line with the requirement for the central bank is time-consuming. It also requires significant man hour to complete the report, sometimes in multi format, which is a concern for the

authority.

Training and workshop for reporting officials of the bank can be organized to ensure improved understanding of the purpose and effect of the reporting. The Bangladesh Bank can issue guidelines or necessary instructions for the preparation of the reports, which will help the relevant personnel to complete and submit the report appropriately.

There should be an admin options to create multiple makers and checkers for online reporting. There should be

an option for data upload for taka-related Interbank Foreign Exchange Transactions in the online market monitoring portal. The bankers want to revise their reports submitted in the web portal until the deadline is over. Common data warehouse for all banks and financial institutions can be established with necessary field so that the Bangladesh Bank can prepare various statements as per their requirement. In order to fulfill various reporting requirements by the Bangladesh Bank, it is important to have a strong IT infrastructure with skilled human resources.

Bad loans taking toll on banks’ profit earning

Profitability of the country’s banks has declined by around 17 per cent over the last 10 years, mainly due to growth in the volume of bad loans. The bulging non-performing loans again are hampering credit expansion. The volume of bad loans and operating costs of banks have ballooned over the years, but the banks are not being able to address this problem by refixing their interest rates.

It has happened because of the pressure on the banks to keep their lending and deposit rates within 9.0 per cent and 6.0 per cent respectively, leading to the uncomfortable situation. Return on equity (ROE) of the banks was estimated 21.7 per cent in 2009, when their average lending rate and size

of non-performing loans (NPLs) were 11.5 per cent and 7.3 per cent of the total loan respectively. The volume of bad loans increased to 10.3 per cent, while the lending rate declined to 9.5 per cent in 2018. As a result, ROE of the banks came down to only 4.0 per cent in 2018.

Cost of bad loans and cost on operating income now at 52 per cent put extreme pressure on the banks, which cannot pass the mounting expenses on to their interest rates because of the 6.0 per cent and 9.0 per cent pressure. Ultimately, it is affecting profitability of the banks. The high volume of NPLs reduces the profitability. On the other hand, the banks ultimately pass the cost of bad loans on to the borrowers

by increasing interest rates, which eventually reduces their credit growth. Private sector credit growth was 13.2 per cent against the target of 16.8 per cent, as set by the Monetary Policy Statement (MPS) in 2018.

The banks need to consider, like - lending and deposit rates, administrative costs, risk premium, and profitability. The lending and deposit rates have already been fixed, while the rise in bad loans cannot be controlled. The areas of administrative costs need to be reduced through increasing productivity and skills. Many banks are engaged in aggressive financing without considering the risk factors, which is distorting the market.

Government borrows Taka 230b from banks in 35 days

The government borrowed nearly Tk 230 billion from the country's banking system in the first 35 days of the current fiscal year (FY), 2019-20, to finance its budget deficit partly. The government's bank borrowing has already increased significantly to adjust higher expenditure for the last month of FY 2018-19.

Normally adjustment of the previous fiscal's expenditure is allowed in the first-half of July of the next fiscal, added the official, familiar with the government's debt management process. During the period under review the first 35 days, the government borrowed from both sources the scheduled banks and the Bangladesh Bank (BB), as its account went to negative

territory. The government's account saw a negative balance, amounting to Tk 33 billion as of August 2019.

Besides, a decreasing trend in sales of the national savings certificates (NSCs) in the recent months has also contributed to push up the government's bank borrowing volume. Major portion of the borrowed money came from short-term treasury bills, so that there will be no impact on the government's net borrowing by the end of FY 20.

The impact of higher bank borrowing, however, is yet to visible in the market, as the BB is providing liquidity support to the banks by using its monetary instruments, like - repurchase agreement (repo)

and assured liquidity support (ALS). Extra pressure will be created in the market, if the central bank reduces providing liquidity support to the banks.

The government is now empowered to borrow up to Tk 40 billion from the central bank under WMAs to meet its day-to-day expenditures without issuing any securities. In addition, the government is entitled to borrow a maximum of Tk 40 billion through overdraft (OD) drawing facility from the Bangladesh Bank on the same ground. The government earlier availed the OD facility, but now it has been cleared. The government has already targeted higher borrowing from the banking system to finance its budget deficit partly for FY 20.



