

# EASE OF DOING BUSINESS : WAY FORWARD

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Dhaka  
November 2019

# BANGLADESH – AN INDOMITABLE NATION



- Father of the nation **Bangabandhu Sheikh Mujibur Rahman** sacrificed his life for the freedom, equitable growth, and well being of the people.
- **Daughter of Bangabandhu, the Honorable Prime Minister of Bangladesh, Sheikh Hasina** is now leading the country toward economic freedom.
- Bangladesh is now a '**Role Model of Development**' thorough unprecedented success almost in all socioeconomic indicators including reduction of **poverty and inequality, the outstanding achievement of MDGs.**
- Vision to be a **middle income country by 2021 and a developed country by 2041.**

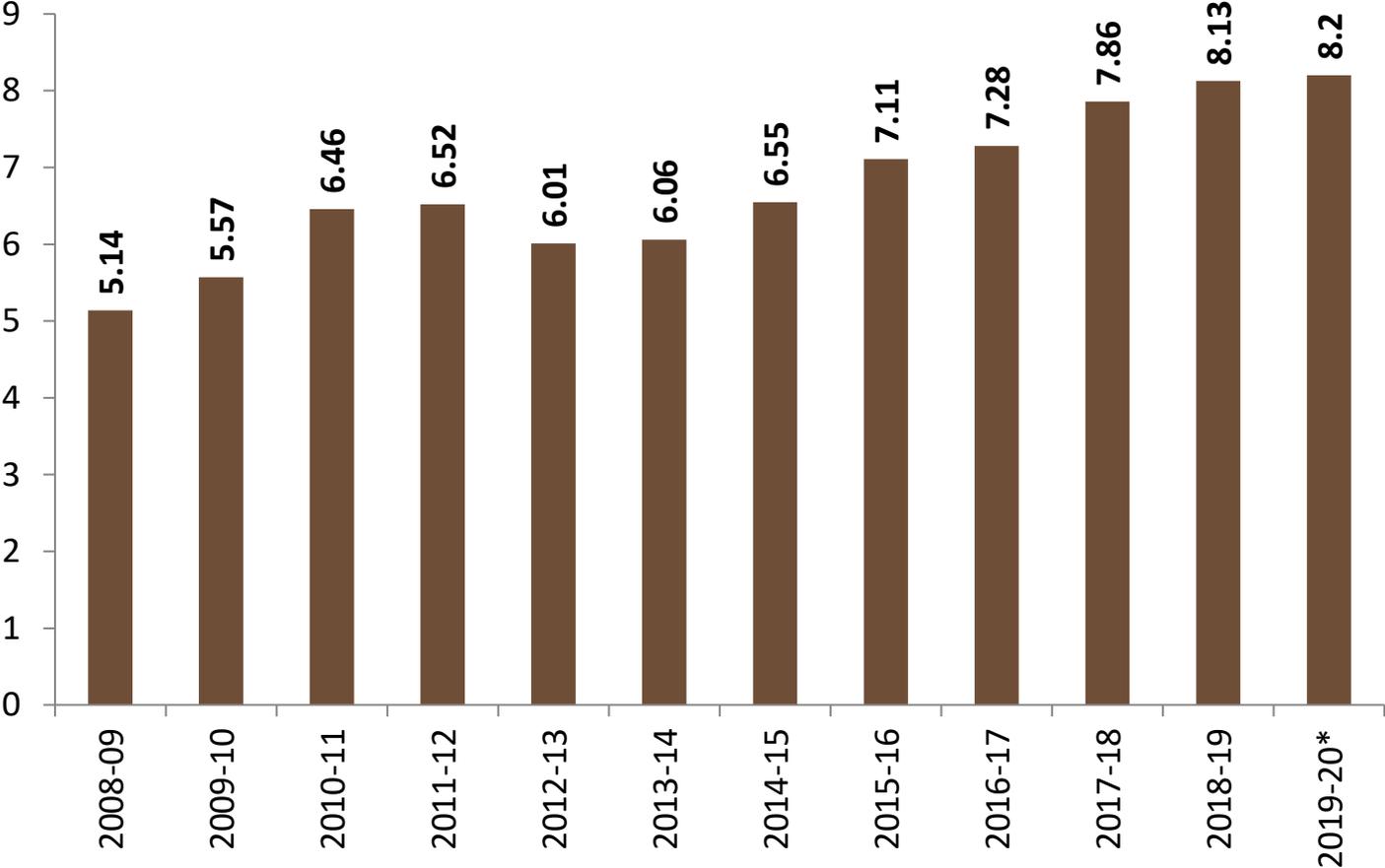
# ACHIEVEMENTS

# BANGLADESH ECONOMY STANDING STRONG

## Fulfilled all the criteria to be a Middle Income Country

Parameters	2009	2019
Per capita income (USD)	676	1909
Population under poverty line	40%	21.8%
Literacy Rate	55.5%	72.8%
GDP growth	5.14%	8.13%
Inward remittance (USD)	9.69 billion	16.42 billion
