

Merchants' Chamber of Commerce & Industry

Seminar on "Bangladesh's Graduation from LDC : Prospects of Bangladesh-India Economic Engagement" To Celebrate Bangladesh's Graduation from LDC

Monday, 23 July 2018 at 3 p.m. at The Park Hotel, Kolkata

Brief Proceedings

A Seminar on "Bangladesh's Graduation from LDC : Prospects of Bangladesh-India Economic Engagement", was organized by the Bangladesh Deputy High Commission in Kolkata in association with the Chamber on 23rd July 2018 at Park Hotel, to celebrate Bangladesh's graduation from a least developed country to a developing country.

The Seminar was addressed by :

- **Shri Sadhan Pande**, Hon'ble Minister of Consumer Affairs, Self Help Group & Self Employment Government of West Bengal
- **H.E. Mr. Syed Muazzem Ali**, High Commissioner for the People's Republic of Bangladesh, New Delhi, India
- **Mr. Toufique Hasan**, Deputy High Commissioner for the People's Republic of Bangladesh in Kolkata

Other Speakers were :

- **Mr. Sheikh Fazle Fahim**, Senior Vice President, The Federation of Bangladesh Chambers of Commerce & Industry (FBCCI), Bangladesh
 - **Prof. (Dr.) Rajagopal Dhar Chakraborti**, Director, Indian Institute of Social Welfare & Business Management (IISWBM), Kolkata
 - **Dr. Jamaluddin Ahmed, FCA**, General Secretary, Bangladesh Economic Association, Bangladesh
- "We are for total cooperation with Bangladesh", said **Shri Sadhan Pande**, Hon'ble Minister. He referred to the long association between India and Bangladesh, since the days of Late Indira Gandhi and Late Sheikh Mujibur Rahman and spoke about stronger Indo – Bangladesh economic and cultural relations.
 - He said that a stable, democratic and secular Bangladesh would be advantageous to India and vice versa. He particularly spoke about stronger relationship between West Bengal and Bangladesh.
 - He invited Bangladeshi investments in West Bengal and assured all possible support. He also suggested about using Bangladesh oil & gas for Haldia.
- Addressing the House, **Mr. Syed Muazzem Ali**, High Commissioner of Bangladesh said that the graduation of Bangladesh from LDC would fulfill the dream of

Bangabandhu Sheikh Mujibur Rahman of transforming the country into “Sonar Bangla” (Golden Bangladesh).

- He expressed gratitude to India, particularly to Kolkata, for providing all round support and cooperation to Mukti Yuddha (Freedom struggle) and the subsequent development of the country. He spoke about the hallmark of Indo–Bangladesh ties : total trust and confidence between the two countries.
 - He pointed out that Bangladesh had achieved 7% + growth rate. The country which was once considered as ‘bottomless basket’ had become a ‘development miracle’.
 - He said that Bangladesh had achieved all the 3 criteria for graduation. The Gross National Income (GNI) per capita threshold was \$1,230 or above, Bangladesh’s GNI per capita was \$1,610, at the end of 2016–17. The Human Asset Index (HAI) target was 66 or above, Bangladesh’s score was 72.8. The Economic Vulnerability (EVI) target was 32 or below and Bangladesh scored 24.8. At least 2 of these 3 threshold indices should be maintained till the county’s final graduation from LDC in 2024, he noted.
 - He informed about the following growth parameters of Bangladesh from 2009 to 2018:
 - GDP growth rate had been 6.6%, public investment rose to 8.2% from 4.3%.
 - Per capita income rose to \$ 1,752 from \$ 759 & Inflation to 5.8% from 12.3%.
 - Size of budget grew from Tk 89,000 cr. to Tk. 4,64,573 cr.
 - Poverty rate fell to 24.3% from 31.5% & extreme poverty to 12.9% from 17.6%
 - Annual Export increased from \$ 15.6 billion to \$ 34.8 billion
 - Annual Import rose to \$ 47 billion from \$ 22.5 billion
 - He also mentioned about the rising bilateral trade with India, which has crossed 6 billion USD in 2016-17. He invited Indian investment for the 3 exclusive economic zones for Indian investment.
 - Stressing on more connectivity between the two countries, he mentioned about commissioning of Akhaura to Agartala – 18 km railway stretch, which would provide the North east an access to Chittagong port. He said that that by the end of this year, Indians would be able to enter Bangladesh in private cars under BIMSTEC agreement.
 - He said that Indo–Bangladesh visa terms were being relaxed, and 5–year visas were being given to students, senior citizens and students. A Visa Office was being planned at Bagdogra and a new Deputy High Commission office being set up in Chennai, he added.
 - He said that the ‘zero tolerance to terrorism’ strategy by Bangladesh since 2009, had been the hallmark of Indo–Bangladesh cooperation. He also stressed on cooperation in energy sector.
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- ❖ **Mr. Toufique Hassan** said that the Notification regarding Graduation of Bangladesh from LDC was given on 17th March 2018 in New York, incidentally which was the 99th Birth Anniversary of Bangabandhu Mujibur Rahaman.
 - ❖ Referring to the timeline 2017–2024 for graduation from LDC, he said that graduation would mean that Bangladesh would be losing the aid/grants/benefits given to LDCs, to be around \$ 2.7 billion every year. Nevertheless, Bangladesh had been on the growth path and would like to acquire the ‘developed’ country status by 2041, he noted.

