

Editor's Desk

The June 2022 issue of *Thinking Aloud* focuses on "The Core Economic Challenges for Bangladesh". The first-page article, titled "The economic challenges we are in", presents an analysis of Bangladesh's macroeconomic performance in the context of rising inflation and global turmoil. As the possibility of a global recession looms large, the country faces the biggest macroeconomic challenge in the past decade. Analysing the sources and implications of pressure on foreign reserve, the article recommends policy actions regarding the adjustments of the exchange rate. Furthermore, the article delves into the factors shaping the current dynamics of remittance inflow. Any mismatch between government's stated plans and actions needs to be addressed, the article emphasised, in order to confront these challenges and making sustained economic and social recoveries. The second and third pages of this issue feature three articles on themes pertaining to resource mobilization, food price and the banking sector. The first article, titled "Mobilization of domestic revenues: Challenges and way ahead", discusses the policy deficiencies and institutional pitfalls underlying the taxation system of Bangladesh. Drawing on the historical trend and political economic factors in revenue mobilization, it proposes introducing effective reforms. The second article, titled "Measures to protect the marginalized population from food price hike in Bangladesh", assesses the implications of current food inflation for lower-middle income and low income groups. Comparing Bangladesh's response to food inflation with that of regional neighbours and emerging economies, the article makes policy recommendations with the view to mitigating the burden of inflation on the poor. The third article, titled "Banking sector reform and its role in SME development in Bangladesh", expounds an analysis of the banking sector's performance dynamics in relation to the growth of SMEs. To mitigate the challenges SMEs face, the article argues for prioritizing a comprehensive framework and introducing necessary reforms in Bangladesh's banking sector. The fourth page showcases the events of May 2022.

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The economic challenges we are in

Selim Raihan

The current global political, economic and trade situations are not favourable for a developing country like Bangladesh. The legacy of the Covid fallout and the domino effects of the ongoing Russia-Ukraine war have profound impacts on the global economy. Such a global crisis has already exerted unwanted pressure on the domestic economy. The immediate effects are the price hikes of food and other essential items. While the disruption of supply chains, induced by Covid, is yet to recover, such disruption is fuelled once again by the Russia-Ukraine war. IMF and the World Bank are discussing the possibility of a global recession. Bangladesh, like many other developing countries, is no doubt vulnerable to the effect of any global recessionary situation.

Bangladesh's macroeconomic challenges are manifested by high inflationary pressure, escalated current account deficit, negative growth in remittances, stress on the US\$ exchange rate, and strain on the foreign reserves to support a sufficient and comfortable number of months of imports. In addition, the longstanding challenge like job creation remains.

The inflationary pressure, triggered by the supply chain disruption and the soaring prices of food and essential items in the international market, has led to a situation where the marginalized people have been suffering the most. A recent study by SANEM has shown that the marginalized people in Bangladesh face almost double the inflationary pressure that the government data suggests. Hoarding and market manipulation by unscrupulous businesspeople, taking advantage of the current crisis, aggravates the situation.

The pressure on the foreign reserve is high. With the surge in imports, sizeable negative growth in remittances despite a strong export growth resulted in a large current account deficit. There are concerns about the surge in imports as to whether illicit money transfer through over-invoicing is causing this import growth. The recent decision taken by the government to raise certain restrictions to slow down the import of luxury goods is timely. However, allegations of over-invoicing are there even in cases of imports of capital machinery and raw materials. The regulatory authorities need to take necessary measures in this regard.

A key area of intervention to check on imports and to provide the right kind of incentives for remittance inflow and export is to contain the misalignment of the US dollar exchange rate against the taka. The taka's exchange rate against the US dollar was an area of relief in the last decade with an ample supply of dollars in the market. However, that comfort also diminished with the recent shortage of the inflow of US dollar. Taka's depreciation against the US dollar cannot be withheld forcefully, and it needs a gradual adjustment. The higher the difference between official and unofficial exchange rates the more the remittances would come through unofficial channels. During Covid, the surge in remittance flow through official channels can largely be explained by the fact that many unofficial channels of sending remittances were blocked for months which forced the remitters to send money through the official channels. But with the normalization of the economic activities, both at home and abroad, along with the widened black-market premium, the official channels of sending remittances have become unattractive.