Export (USD)	15.57 billion	40.54 billion
FDI (USD)	960 million	3 billion
Forex Reserve (US\$)	7.47 billion	32.53 billion
Electricity Gen. Capacity	4942 MW	22562 MW
Average life expectancy	67.2 years	72 years
Crop production	347.10 lacs MT	444 lacs MT

# GDP GROWTH AND FORECAST (%)



# 1<sup>st</sup> PHASE OF ECONOMY: TRANSFORMATION FROM AGRICULTURE TO INDUSTRY

Share of Industry to the GDP Growth



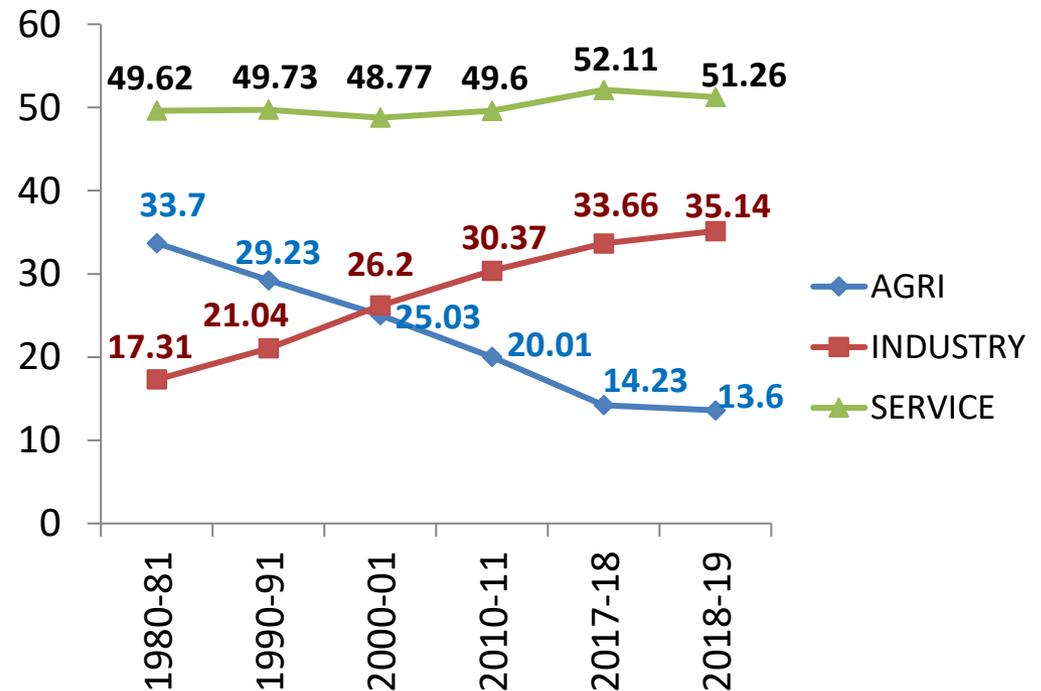
**17.31%**

*in FY1980-81*



**35.14%**

*in FY2018-19*



**Bangladesh had a robust growth in last 10 years.**

**DOES IT MEAN EVERYTHING?**

**IF SO, WHY EQUALITY IN INCOME AND DISTRIBUTION OF ECONOMIC GROWTH ARE NOT SEEN ACROSS BANGLADESH?**

**It is time for us, the business leaders, to take responsibilities to support our Government to formulate policies to diversify and decentralize our economic growth and make it more inclusive.**

- Higher growth, fewer job
- Shortage of skilled manpower & professional
- Inequality of income
- Distribution of economy growth across the country
- Shortage of industrial infrastructure