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Article

Developing the Private Sector

Dr. Helal Uddin Ahmed

Alongside the public sector, the private sector is making important contributions to the economic growth of Bangladesh through production, investment and exports. According to 'Bangladesh Economic Survey 2019' (BES-2019) published by the Ministry of Finance, total investment in the country during 2018-19 was 31.56 percent of GDP; and the private investment to GDP ratio was 23.40 percent. The Government of Bangladesh (GoB) has been taking various measures for attracting local and foreign investments, developing infrastructure, ensuring uninterrupted power supply and utilities as well as creating a business-friendly environment to facilitate private sector growth. Despite the importance of public sector in ensuring good governance, private sector investments remain as crucial as ever before in carrying forward the wheels of socio-economic progress, enhancing production, generating employment and reaching essential goods to the doorsteps of the common people.

In the backdrop of obtaining 176th position out of 190 countries in the 'Ease of

Doing Business' rankings of the World Bank and IFC this year, Bangladesh Investment Development Authority (BIDA) launched online-based one-stop services for investors from January 2019 for boosting local and foreign investments. Initiatives have also been taken for installing an Online Payment Gateway. Earlier, BIDA started work on reducing the time, expenditure and processes applicable for all 'Ease of Doing Business' indicators from February 2018 through discussions with relevant ministries and agencies in order to bring down Bangladesh's ranking below 100 within five years.

Industrialization is a principal means for expanding employment opportunities in the country. Large-scale employment generation through rapid industrialization is also a major strategy for socio-economic progress and poverty alleviation. Investments in the industrial sector result in employment opportunities in managerial, technical, supervisory, skilled and unskilled categories of jobs. According to BES-2019, over 125 thousand jobs were generated in the industrial enterprises registered by BIDA

in the 8 months between July 2018 and February 2019. The figure for 2017-18 fiscal-years was over 287 thousand.

Bangladesh Export Processing Zones Authority (BEPZA) has been making contribution to industrial growth in the private sector by attracting investments in the 8 EPZs run by it at Dhaka, Chattogram, Mongla, Cumilla, Ishwardi, Uttara (Nilphamari), Adamji (Narayanganj) and Karnaphuli (Chattogram). A total of 572 industrial establishments have already been sanctioned by BEPZA for setting up industrial units. Of these, 470 are in operation and the rest 102 are under process. The cumulative investments in these EPZs up to February 2019 totalled USD 4.88 billion. The actual investments in the EPZs during the first 8 months of 2018-19 were USD 203.16 million and the exports were USD 5.02 billion. The cumulative exports from the EPZs up to February 2019 stood at USD 71.59 billion.

Establishment of Bangladesh Economic Zones Authority (BEZA) has been another noteworthy initiative of the government for rapid industrialization in the country. 'Bangladesh Private Economic Zones Policy

2015' has been adopted for attracting private investments in the Special Economic Zones (SEZs). The policy seeks to promote investments in agro-based and manufacturing enterprises, services, trade and commerce, tourism, housing, entertainment and power sectors. It also identifies the infrastructure facilities to be extended at the SEZs. BEZA is now working hard to generate employment opportunities for 10 million workers and exports worth USD 40 billion by the year 2030. The government has already accorded approval to 88 SEZs, of which 27 are privately-owned.

Public-Private Partnership (PPP) is considered to be a bridge between investments made by the public and private sectors. The GoB has framed the 'Procurement Guidelines for PPP Projects, 2018' for upholding the interests of private investors in PPPs and creating a business-friendly environment. Financial incentives are also being extended for encouraging private investments in the infrastructure sector. Efforts are underway to enhance the capacity of implementing agencies in formulating, managing and supervising PPP projects. Besides, a non-bank financial institution called 'Bangladesh Infrastructure Finance Fund Limited (BIFFL)' has been set up for aiding in

the financing of these projects. Till now, the government has approved 56 PPP projects in 13 sectors having a total financial outlay of USD 23.8 billion.