In terms of the debt management, currently, Bangladesh is not under pressure like Sri Lanka. However, Bangladesh must be alert since many of the mega projects in the country are foreign debt-financed, and in recent years the amount of foreign debt is on the rise. There are also concerns related to the lack of proper feasibility studies and the cost and time overrun of many mega projects. All these may create unwanted pressure on the debt burden in the future. A proper stocktaking of the current mega projects in this regard is thus warranted.

The country is yet to recover from Covid. While economic recovery is visible, social recovery, in terms of the improvement in poor people's livelihood and jobs, is slow and not visible enough. Repeated surveys by SANEM showed that while micro and small enterprises were the primary victims of the Covid crisis, they received the lowest support from the government, and their recovery remained much slower than the larger-sized firm. Also, during Covid, in the absence of sufficient support from the government through social protection, affected households resorted to various crisis coping strategies risking some long-term negative implications for these households and the economy. Therefore, while the government has a current priority to focus more on economic recovery and macroeconomic stability, the need to address the concerns of poverty, vulnerability and rising inequality is equally crucial. Over the last two decades, while the country has been doing well in macroeconomic stability, such stability came at a cost of lost opportunities for social development as the successive governments continued spending very low on education, health, and social protection. Such low social spending can primarily be explained by successive unsuccessful attempts to raise the miserably low tax-GDP ratio. However, there are also concerns that the policymakers are yet to get their priorities right in the case of investing high in education, health, and social protection.

There is a need to resolve the high mismatch between the government's stated objectives, plans and programs mentioned in the critical policy documents (like the 6th, 7th, and 8th five-year plans and Perspective Plan) and the approaches taken in the annual budgets. All the critical policy documents focused heavily on the significant departure from the poor public spending on social sectors, substantially enhancing the tax-GDP ratio, and reforms in some vital economic domains like taxation, banking, capital markets, and export diversification. However, the approaches taken in the annual budgets remained primarily incremental in nature with no clear links with the critical policy documents and no clear direction of the changes.

Bangladesh is facing the biggest macroeconomic challenge in the past decade. The country will also be confronting a new set of challenges after graduation from the LDC status by 2026. At the same time, Bangladesh aims to achieve large development goals by 2030. Therefore, incremental approaches taken in the national budgets will not be helpful at all. The issue of resolving policy paralysis in undertaking and effectively implementing important policies, strategies, plans, and programs will remain critical in the coming days.

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Mobilization of domestic revenues: Challenges and way ahead

Omar Raad Chowdhury

As the world enters a phase of supply-side turmoil induced by rising geopolitical tensions in Europe, undercutting the global economic recovery process, the issue of domestic resource mobilization has once again come to the fore, particularly for developing countries, where the COVID-19 pandemic has already exacerbated inequality and caused considerable convolutions in the path of socio-economic progress. With rising inflation, depreciating currency and depleting foreign reserve, the situation has become all the more challenging for Bangladesh, which historically has a poor record of revenue management and a low tax to GDP ratio. Given the high concentration of wealth in the hands of a few in contrast to the low public expenditure for social protection, health and education, it is high time for Bangladesh to address the challenges associated with revenue collection and move towards a more progressive tax regime. However, perhaps the more pertinent issue in this case is the political-economic factors that have long hindered reform and effective implementation.

Whereas over the last decade Bangladesh's annual average nominal GDP has grown at a rate of around 13%, the average annual growth of tax collection has been only 11%. Tax to GDP ratio has been declining, and as of 2021, Bangladesh's tax to GDP ratio was 7.64%, which is the lowest in South Asia, lowest among LDCs set to graduate in the coming four years and lowest among low-middle-income countries. Needless to say, poor management of revenue collection puts pressure on the country's fiscal capacity, narrowing the prospect for crucial public expenditure for human development.