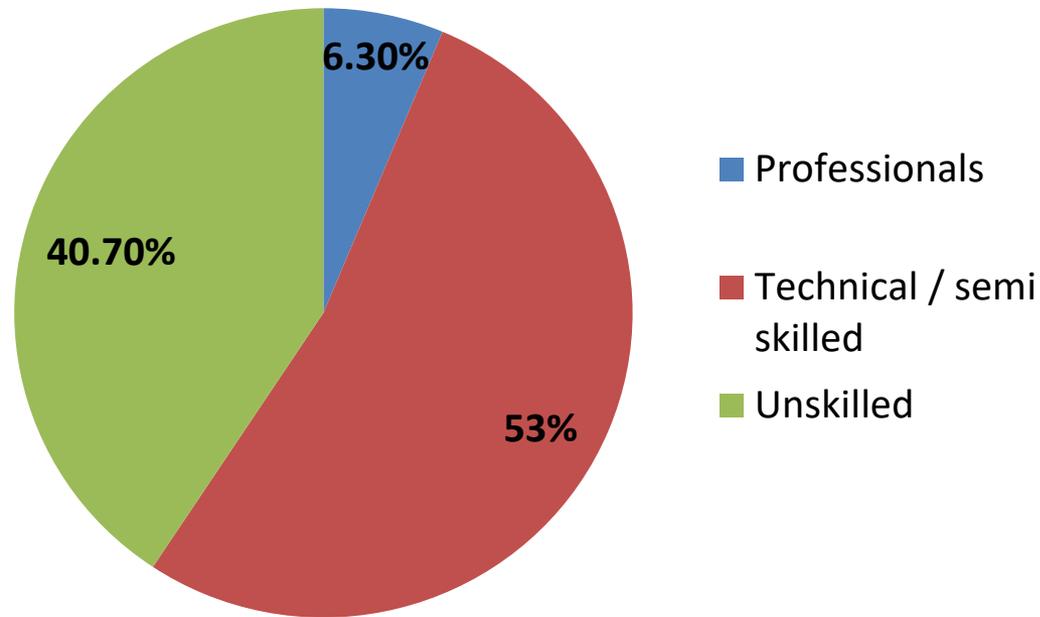
**CHALLENGES**

# HIGHER GROWTH, FEWER JOBS!!!

- Total employment in 2018 was 6.44 cr and out of that unorganized sector was 3.73 cr.
- Youth unemployment rate 12.3% and growing at 29.8%. For long term unemployment rate 1 year & above 15.2% (Male: 13.7%, Female: 16.7%)
- Every year 2.2 million people are coming in the job market increase at a rate of 3.1% every year but only 1.6 million was employed in 2018.
- Agriculture declined to 25 million in 2018 from 26.2 million in 2010.
- Service sector increased to 23.8 mil in 2018 from 19.8 mil in 2010.
- Industry sector increased to 13.1 mil in 2018 from 12.1 mil in 2010.

# SHORTAGE OF SKILLED MANPOWER & PROFESSIONAL

➤ In the age group of 25-54 years, 82% are in job. Out of this -



➤ Government target to create job 15 million by 2023.

# DISTRIBUTION OF ECONOMIC GROWTH ACROSS THE COUNTRY



35 million live in Urban area and if it continues like that it would be 80 million by 2030.



31.9% of urban population live in Dhaka.



Two cities Dhaka & Chattagram are contributing 37.7% and 19.3% of GDP.



80% manufacturing are in these two cities. Total industries across the countries are 27,000



If sea level rises by 65 cm by 2050 then country will lose 40% agricultural land



Graduation to MIC

75% of our exports enjoy duty free market access being LDC, which will be withdrawn in 2024. For Europe 2027.

Multilateral loans will be costlier & development assistance may be limited.



EU-Vietnam FTA will completely eliminate duties in EU in 8 years. 10.96% export will get duty free in first year.



