Disbursement of remittance incentive caught in paper work

BB asks banks to step up measures

AKM Zamir Uddin *and* Md Fazlur Rahman

Bangladesh Bank yesterday asked banks to fast-track paper work regarding the disbursement of cash incentives on remittance with a view to encouraging remitters to send their hard-earned money through legal channels.

The central bank also asked remittance recipient banks to send documents submitted by the beneficiaries in Bangladesh to sender banks as quickly as possible so that the disbursement of cash support on funds of more than $5,000 can be easily disbursed.

Recipients have to submit documents within two months after receiving the fund in contrast to the 15-day period previously provided for claiming cash incentives for amounts of $5,000 or above. They don't need to submit any documents if the amount is less than $5,000.

There was no time limit to send the documents to the sender banks by the recipient banks.

But the process to disburse the incentive is being disrupted as recipient banks are not sending the papers to sender banks despite receiving them from the beneficiaries in Bangladesh within the stipulated time, the central bank said in a notice yesterday.

As a result, there have been delays in releasing the incentive in favour of the beneficiaries, it said.

Against this backdrop, lenders have been asked to settle the whole process in the quickest possible manner so that recipients can smoothly avail the incentive, according to the central bank notice.

Zahid Hussain, a former lead economist of the World Bank in Dhaka, said a better solution would be if the 2 per cent incentive is added to the amount sent automatically through a 2 per cent cost depreciation of the local currency.

He said the cost of administering the policy is high whereas it could be made zero.

"If the process were automatic, bankers would not have to spend too much time documenting transactions, which are needed to claim reimbursements from the central bank.

"At the same time, it would have cut the burden on the budget as well because the government has to give subsidies on it," Hussain added.

The government has set aside Tk 3,060 crore to subsidise remittance for the current fiscal year, unchanged from the last fiscal year.

In June last year, the government introduced the 2 per cent cash subsidy for remitters to encourage them to send money home through legal channels. This has given a boost to remittance inflow.

Emranul Huq, managing director of Dhaka Bank, said beneficiaries face no delays when they submit required documents. The problems only surface when any of document submitted by a beneficiary does not match those at the sending banks' end.

Rahel Ahmed, managing director of Prime Bank, said the disbursement of the incentive has become much simpler compared to the initial months when it was introduced.

Remittance hit an all-time high of $18.2 billion in the just-concluded fiscal year, giving much-needed breathing space to the government to manage the macroeconomic state of affairs hit hard by the ongoing financial whiplash.

The inflows were 10.87 per cent higher than in fiscal 2018-19, according to data from the central bank.

The momentum continued in the current fiscal year as well. Migrant workers sent home 36 per cent higher remittance in August, in a respite for their families as well as the ailing economy amid the coronavirus pandemic.

Last month, they remitted $1.96 billion against $1.44 billion in the same month a year ago, data from Bangladesh Bank shows.

This was the second straight month in the current fiscal year that they sent a higher amount of remittance. The inflow of remittance grew 50 per cent year-on-year to $4.56 billion in the July-August period.

About 51 per cent remittance enters the country through legal channels while the remaining 49 per cent comes through informal channels, Finance Minister AHM Mustafa Kamal said on September 2, citing a previous study.

About 1.3 crore Bangladeshis are working abroad and their transferring of money back home has become a pillar of strength for the economy.

Online sales of counterfeit products weigh on e-commerce industry: experts

Star Business Report

Protection of consumers' rights and brand value of reputed companies has become a major challenge with the increased use of e-commerce platforms as a major engine of online sales and financial transactions, industry experts said.

The e-commerce platforms have been mushrooming in the country and every day crores of transactions take place without following the legal issues religiously and without ensuring consumers' rights and compliance.

Moreover, delivery of counterfeit products—especially fast moving consumer goods (FMCGs)—and transactions with fake accounts have become a headache for the consumers, users and reputed companies.

In many cases, counterfeit products are sold by unauthorised sellers, which in turn is hurting the image of the reputed brands and their customer base, they said.

Senior officials of different companies, users and entrepreneurs of different online platforms raised the issues at a virtual discussion on "Digital economy and intellectual property rights protection" organised by Marico in collaboration with different trade bodies and business chambers.

No e-commerce act has yet been formulated in Bangladesh to protect the rights of consumers in case of any anomalies and to protect the brand reputation, they said.

If consumers are cheated by one e-commerce platform, the whole industry will suffer because of a trust deficit, said Waseem Alim, CEO of Chaldal, a leading e-commerce platform.

For instance, many fake or lookalike hand wash items using the brand names of reputed companies came to the market after the Covid-19 outbreak, he said.

"Manufacturers should be aware of such counterfeit products."

KEY POINTS

- Online sales of counterfeit products are causing a trust deficit among customers
- Number of active internet users rose **9.5**pc year-on-year to **66.44**m as of January 2020
- **2,500** e-commerce sites sell $**2.07**b worth of products a year
- **80**pc consumers live in urban areas and **80**pc of payments done through cash on delivery
- Tk **63,000**cr change hands in **31**cr online transactions a month
- Bangladesh is **46**th largest market globally in terms of e-commerce revenue
- Bangladesh is the second largest supplier of online labour globally with **600,000** active freelancers

It is a must to use the Bangladesh Standards and Testing Institution's certification while selling goods or FMCG through e-commerce platforms, he said.