One of the major reasons behind the poor tax-GDP ratio is low level of compliance. While, the number of people with Tax Identification Number (TIN) in the country is 7.4 million, according to the NBR, tax return was filed by only 2.3 million in the FY 2022. According to a report by the Financial Express, over the last seven years, the number of corporate tax returns has remained stagnant around 30,000. In "The State of Tax Justice 2021", published jointly by the Tax Justice Network, the Global Alliance for Tax Justice and the Public Services International, it was found that Bangladesh is losing \$143.96 million or Tk1,2350 million in tax revenue every year to global tax abuse by multinational corporations and wealthy individuals—a loss that amounts to 14.52% of the country's public health expenditure.

There is also a systemic issue with the management of revenue collection, as evident in NBR's consistent failure over the last decade to achieve targets set by the government. In FY 21-22, the collection goal was set at Tk 3.30 trillion, of which, till March 2022, NBR had been able to collect only Tk 2.28 trillion, which is just 62% of the revised target. The government target for VAT collection from domestic sources was Tk 1.28 trillion in FY 20-21, of which the NBR collected only Tk 975 billion. Reportedly, VAT and supplementary duties account for almost 55% of the NBR's tax revenue.

Tax-exemptions have had a large role to play in constraining the maneuverability of authorities and in the process caps the net scope of revenue collection. Despite having over three decades of facilitation and support behind it, the garment and textile sector

enjoys the benefit of half the corporate tax rate applicable for other non-listed companies. In each annual budget, exemptions and special treatments are conceived through Statutory Regulatory Orders (SRO), mostly on an ad hoc basis. The income tax strategy is also mostly concentrated on certain tax handles such as banking, mobile network operators and tobacco.

In "Bangladesh Institutional Diagnostic", a joint study conducted by SANEM and Oxford Policy Management, two effective average tax rates of 10% (scenario 1) and 15% (scenario 2) on the income share of the top ten percentile were considered to illustrate the loss of revenues from exemptions and low compliance. It was found that the yield from personal income tax could reach 3.8% of GDP under scenario 1 and 5.7% of GDP under scenario 2, whereas the actual share of income tax in GDP has been around only 1%.

On the other hand, the lion's share of the total revenue comes from VAT, which creates a burden on the consumers and particularly on lower-middle income and low income groups. Given the current rise in inflation, the marginalized households are in a financially difficult position. In a recent exercise by SANEM, the food inflation rate for urban and rural marginalized households were found to be more than two times the officially reported food inflation figures. The upcoming budget for the FY 2022-23, therefore, needs to address this concern and design tax collection structure accordingly.

In the backdrop of rising inequality and impending crisis in global food security, the FY 22-23 budget needs to prioritize social safety net programmes. Reportedly, allocation for social safety net in FY23 is set to rise by Tk5,3860 million, but the major portion of it would be directed towards pensions of retired government employees and paying salaries and allowances to those involved in implementing social safety net programmes. Moreover, allowances for beneficiaries and allocations for programmes, such as OMS, VGD, VGF, Food for Work, and employment generation, would remain at the same level as in previous budget.

A well-structured progressive tax system would have enabled the state to allocate more resources for social protection programmes. Yet unfortunately, in the absence of a robust and people-oriented revenue collection system, state capacity erodes and consequentially fails to deliver much needed relief to public grievances. It is also high time for Bangladesh to consider a more serious approach towards wealth tax to address inequality and polluter tax to address the negative environmental externalities of industrialization. While, provisions for both exist in some form, there are policy deficiencies with regard to identification, documentation and implementation. Analysis of the tax structure of Bangladesh illustrates the influence of groups with vested interests. The nexus of special interest groups and policy enablers has created an inertia in the institutional processes which can potentially devise and carry through reforms. With regards to making headway towards a progressive tax regime, whether reforms of existing institutions alone would suffice or a more radical approach of building new institutions representing and emboldening otherwise neglected stakeholders is required needs to be carefully considered.