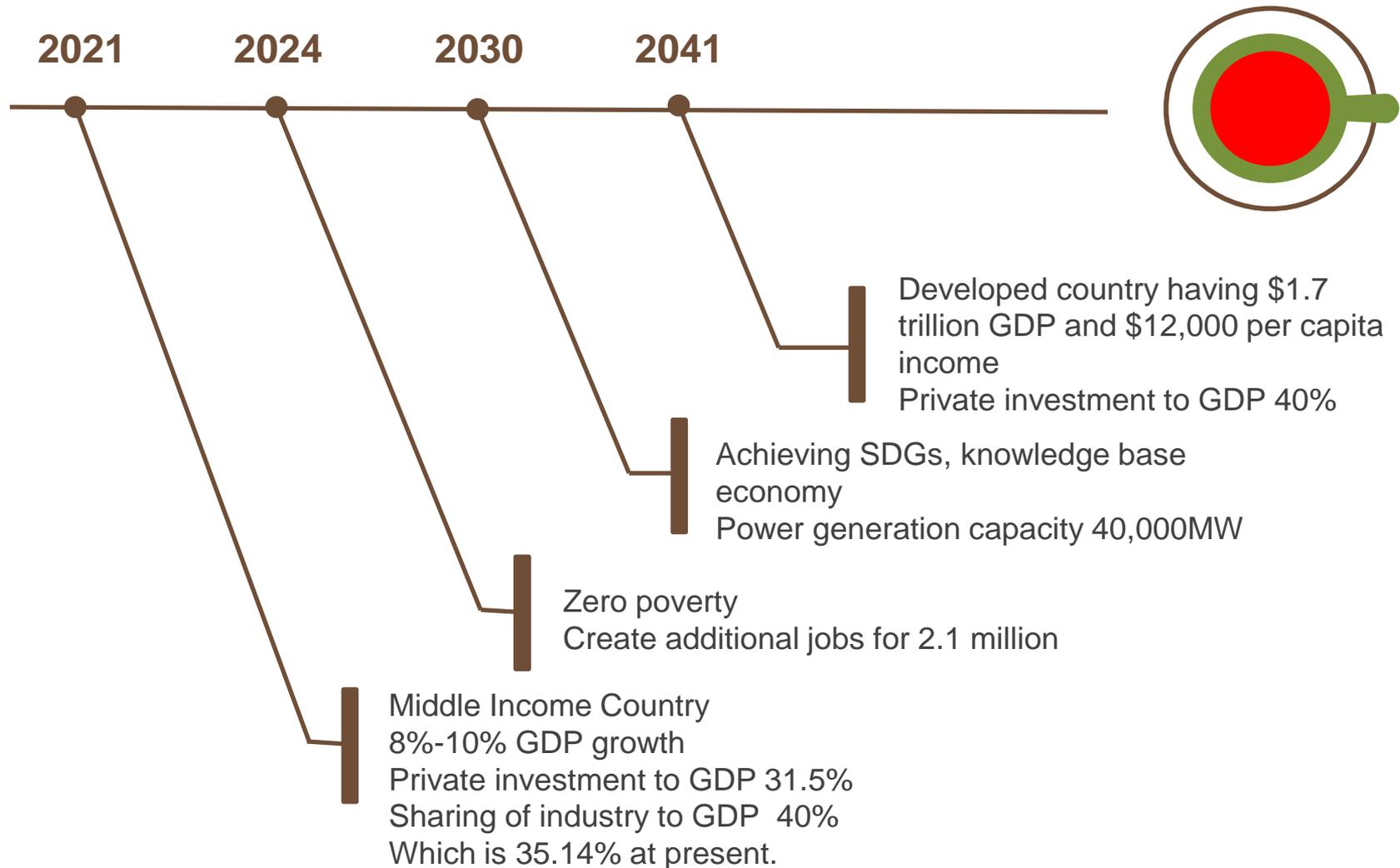
Diversification of export items & markets. Standard of Bangladeshi products.



As per WEF by 2030 around 800 million will lose jobs worldwide due to 4IR, and Bangladesh may face 5.7 million job cut. In Global Innovation Index, Bangladesh is placed 116 out of 129 countries.



# BANGLADESH'S VISIONS UNDER THE LEADERSHIP OF HONORABLE PRIME MINISTER SHEIKH HASINA



# AVAILABLE RESOURCES

- 163 million Population
- 76% Population are below 40 years of age
- Population in 15-30 years age group is 5 crore
- By 2030 youth age group (18-35 years) will be 60 million with education and technological advance
- Working group are quick learner
- We are not saver but spender
- EZ 100 under progress
- Electricity capacity 22562 MW
- Land is fertile