- ❖ He observed that Bangladesh would have to have significant developments and resilience to internal & external shocks. Horizons should expand, trading relationship with other graduating countries and new dimensions of Partnership with India should also evolve.
- ✓ **Mr. Sheikh Fazle Fahim** spoke about the strong growth parameters of Bangladesh with GDP growth rate above 6% for the last many years, with 7% + growth in the last 3 years, with service sector being the highest contributor.
- ✓ He spoke about the Vision of Golden Bangladesh, with 8% GDP growth, 24,000 MW of electricity generation and 12.9 million additional jobs.
- ✓ He said that there had been 42% growth in exports over the last 2 years in Bangladesh. The country had been the 2nd largest apparel exporter and 3rd largest fish exporters and would be among the top 3 fastest economy by 2030. There existed 100 economic zones and 100% repatriation of profit.
- ✓ Apparel Readymade Garments exports rose to \$ 30 billion in 2017–18, with the target of \$ 50 billion by 2021, employing 3 lakh women.
- ✓ Other major exports were Leather & Footwear (exporting \$ 1.38 billion), Food Products (Exports \$ 1.18 billion), Ceramics, Jute Goods, Pharmaceuticals and others.
- ✓ He mentioned that the foreign exchange reserves rose to \$ 33.37 billion in 2017–18. Steady garment exports and remittances from Bangladeshis working overseas - the key drivers of the country's more-than \$250 billion economy - had helped foreign exchange reserves grow steadily in recent years. The level of remittances also rose to \$ 14.89 billion in 2017–18.
- ✓ On Information Communication & Technology, (ICT), he spoke about Vision 2021. Bangladesh was the 4th emerging country in South Asia and 57th globally, with 1st communication satellite launched and preparations on for 2nd & 3rd. On Internet penetration, there are 87.79 million users. Regarding cell phone use, around 90% of population use mobile phones with a target of reaching 100% by 2020.
- ✓ On demographic dividend, 65% people had been below 45, he said.
- ✓ On investment in Bangladesh, he spoke about liberal FDI policy, investment related economic zones, 100% foreign equity and no ceiling on foreign or local investment.
- ✓ On tax exemption, 1st 2 years :100%, next 2 years: 50% and next 1 year: 25%.
- ✓ Bilateral trade with India was \$ 6.8 billion in 2016–17, with \$ 0.67 billion to India, mainly apparel & food and \$ 6.16 billion from India, primarily textile, machineries, chemicals etc., with a target of reaching \$ 10 billion in the next 2 years. The areas of cooperation could be : Textiles & Apparel, Research & Development, Tourism, IT & ITeS, Smart Cities, Fintech, Business Process Reengineering & H R capacity.
- ✚ **Prof. (Dr.) Rajagopal Dhar Chakraborti**, Director, Indian Institute of Social Welfare & Business Management (IISWBM), Kolkata said that 'a silent revolution' took place in Bangladesh, which got a formal recognition by the UN. Bangladesh had evolved as a country, which could no longer be ignored.

- ✚ On 'zero tolerance towards terrorism' policy of Bangladesh, he mentioned that the country had a commitment to stay terror free for human development.
 - ✚ Referring to the health and social parameters, he pointed out that maternal mortality and literacy rate of Bangladesh had been better than India. 40% of Indian population still would go for open defecation, in Bangladesh, it is 0%. Enrolment percentage of girls in schools had been higher in Bangladesh than in India.
 - ✚ He said that Bangladesh would have to sustain for long on the development path and the key to success would be a stable leadership. The Government would have to be strong to contain terrorism and corruption, otherwise the fruits of development would be taken away by unscrupulous people. Bangladesh scored only 20/100 on corruption, having 148th position out of 180 countries. While India's position was 80th out of 180 countries, that of a small country like Bhutan was 26, scoring 80/100 in controlling corruption, he added.
 - ✚ He dwelt upon another important issue, that of debt trap, which should be avoided by the country, he said that Sri Lanka was led into a debt trap in the name of creation of infrastructure. He observed as the economy grew, there would be market attraction to 16 cr. population, which should not be counterproductive.
- **Dr. Jamaluddin Ahmed** said that Bangladesh, the—then East Pakistan had to pay a very high price during the Liberation, around 3 million people were killed and 6 million houses were burnt by West Pakistan. He spoke highly about Indian support for Bangladesh, including food and shelter for 10 million Bangladeshi refugees.
 - He dwelt upon free flow of business activities between the two countries and identified the certain areas for further cooperation viz.: Education, Health care, Infrastructure, IT & Communication Technology, Removal of fiscal Barriers, Anti Money, Anti money laundering and others.
 - He observed that Bangladesh could be a major power hub soon. With the current power generation at 16,000 MW, the target had been 24,000 MW by 2021.
 - Increasing penetration of electronic payments system had benefitted Bangladesh, with over 10,000 bank branches using online system of payments.

Earlier, in his Welcome Address, **Mr. Ramesh Agarwal**, President MCCI congratulated the Policy Makers and Industry Leaders of Bangladesh for the significant achievement regarding graduation from LDC status. He said that the LDC category was introduced by the United Nations in 1971, and Bangladesh was the only country that met the criteria for graduation including GNI per capita, Human Assets Index, and Economic Vulnerability Index. This graduation would bring in a lot of opportunities for the country. However, there would be quite a few challenges, overcoming which would be critical for a smooth graduation process.

The Seminar ended with a hearty Vote of Thanks by **Shri Vishal Jhajharia**, Senior Vice President of the Chamber.

Munmun Banerjee
Assistant Director General