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Measures to protect the marginalized population from food price hike in Bangladesh

Md. Nadim Uddin

The immediate response to contain the recent food price spike is to increase the aggregate supply in the economy. The global supply chain was disrupted by the Covid-19 pandemic, and disruptions have been exacerbated by the Russia-Ukraine war, resulting in an increase in global food prices. Moreover, an increase in aggregate demand in the domestic market following the start of the recovery from Covid-19 fallouts also has contributed to the rising inflation. However, mitigating the global supply chain disruption is not achievable right away and would take time, therefore inflationary pressure on food prices will persist for years. This persistent food inflation adversely affects broadly two groups of the population, the fixed income group and the low-income group. The low-income families who have already been experiencing squeezing on their purchasing capacity for high price of fuel, can't afford living costs due to further increase in persistent rise in food price level. This has forced a section of the population to fall below the poverty line. Since the current price hike is supply-driven, monetary policy is likely to have a limited effect in containing it. The government may, nonetheless, increase fiscal support and take steps to ensure that the marginalised population's purchasing power remains stable, allowing them to afford necessities until the global situation improves.

As the value of money erodes rapidly during inflation, more attention should be paid to giving food assistance to low-income families. The government has taken the initiative under the open market sales (OMS) to sell subsidized food to the marginalized population through the Trading Corporation of Bangladesh (TCB), which is now providing the "family card" to 10 million families. By the same token, special open market sales (OMS) have been functional to provide rice and wheat at a lower cost. However, the programmes need to be properly run to tackle mismanagement and corruption. In addition, many poor families are yet to take the advantage of these benefits.

High commodity prices in Bangladesh are generally associated with high global prices, yet this is not always the truth. The rise of prices of essentials in the domestic market often has no connection with the international market. Even the domestic price rise is more than the price rise caused by the global price rise. When traders foresee an external supply shock, they often limit the supply of the products, hoarding the supply, creating a shortage of goods, and raising the price to maximize their profits. This could be contributing to the price increase over time as well as in recent times. The Directorate of National Consumer Rights Protection (DNCRP) often raids the local kitchen market and prosecutes hoarders. Such a sudden raid does not guarantee a long-term remedy to hoarding. Because the supply of essentials is mostly dominated by a few big trading houses. There is always the accusation that these large traders form an unholy alliance to dictate the supply and price of the items. There is no monitoring system in place to keep track of the traders' unholy alliance.