**IS THERE ANY  
REASON TO BE  
SCARED OF  
FULFILLING OUR  
VISION?**

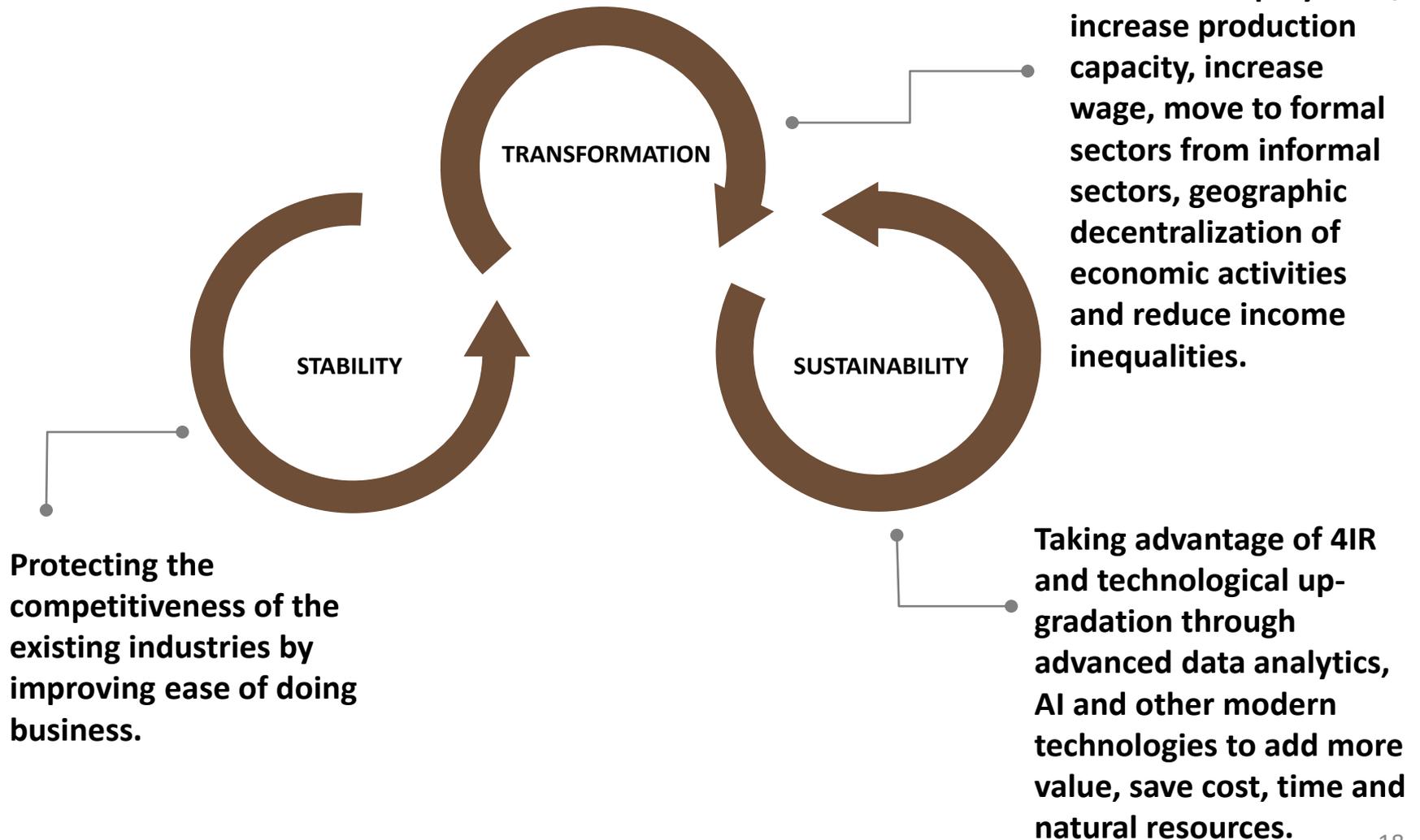
# LET'S SEE AREA OF OPPORTUNITIES AHEAD FOR BANGLADESH

1	2	3	4	5	6
Light engineering	Agriculture	Leather goods	Halal goods	Blue Ocean	IT Sector
Global market \$7 trillion	13.6% of our GDP, 41% of employment	Global market \$240 billion	Global market in 2016 was \$2.7 trillion, will reach \$10.51 trillion by 2024	Indian oceans is worth \$ 25 trillion	By 2025 only in Asian countries internet market size would be \$240 billion
Bangladesh's export \$319.4 mil in FY2018-19	Employment declined to 25 mil in 2018 from 26.2 million in 2010	China holds 50% of shoes market, i.e. 23,000 crore pair. Bangladesh exported only 37.80 crore pair	Bangladesh's share is insignificant.	Countries bordering the Indian ocean extracted \$2.5 tril resources, where Bangladesh having 668 KM of sea area and earning only \$5 billion.	