Small and Medium Enterprises (SMEs) are considered to have enormous potential in solving the unemployment problem through large-scale employment generation. The refinancing facility extended to commercial banks and financial institutions by the central bank for the flourishing of SMEs has continued during 2018-19. The schemes in this area include: 'Refinancing Scheme for the establishment of agro-processing industries in rural areas'; 'Refinancing scheme in the small enterprises sector'; the JICA-supported 'Financial sector project for the development of small and medium sized enterprises'; 'Refinancing fund for the new entrepreneurs in cottage, micro and small sectors'; and refinancing fund for the agro-based industries, cottage, micro and small entrepreneurs (including women) against Shariah-based financing by the Islamic banks.

In the ICT sector, Bangladesh Hi-tech Park Authority has been establishing hi-tech/software technology parks at different spots of the country for generating employment opportunities, especially for the youths skilled in information and

communication technology (ICT). There have been massive private investments in the telecommunication sector, as a result of which the number of mobile phone subscribers crossed 157.5 million in January 2019. Over 1 million people have found direct or indirect employment through the mobile phone companies.

In order to achieve its Vision-2021, the GoB chalked out a plan to produce 24,000 megawatts of electricity and bring the entire population under electricity coverage within 2021. The total power generation capacity stood at 18,079 megawatt till January 2019, but the figure reached 21,169 megawatt if the captive power and renewable energy plants were also considered. About 40 percent of the power output currently emanates from the private sector and 12 percent are imported from India. Visible progresses have also been made lately in private sector investments in education, healthcare and tourism sectors. However, there is no alternative to good governance and effective role of the government as regulator, facilitator cum promoter for the flourishing of private sector in the country.

(Contributor: Dr. Helal Uddin Ahmed is a retired Additional Secretary and former Editor of Bangladesh Quarterly)

News from Member Companies

Sparking the Minds of Young Female Scientists Across Bangladesh

DHAKA, Bangladesh, August 21 - The Asian University for Women (AUW) has taken strides this summer to empower young women in the field of Science, Technology, Engineering and Mathematics (STEM). The AUW Math & Science Summer School, powered by Chevron, selected 61 of the brightest female high school students across Bangladesh to participate in an intensive five-week program focused on STEM subjects. The summer program equipped students with the competence and skills necessary to excel in STEM-oriented further studies and careers.

The AUW Math & Science Summer School concluded with a Closing Ceremony at the Asian University for Women campus in Chittagong, Bangladesh on August 8, 2019. Special guests of the event included Mr. Ismail Chowdhury, Director of Corporate Affairs of Chevron Bangladesh and Mrs. Waseka Ayesha Khan, Member of Parliament, Chattogram, Bangladesh. Mr. Chowdhury commended the initiative and expressed his pleasure with the collaboration between AUW and Chevron. Mrs. Khan believes programs such as this one will actively encourage young Bangladeshi women to engage in STEM education.

The Chief Guest, Hon'ble Minister of Information of the Government of Bangladesh, Dr Hasan Mahmud, addressed the audience, "AUW brings a source of pride for Bangladesh and Chittagong. AUW is a world-class university by all standards and AUW doesn't only educate women; it empowers women. I encourage you all not just to dream big, but to combine your dreams with your efforts to reach your goals." Special Guest, Mr. Ismail Chowdhury said, "The AUW Math & Science Summer School Powered by Chevron stands out for two reasons: firstly, it represents Chevron's efforts to empower Bangladeshi girls, and secondly, it provides STEM education to those who are hungry for success in their lives."

All students were awarded a Certificate of Merit in recognition of completing the program. Family and friends of the students attended the Closing Ceremony. Two students, Tasnia Raisa Choudhury and Shorna Biswas, received the "Emerging Woman Leader in STEM" Award for their exemplary academic performance and leadership skills.

Tasnia said, "Winning this award means a lot to me because it has made me believe

in myself... the diversity here has helped me break out of my shell. This recognition has enhanced my [personal] confidence and self-esteem." Shorna Biswas said, "I will pursue a PhD one day, and this program has increased my love for science while giving me a network of mentors to guide me."