All countries in the world are disproportionately

affected by global food inflation. Each country has its unique measures to counter inflation, but there is no general approach to managing inflation. India has increased the implementation of the ration card and is now providing more food grain than is available under the regular quota. Vietnam has improved its market surveillance system. This year, Turkey and Chile hiked their minimum wages. To meet domestic demand, many other countries have reduced tariff rates and banned the export of agricultural products to international markets. This price rise has caused serious damage to developing countries, where a large section of the population still lives in poverty. In Bangladesh, as the current wave of unchecked price hike has made the poor most vulnerable, measures should be taken to provide subsidized food items and cash incentives so that despite high price hike, they can afford the necessary food. The coverage of open market sales (OMS) should be extended, ensuring that marginalized groups are treated fairly when family cards are distributed for purchasing subsidised food from the Bangladesh Trading Corporation (TCB). Moreover, the TCB truck-based sales have to be expanded across the country. Workers in ready-made garments (RMG) need special attention since they are unable to make ends meet even with higher pay from overtime work. A recent study conducted by SANEM on garment workers found that garment workers on average work more than 10 hours each day, yet even with overtime, the cost of food and rent eats up the majority of their earnings. In addition to subsidized food, there is a need to have an expansion of direct cash transfers under social safety net programs (SSNPs) as well as an increase in per capita allowance in the 2022-23 budget. Since FY17, the government has only provided TK 500 and TK 750 per month for disabled people, which is highly insufficient in the context of current food price hikes. An empowered competition commission, consumer's rights commission and safe food authorities are needed to address the artificial shortage of food created by the traders. In addition, a well-planned, transparent, and accountable supply chain management is required. The government should create a monitoring authority comprising of big traders, consumers, and consumer rights organizations to counter any artificial price hikes. The information flow about demand and supply has to be ensured as symmetric in the market. Food grain stock management should also be improved in order to tackle inflation. Due to inadequate storage capacity and technology, high stocks have led to high wastages. Government can depend on private food grain stock management with proper governing. Price surveillance authority should act strictly so that charging a higher price than the actual price gets never occurred. The official food inflation rate is reported at 6.24 in April 2022, however, we believe that actual food inflation rates are significantly higher. According to the SANEM in its recent study, the actual food inflation is more than double compared to the official reported food inflation for the marginalized population. Thus, the adverse impact on the marginalized population of the country is much more severe than the official estimate indicates. Therefore, proper measures should be taken to ensure the food availability of the marginalized population.

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Banking sector reform and its role in SME development in Bangladesh

Samantha Rahman

"Even before the pandemic, the CFOs of small businesses struggle to get the insights they need to manage their finances effectively. Even though banks are willing to help, they are facing an increasing number of complex cases of SME clients". Therefore, identifying the challenges faced by SMEs that delay the growth of the sector is crucial and SME relevant policies and regulations should be objectively evaluated. The SME sector plays a significant role in both developed and developing economies worldwide as SMEs account for a majority of the businesses and are one of the main contributors to economic development and employment creation. Bangladesh being an over-populated country relies on labour-intensive firms like SMEs since they are a major source of employment. Thus, the growth of SMEs may lead to a positive impact on the economic development scenario of the country. Initially, starting an SME requires minimum funding which makes it easy for people to start the business. The government has established an independent body- the SME foundation that facilitates expansion by encouraging people to join the sector. Bangladesh has nearly 10 million SMEs which contribute to 23% of the country's GDP, represent 80% of the jobs in the industry sector and employ 25% of the total labour force. Therefore, the SME Finance Policy will play a pivotal role in facilitating SME financing.

In an economy, commercial banks are generally the main source of finance for SMEs. For the sector to expand and flourish, it should have adequate access to bank credits, thus, the industrial credit in Bangladesh is financed through government-sponsored industrial banks, such as commercial banks and specialized financial institutions. Despite such facilities, entrepreneurs in SME sectors can not make enough investments which will drive the firm's growth strategies. In addition, the loans offered to the entrepreneurs usually charge a high-interest rate because banks are not willing to provide small loan amounts with high monitoring costs.

There are some rules and regulations that cause difficulties for banks to lend to companies that are not registered, cannot show collateral or cannot provide financial statements. However, SMEs are usually unable to provide sufficient and reliable information to financial institutions. They at times cannot provide the audited financial information and statements that the bank requires, thus creating informational asymmetry. Therefore, the existing asymmetric information between the SMEs and the financial institutions might prevent the lending transaction from taking place and create serious obstacles for SMEs to obtain credit from formal financial institutions. Moreover, SMEs tend to not maintain proper licensing which makes them difficult to trace, which further causes problems for the bank to maintain records, hence less credible to the banks.

To mitigate such challenges, Bangladesh bank has been developing and designing initiatives to aid the SME industry's growth. The sector adopted the Small and Medium Enterprise Credit Policies and Programs in 2011. The policy includes SMEs' lending from commercial banks, a refinancing scheme, prioritising the SME activities and special emphasis on lending to

women entrepreneurs. It also eased the complex procedures and requirements for small enterprises such as relaxation of collateral requirements. Furthermore, Bangladesh Bank offers attractive loan provisioning to support SME financing with only 0.25% of the general provisioning. Moreover, banks are willing to customize financial solutions by granting loans to SMEs in a cluster which enables the bank to trace SMEs better and lower their cost of capital.