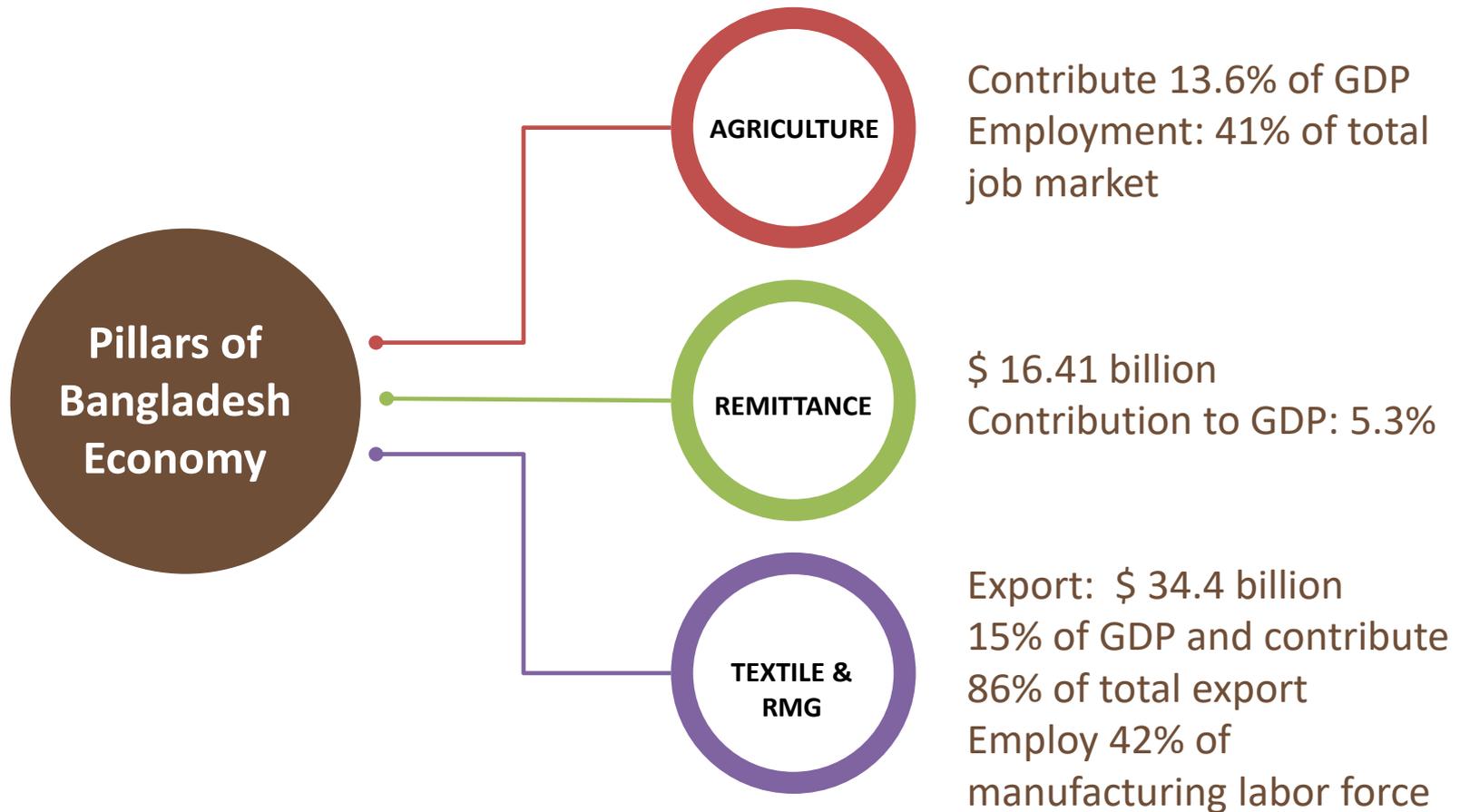
Bangladesh has tremendous opportunities to keep growing. BCI as a industry trade bodies across the country and actively involved in the development of new entrepreneur, capacity build-up of Micro and small industries are certainly play a vital role to build our nation. We should follow the Japan, China model who are the industrialized nation where SME are contributing 75-80% on GDP as well as job. But in Bangladesh SMEs are contributing only 52-55% on our GDP and generating 45-48% employment. If we do follow their path Bangladesh Insha-Allah will be able to reach the target set by the government. With that spirit we have titled today's seminar as -

**“EASE OF DOING BUSINESS; WAY FORWARD”**

# PATH OF WAY FORWARD



# STABILITY



# TRANSFORMATION

**Transformation is obvious  
and BCI would like to  
focus on two sectors –**

**(1) Light Engineering  
industry and**

**(2) Argo Processing  
Industry.**

# LIGHT ENGINEERING

Global  
market

**\$7**  
trillion

BD's  
Export

**\$319.4**  
million

Domestic  
market

**\$8.2**  
Billion

*(we are  
catering only  
\$3.1 billion)*

Number of  
Industries

**40,000**

Employment

**1**  
million

# LIGHT ENGINEERING

Types of machines and spare parts manufactured

**10,000**

Automotive market size

**\$600**  
Million

(Almost all spare parts are imported.)