"Students of this program are more prepared for university and further qualified for the modern workforce," said Geoff McConohy, Guest Faculty of the AUW Math & Science Summer School and PhD scholar at Stanford University. "By supporting our students with real-world examples, we can better prepare them for what they will face in the workforce in STEM pathways."

"It was great how students from diverse backgrounds came together at AUW to pursue a shared interest in math and science. They were enthusiastic and eager to learn from day 1. Over five weeks, the students were able to improve their problem-solving skills, work on their English, and apply their creativity to hands-on projects. They became more accustomed to 'figuring things out' opposed to being told what to do," said Ranbel Sun, Guest Faculty and Physics Instructor from Phillips Academy, Andover in the U.S.

“The Math & Science Summer School students are bright, capable, and energetic learners who will undoubtedly go on to become leaders in their requisite fields. Over the course of this program, we have seen these students bloom

undergraduate students helped with peer tutoring and organized many extracurricular activities. The program was also designed to include prominent international scientists and mathematicians who volunteered to provide

of Mathematics at the University of Arizona

- Shomit Ghose’s Remote Lecture on Science Innovation and Entrepreneurship General Partner at Silicon Valley venture fund, ONSET



From left to right: Dr. Dave Dowland, Registrar, A UW; Ismail H. Chowdhury, Director, Corporate Affairs, Chevron Bangladesh; Dr. Hasan Mahmud, Minister of Information, Government of Bangladesh; Shorna Biswas, one of the two recipients of the “Emerging Woman Leader in STEM” award; Mrs. Waseka Ayesha Khan, Member of Parliament, Chattogram

and flourish by challenging themselves – and each other – to grow to their highest potential. I am so pleased by their progress and am eager to see what the future holds for each of them,” says Ethan Goldbach, SAT Instructor.

The curriculum of the Math and Science Summer School focused on Physics, Mathematics, and Bioinformatics. These courses were taught by a cohort of international and local faculty with academic backgrounds from Stanford, MIT, Notre Dame, and the Peoples’ Friendship University of Russia. A group of visiting

remote lectures:

- Tim DeVoogd’s Remote Lecture on Neuroscience Professor and Neurobiologist in the Department of Psychology Cornell Arts & Sciences at Cornell University
- Bruce Alberts’ Remote Lecture on the Evolution of Science Chancellor’s Leadership Chair in Biochemistry and Biophysics for Science and Education at the University of California
- Deborah Hughes Hallett’s Remote Lecture on Calculus Adjunct Professor of Public Policy and Professor

Ventures

- Alan Lightman’s Remote Lecture on Einstein’s Theory of Relativity Professor of practice of the humanities at Massachusetts Institute of Technology (MIT)

The A UW Math & Science Summer School allowed students to delve deeply into the world of STEM through blended hands-on activities and lectures. Students walk away from this program with a broader understanding of future careers, coupled with enhanced critical thinking and problem-solving.

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Aerial view of warehouse



Solar panels installed to reduce electricity consumption

BAT Bangladesh's initiatives are also in line with the United Nation's Sustainable Development Goals.

The projects include rainwater harvesting, bio-pest management through neem plantation, 360-degree glass installation for maximum utilization of daylight to reduce energy usage and thus shall reduce carbon emission. One of the pilot projects introduced by BAT Bangladesh was that of ensuring warehouse energy savings. A 9,000 KW solar panel was installed which supplies electricity to the national grid and prismatic skylight has also

been incorporated, which maximizes daylight usage. Prismatic Skylight together with the use of LED lighting ensures maximum energy efficiency from the lighting system. The success of the energy savings of this pilot project has encouraged its application in other locations as well. The overall transport method was also relooked which has resulted in a 170 MT reduction in the total carbon footprint.