It is stated by the World Bank in its 2019 report titled "Financing Solutions For Micro, Small And Medium Enterprises In Bangladesh" that a \$2.8 billion financing gap exists in the SME sector. Over 60% of the women SME entrepreneurs' needs are unmet due to a lack of access to collateral is one of the major obstacles. The country lacked a single-systematic planned policy designed to aid SME financing. One probable recommendation can be building a business case for the financial institutions to adapt to provide tailored support for the SME market, especially for the women entrepreneurs. Collaboration between the government, Bangladesh Bank and development partners can together encourage the specialization of the financial institutions to serve the SME sector, where Bangladesh Bank can remove some of the regulatory requirements that all financial institutions should comply with while lending to this sector. Accordingly, lending regulations should be reformed to enable the SMEs to borrow against movable collateral such as equipment, inventories, account receivables, and intellectual property rights rather than against fixed assets only such as buildings and land. This is because the majority of SMEs don't possess these fixed assets. In addition, reforming insolvency laws will reduce legal uncertainties which may have increased risks to lenders and constrained the supply of finance.

The SME sector in a developing country is usually subjected to discrimination and negligence in the context of access to government support, access to finance, management and marketing expertise and technology. SMEs in Bangladesh are operating in a semi-formal manner, on the contrary, banks are one of the most formal institutions. Notably, the SME financing gap for Bangladesh remains high compared to South Asian economies. To minimize this gap between SMEs and the banking sector, the banks can reform by relaxing their banking procedure. Furthermore, banks should develop an official credit rating system which will give them an idea about the reliability of their SME clients and will lower the risks for the lender. Greater harmonization and cooperation among banks may benefit them regarding credit rating and previous history. Additionally, setting up help desks with computers in financial institutions such as banks dealing with SME finance might facilitate the extension of SME development. Further in-depth market research needs to be carried out in collaboration with all the banks to attain adequate knowledge about the sector and their business practices, hence, developing an effective loan structure that will be utilized by all the financial institutions. To conclude, this is an appropriate time as past banking approaches can be objectively re-evaluated, meanwhile, innovative and alternative financial instruments are being designed that present a unique opportunity to address remaining challenges.

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SANEM Impact Assessment Centre workshop on Data Envelopment Analysis



A day-long workshop on DEA (Data Envelopment Analysis) was organised by the Impact Assessment Centre of South Asian Network on Economic Modeling (SANEM), on 12 May 2022 at the SANEM office. The workshop aimed to provide theoretical and practical knowledge about the method and apply it to firm level data to provide hands-on experience to both advanced level postgraduate students and early career academic staff. The training was conducted by Dr Aslam Mia, Senior Lecturer at the School of Management (SOM), Universiti Sains Malaysia (USM). Dr Mia has published around 35 articles related to productivity and efficiency of financial institutions, market structure, microfinance and urban economics in internationally reputed peer-reviewed journals. DEA is extensively used in academic literature to evaluate a firm's performance. DEA is a non-parametric, linear programming technique for evaluation of performance of Decision Making Units (DMUs) by converting multiple inputs into multiple outputs. DEA is also considered as a better solution to choose the optimum amount of inputs and outputs to achieve financial sustainability or social gain for a firm or institutions. A total of 20 researchers and academicians joined the workshop. Along with detailed explanations on aspects of DEA, the workshop also facilitated real-time practice sessions where participants analysed datasets using the techniques of DEA. Throughout the session, the trainer addressed questions and concerns of each participant, and elaborated on the basic principles of the analysis technique. Application of DEA in research works the participants are currently conducting, was also explored by the trainer. In the second half of the session, the participants discussed prospective research questions which can be investigated through the application of DEA. Participants of the workshop were awarded with certificates. At the end of the session, Md Nadim Uddin, Research Associate, SANEM and Coordinator, SANEM Impact Assessment Centre, thanked all the participants and the trainer. He also expressed the Centre's commitment to facilitation of capacity building programs.