Motor Cycle

**\$ 476**  
Million

*(60% growth /year. 98% spare parts imported)*

Export products

Agricultural machineries, Engineering equipment, Bi-Cycle, Stone Crasher machine, Construction machines.

**GOVT. HAS DECLARED IT AS THRUST SECTOR. VAT & TAX EXEMPTED, 15% CASH INCENTIVE**

- **2<sup>nd</sup> Generation are not coming**
- **Lack of entrepreneurship development**
- **Shortage of skilled workers**
- **Govt. department are not supporting to purchase their products**
- **Customs advance tax 5% on raw material**
- **Custom policy are not friendly with them**
- **Local manufactured capital machineries now come under VAT & Tax.**
- **To be complied factory they need industrial park at a low cost**
- **Venture capital/low cost fund required**





Raw material Bank



Setting up of modern Mold & die making center



Common facilities center (CFC)



Foundry & forging plant



Technological up-gradation & productivity enhancement



# AGRICULTURE PROCESSING INDUSTRY

Global  
market

**\$1.6**

Trillion

*(local market:  
Tk 20,000 –  
30,000 crore)*

BD's  
Export

**\$908**

Million

*Thailand &  
Vietnam are  
exporting \$40 &  
\$35 billion)*

Production of  
only food  
grain

**444.8**

Lacs MT

*(production  
loss 30%)*

Active  
member

**292**

Agro  
processing  
factories

**134**



Funding



Foods lab (Testing report / International acceptance)



Corporate tax 35%



VAT (Motor Vaja no tax but if we do packaging then VAT is imposed)



VAT and Taxes on local manufactured capital machineries for Agro processing industries.



Entrepreneurship skill development



Certification recognition



Food chemical use to preserve like tomato



Industrial park



Ware housing



**CHALLENGES**

# SUSTAINABILITY

Industrial revolution -  
1<sup>st</sup> 1784 Hydraulic engine.  
2<sup>nd</sup> in 1870 Electricity  
3<sup>rd</sup> in 1969 Digital electronic

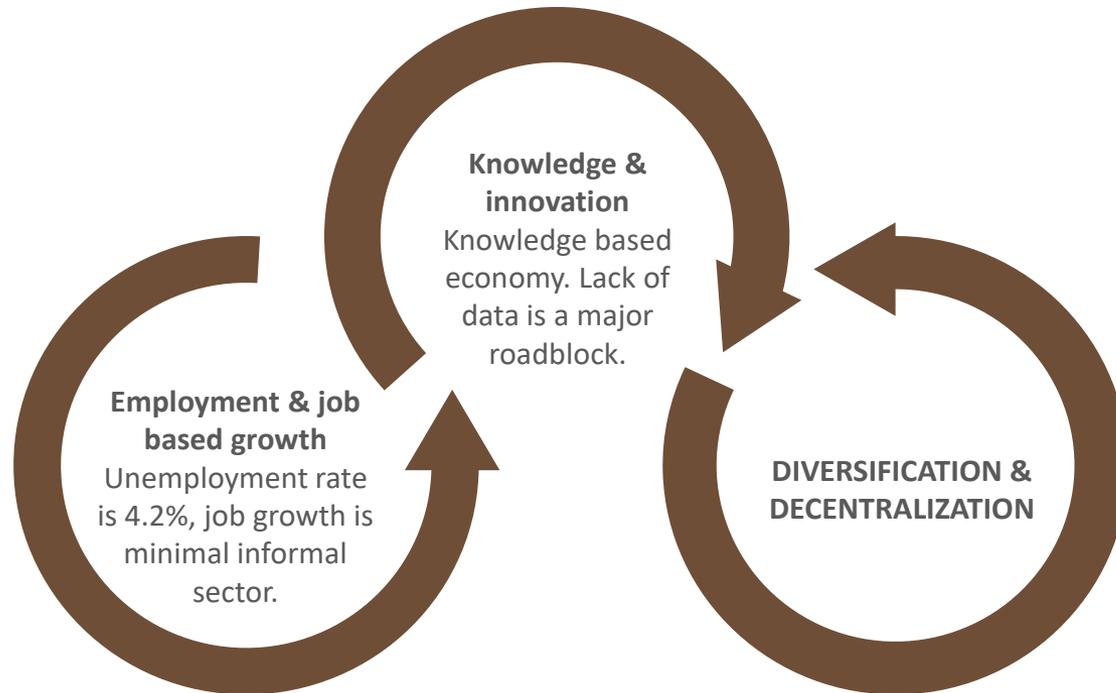
4<sup>th</sup> has started by digital infrastructure connectivity and now moving forwards AI, Robot, machine learning, genetic engineering, Nureo technology.