Alongside focusing on optimizing warehouse & transportation networks, BAT Bangladesh has also taken up initiatives to optimize equipment and processes to

reduce the Company's overall carbon footprint. 155 KW of in-house generated solar power is used that represents a minimum 30% of the total lighting load of the factory. All meeting rooms & canteen are equipped with occupancy sensor to reduce lights & AC electricity consumption. Recycling of Effluent Treatment Plant (ETP) discharged water has also been increased from 60% to 70% for gardening and other activities.

BAT Bangladesh has taken various initiatives overall to ensure a responsible practice throughout and aims to do even more going forward.

Activities of the Chamber

August 5: The 19th Executive Committee (2017-19) meeting of the Chamber was held on the day at the FICCI conference room. The meeting was chaired by the FICCI President, Mr. Shehzad Munim.



The 19th EC Meeting

August 19 A meeting between the Chamber's Executive Director Mr. Jamil Osman and Mr. Wataru Takahashi, General Manager of Maruhisa Pacific Co. Ltd. was held on the day at the FICCI conference room.



Executive Director meeting with Mr. Wataru Takahashi

August 20: A meeting of the Chamber's FMCG Sub-Committee was held on the day at the FICCI conference room. The meeting was chaired by its Convener Mr. Kedar Lele.



FMCG Subcommittee Meeting

Enrollment of New Member

- Lankan Alliance Finance Ltd: Lankan Alliance Finance Limited main business activity is to carry on transact, undertake and conduct all types of business of lease financing and services of machinery and equipment including vehicles for industrial, commercial and private purpose. It has also expanded its activities into term financing, housing finance and merchant banking operations.
- FieldCore Service Solutions GmbH: FieldCore Service Solutions GmbH main business activity is to carry on Operation & Maintenance, Installation & commissioning of power plant & Oli & Gas related equipment/turbines including supply & service of spare parts/tools/components of power plant and oil & gas equipment.
- STS Capital Ltd: STS Capital Limited main business activity is to carry on consultancy service and technical assistance to undertake projects in the field of environmental engineering, transportation planning, roads & railway engineering, water transportation system and navigation.

Key Economic Indicators

Consumer Price Index & Inflation Rate

CPI Classification	2016-17	2017-18	2018-19	2017-18		2018-19	2018-19		2019-20
				May'18	June'18	July'18	May'19	June'19	July'19
1	2	3	4	5	6	7	8	9	10
NATIONAL									
General index	231.82	245.22	258.65	245.80	246.82	249.65	259.63	260.44	263.69
Inflation	5.44	5.78	5.48	5.57	5.54	5.51	5.63	5.52	5.62
Food index	248.90	266.64	281.33	265.27	265.33	269.91	279.83	279.65	284.54
Inflation	6.02	7.13	5.51	6.56	5.98	6.18	5.49	5.40	5.42
Non-food index	209.92	217.76	229.58	220.83	223.09	223.66	233.72	235.82	236.95
Inflation	4.61	3.74	5.43	4.08	4.87	4.49	5.84	5.71	5.94
RURAL									
General index	231.02	244.17	256.74	243.62	244.38	247.40	256.87	257.52	260.97
Inflation	4.96	5.69	5.15	5.07	5.07	5.04	5.44	5.38	5.49
Food index	243.08	259.86	273.55	257.06	257.11	261.57	271.64	271.45	276.21
Inflation	5.54	6.90	5.27	5.62	5.25	5.34	5.67	5.58	5.60
Non-food index	211.83	219.21	230.01	222.22	224.13	224.86	233.36	235.36	236.71
Inflation	3.91	3.48	4.93	4.07	4.76	4.49	5.01	5.01	5.27
URBAN									
General index	233.29	247.17	262.17	249.83	251.32	253.80	264.73	265.85	268.72
Inflation	6.37	5.95	6.07	6.48	6.38	6.37	5.96	5.78	5.88
Food index	263.09	283.19	300.30	285.30	285.38	290.27	299.83	299.67	304.86
Inflation	7.10	7.63	6.04	8.69	7.63	8.08	5.09	5.01	5.03
Non-food index	207.38	215.83	229.00	218.98	221.70	222.08	234.20	236.42	237.28
Inflation	5.60	4.08	6.10	4.08	5.03	4.50	6.95	6.64	6.84

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