SANEM-MFO Webinar on "The Lives of Garment Workers during COVID-19"

South Asian Network on Economic Modeling (SANEM) and Microfinance Opportunities (MFO) jointly organized a webinar titled "The Lives of Garment Workers during COVID 19" on 19 May 2022. SANEM and MFO have been conducting a series of surveys since March 2020, under the project "Garment Worker Diaries", to better understand changes in the lives of garment workers during the COVID-19 crisis in Bangladesh. A selected pool of 1300 garment workers from Dhaka City, Savar, Gazipur, Narayanganj and Chittagong were surveyed every week. Dr Selim Raihan, Professor, Department of Economics, University of Dhaka & Executive Director, SANEM, delivered the welcome remarks at the beginning of the webinar. The findings of the surveys were presented by Dr Bazlul Haque Khondker, Chairman, SANEM and Ms Farah Marzan, Project Field Manager, Garment Worker Diaries. The presentation was followed by a Q/A session. Academicians, experts, development practitioners, policymakers and journalists joined the webinar and participated in the discussion. The main objective of the "Garment Worker Diaries" is to aid policymakers and brand initiatives, with regular and credible data collection and analysis, which can have a positive impact on the lives of garment workers.

Dr Selim Raihan delivered lectures for Malaysia Ministry of International Trade and Industry



Ministry of International Trade and Industry, the Government of Malaysia invited Dr Selim Raihan to deliver lectures on the impact assessment of FTA. Dr Raihan is assisting the ministry in the analysis of Malaysia's FTAs including the impact of the Regional Comprehensive Economic Partnership (RCEP) on the Malaysian economy. The event, held during 23-27 May 2022, included bilateral meetings with project focal points, technical workshops and meeting with Malaysian Productivity Corporation (MPC). Organized under the "Arise Plus Malaysia: Trade Related Technical Assistance", the project aims to strengthen Malaysia's trade policy formulation and implementation.

Dr Sayema Haque Bidisha attended the Prothom Alo round table discussion meeting



Dr Sayema Haque Bidisha, Professor, Department of Economics, University of Dhaka and Research Director, South Asian Network on Economic Modeling (SANEM) was a discussant at the Prothom Alo round table meeting on 21 May 2022. The meeting titled "Challenges of the economy and budget expectations" was moderated by Shawkat Hossain, Head of Prothom Alo online. The upcoming budget was the focus of the meeting. Dr Bidisha opined that controlling the inflation rate is the biggest challenge in the current scenario. She recommended introducing effective reforms in the tax system. In her discussion, Dr Bidisha shed light on the adverse effects of the burden of indirect taxes and limited scope of direct taxes. Pointing out the low level of allocations in social safety net programmes, she recommended expanding the scope and base of the programme. She also recommended initiating special social protection programme for the urban poor. The meeting was attended by researchers, economists, academicians, development experts and journalists. The discussants shared their views, opinions and insights on crucial issues pertaining to the current macroeconomic context of Bangladesh.

Dr Selim Raihan spoke at the regional reference group meeting of UNICEF South Asia



Dr Selim Raihan, Professor, Department of Economics, University of Dhaka and Executive Director, SANEM spoke at the regional reference group meeting of UNICEF South Asia, held in Kathmandu, Nepal during 22-24 May 2022. Researchers, academicians and development experts joined the meeting to discuss the findings, conclusions, and recommendations of the draft overview report of the Responding Today for Tomorrow (RTfT) report series, and their applicability to South Asia's context. The discussion also focused on ways to advance the key areas documented including the identification of channels and entry points in the current political situation and government priorities.