Automation is likely to erode many conventional professions. In all levels of education, mandatory quantitative literacy, computing, skill & basic courses will become a necessity than present conventional education.

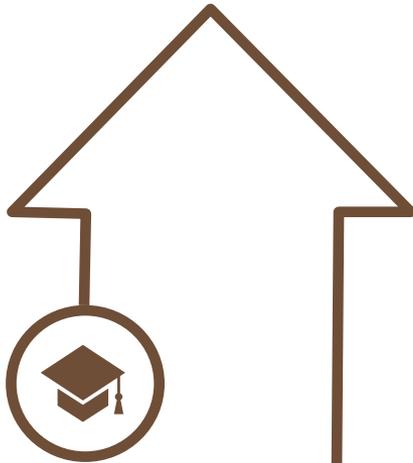
The purpose of education in the 21st century would be to distinguish oneself from a machine. Workforce must develop skills that can't be replicated by Robots. Those includes fostering creativity, problem solving ability, leadership & people management skill, critical thinking ability and adopting training. Impact would be on women & low education groups. Policies need to focus on training, education, potential impact assessment appropriate data & quality research are utmost needed.

# FOCUS OF BCI

# PRIORITIES OF BCI

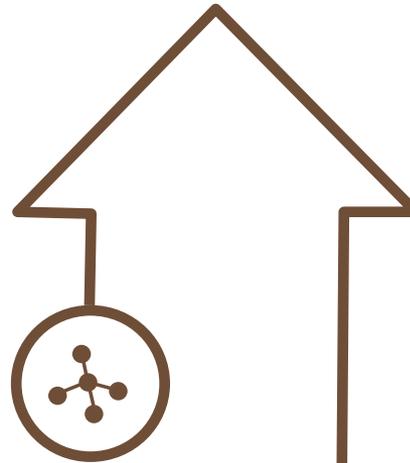


# FOCUS OF BCI



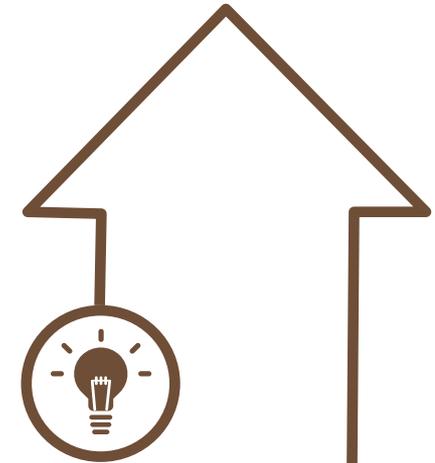
## **Skills development**

Skills development training for workers and mid-level management especially for light engineering and agro-processing sectors.



## **Promoting young entrepreneurs**

Training, workshops for new / prospective entrepreneurs. Policy advocacy to facilitate new entrepreneurship.



## **Support ideas and innovations**

Support an entrepreneur with information, knowledge, help to get finance, and sustainability initiatives.

# BCI'S WORK PLAN

We have started to interact with the light engineering association as well as manufacturer

Already started visiting different districts of the country. Recent interaction was Rangpur division with 10 different district chambers already.

During our visit they said in the “Beginning” sometimes other Chambers / Associations visit and listen but no feedback afterwards. They don't believe yet that we can do something for them and its important for us to establish the **trust first** that BCI can do for them.

In a short visit area of concerned the entrepreneurs are:

- Professional training.
- Shortage of skill workers.
- Funding is not easy & expensive
- Environment certificate
- Customs harassment.
- Industrial park at a lower cost.
- Gas connection.
- Logistic support.

## **FINAL WORDS**

**Through consultation with all stakeholders, and with the support and active cooperation of all of you, together, Insha-Allah we will be able to formulate better policy for the sector to develop more entrepreneurs and create more jobs across the country.**

**THANK YOU**