"But many superstores in the country are flouting the rules."

During the Covid-19 period, online transactions and the use of e-commerce platforms have gone up significantly in the country, said Syed Almas Kabir, president of Bangladesh Association of Software and Information Services.

The lockdown period was a blessing for the e-commerce, he said.

Currently, the country has 2,500 e-commerce sites, which sell $2.07 billion worth of products a year and Bangladesh is the 46th largest in the world in terms of e-commerce revenue.

Some 80 per cent of the consumers live in urban areas and 80 per cent of the payments are done through cash on delivery, Kabir said.

Bangladesh has 15 active mobile financial service operators at present with 67.5 million registered subscribers. Over Tk 63,000 crore change hands in 31 crore online transactions a month.

Moreover, Bangladesh has already become the second largest supplier of online labour globally, according to the Oxford Internet Institute.

About 600,000 active freelancers are currently working in Bangladesh regularly, Kabir said.

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Resilient supply chains to get small enterprises on track: analysts

Star Business Report

A resilient supply chain for cottage, micro, small and medium enterprises (CMSMEs) will build competitive advantage, reduce cost of doing business and open up new market opportunities, believe experts.

These enterprises contribute 32 per cent of the GDP and create employment opportunities for about 2.45 crore people, which is 40 per cent of the country's total employment, said DCCI President Shams Mahmud.

The sector's sales have been hit hard for the Covid-19 pandemic and ensuring supply chains in this new normal situation is key for business sustainability, said a statement from the Dhaka Chamber of Commerce & Industry (DCCI).

The observations came at a webinar arranged by the DCCI in association with Friedrich Naumann Foundation for Freedom (FNF Bangladesh).

Use of technology in supply chains has increased recently to maintain reliability, traceability and transparency, said Mahmud.

"For the CMSMEs we need to strengthen backward linkage industry to enhance efficient value addition in export," he said.

Following the pandemic-induced disruption, short, medium and long-term planning could beef up supply chains in the sector to fuel its export competitiveness, said Najmul Hossain, the foundation's country representative.

The enterprises are increasingly playing an important role in Bangladesh's economic growth, said Shankar Kumar Roy, corporate trainer and consultant, while presenting a keynote paper.

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SME sector in dire need of support

Analysts call for better policy and access to finance

Star Business Report

Increased policy support and smooth accesses to finance are needed on an emergency basis to help small and medium enterprises (SMEs) cope with the ongoing coronavirus pandemic, various experts suggest.

"A lack of access to formal financing has been identified as a major obstacle to the survival and expansion of SMEs in Bangladesh," said Atiur Rahman, a former governor of Bangladesh Bank.

Besides, many SMEs have suffered tremendous setbacks in terms of production, marketing and sales amid the Covid-19 crisis.

Rahman made these remarks while presenting a keynote paper at an international webinar styled "The Pandemic and SMEs: Shock-absorbing policy measures and future debates, impacts in Bangladesh and lessons from responses around the World".

The event, jointly organised by the Small and Medium Enterprise Foundation (SMEF) and Friedrich-Ebert-Stiftung (FES) Bangladesh, was held yesterday.

About one-third of the human resources engaged in the SME sector are women who barely enjoy any policy incentives. PHOTO: STAR/FILE

Shibli Rubayat Ul Islam, chairman of the Bangladesh Securities and Exchange Commission (BSEC), said SMEs account for 25 per cent of the country's GDP but only one-third of the total workforce engaged in the sector were females due to its lack of policy incentives for women.

Islam, who moderated the discussion, referred to the Bangladesh Bureau of Statistics when he went on to say that the country was currently home to about 7.8 million enterprises of all sizes, of which a staggering 6.8 million were cottage enterprises.

The second largest group were SMEs with over 8.66 lakh small and medium sized firms, making up just a little over 11 per cent of the total number of companies.

The SME sector generates 30 per cent of the total employment in the country as well. Small enterprises account for 27 per cent while medium enterprises add the remaining 3 per cent.

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Initiative to help local communities recover better from pandemic

Star Business Report

United Nations Development Programme (UNDP), United Nations Global Compact and the International Chamber of Commerce (ICC) have established a Covid-19 Private Sector Global Facility to help local communities recover better from the pandemic.

The Deutsche Post DHL Group, Microsoft Corporation and the PwC network have already joined the global initiative bringing together public and private sector partners.

To operate at both global and national levels, the initiative is open for other like-minded private sector organisations that want to contribute, according to a statement from the ICC.

It is a response to corporate calls to jointly address the pandemic's negative impacts and better coordinate responses, helping to ensure that immediate stimulus efforts flow into the real economy.

It aims to co-create solutions that are tailored to the phase of the Covid-19 pandemic in a given area, specificities of the local private sector and government context.

Guided by the UN Global Compact's Ten Principles and the Sustainable Development Goals, the facility will support a multisectoral, whole-of-government and whole-of-society approach to face the multidimensional nature of the crisis.

Recovery efforts will focus on how to rebuild more inclusive economies and societies, to set a new course for a socially just, low-carbon and climate-resilient world where no one is left behind.

Initial projects will focus on Colombia, Ghana, the Philippines and Turkey. Both the geographical scope and participating partners will expand as the facility develops.

"Solidarity to 'Recover Better Together' can boost our collective efforts not only to cope with the crisis but overcome it," said UNDP Administrator Achim Steiner.

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