Independent Review of

iRBD

Bangladesh's Development

বাংলাদেশের উন্নয়নের স্বাধীন পর্যালোচনা

CPD's Recommendations for the National Budget FY2021-22

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CENTRE FOR POLICY DIALOGUE

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The CPD IRBD 2021 Team alone remains responsible for the analyses, interpretations and conclusions presented in this report.

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Section 1. Introduction

Introduction

- The national budget for FY2021-22 (FY22) is being prepared in the backdrop of a number of disquieting developments in the economy:
  i. Weak performance of FY21 budget implementation
  ii. The persistence of adverse impacts of the first wave of COVID-19
  iii. Continuing stagnation in private investment
  iv. The second wave of the COVID-19 pandemic
  v. Failure of the external sector to pick-up
- FY22 budget will need to address these as also the medium-term fiscal reform issues with a view to making a recovery sustainable
- In this backdrop, the Centre for Policy Dialogue (CPD) has proposed a number of fiscal budgetary measures and initiatives, keeping in the purview the upcoming FY22 budget

Section 2. Macroeconomic Policy Stance

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Brief overview of the macroeconomic scenario in FY2021

- As the country is passing through the second wave of the pandemic, the policymakers, once again are posed with the challenge of maintaining a balance between the lives and livelihoods
- The official GDP growth of 5.2% in a pandemic year was not so unsatisfactory, particularly because almost all other countries have experienced much more lower if not negative growth
  - The government had projected a growth rate of 7.4% for FY21, which was a highly optimistic projection
- During the first six months (July- December) of FY21, both revenue mobilisation and public expenditure have shown lower uptake compared to the same period of the previous fiscal year
  - It is unlikely that the target will be fulfilled during the next six months of FY21
  - Some of the underlying weaknesses in institutional structure need to be strengthened through urgent reforms

Brief overview of the macroeconomic scenario in FY2021

- Public expenditure during July-December of FY21 exhibited a downward trend, for both the ADP and non-ADP expenditures
- Lower public expenditure, in the backdrop of the revenue mobilisation during this period, has led to a lower budget deficit as of December 2021 compared to that of December 2020
- It is good that the agriculture sector has remained resilient during the pandemic
- However, the external sector has shown a mixed performance in FY21
  - Following the outbreak of the pandemic in March 2020, exports had experienced a drastic fall due to demand collapse and more particularly the cancellation of readymade garments (RMG) orders by the global brands and buyers. the situation has however, improved slightly towards the later part of 2020 and beginning of FY21
  - Also, import continues to be sluggish for both intermediate imports and capital goods imports
  - Due to higher remittance flow, the balance of payment situation improved significantly during July-December of FY21 compared to the same period of FY20

Macroeconomic stance for the FY2021-22 budget

- The Ministry of Finance (MoF) will have to plan for higher public expenditures for addressing the affected people and sectors of the economy on the one hand, and mobilise adequate resources to undertake such expenditures, on the other
- CPD reiterates the need for an expansionary macroeconomic stance in the budget for FY22 which accommodates the needed additional public spending
  - While this will imply pursuing higher fiscal deficit in the FY22 budget, this is the appropriate policy stance in the current circumstances
    - The MoF will have to design deficit financing in a prudent way so that any likely inflationary pressure is contained
    - The government should put more efforts for higher foreign aid to underwrite the fiscal deficit
  - Increased budget deficit should be justified by prudent reallocation and reprioritisation of public expenditure needs in FY22

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Macroeconomic stance for the FY2021-22 budget

- The upcoming budget will also have to allocate resources in a way which would address needs of both the immediate and the recovery phase
  - In the immediate term, it will need to focus on health risk mitigation and ensuring food security through expanded safety nets
  - In the recovery phase which should be pursued parallelly, the budget will have to make allocations and undertake measures in view of the demands of entrepreneurs, enterprises, businesses and commerce
- The urgency of improving the implementation capacity of the relevant ministries and departments related to the health sector cannot be over emphasised
- Higher allocation for social protection in the FY22 budget is critically important
- The budget for FY22 should allocate adequate resources for digital support and technologies for continuing education at educational institutions across the country

Section 3. Revenue Mobilisation

Revenue Mobilisation

- Despite reeling from the shocks of the COVID-19 pandemic, total revenue collection posted a respectable growth of 8.6% during Jul-Dec of FY21
  - Thanks to a whopping 40.2% growth in non-tax revenue earnings
- Although some improvement is visible, it is still inadequate to attain the highly ambitious targets set in the budget for FY21
  - A staggering 74.2% growth is required for the remainder of FY21 in order to achieve the total revenue mobilisation target

Table: Revenue mobilisation growth scenario up to December FY21 (in %)

Particulars	BFY20	AFY20	BFY21	Jul-Dec FY20	Jul-Dec FY21	Required Jan-Jun FY21
Tax Revenue (a+b)	50.5	-2.3	56.3	5.7	4.0	105.3
a. NBR Tax	48.9	-1.7	53.6	6.0	4.8	98.7
b. Non-NBR Tax	97.5	-19.0	152.4	-1.5	-18.7	425.2
c. Non-tax Revenue	45.5	63.1	-21.9	9.9	40.2	-58.6
Total Revenue (a+b+c)	50.0	4.4	43.7	6.2	8.6	74.2

Revenue Mobilisation

- The fiscal framework for FY22 will need to take cognisance of the pandemic's short-term impacts as also the medium-term repercussions
    - Growth of export earnings is in the negative terrain
    - Growth of import payments is rather subdued
    - Further slowdown of economic activities is apprehended due to the recently imposed nationwide 'strict lockdown'
- All these will likely put under risk even the current slow pace of recovery
- Consequently, any significant uptake in revenue mobilisation is also highly unlikely
- MoF needs to be prudent and take into account the medium-term impacts and outcomes of policy measures while introducing or adjusting fiscal measures and allocating budgets to specific sectors

Revenue Mobilisation

- The revenue mobilisation strategy for the FY22 budget should be designed considering the following four approaches:
  I. Instead of setting ambitious targets which may miss the annual target by a significant margin by the end of the fiscal year, the targets for revenue mobilisation should be set in a realistic manner taking cognisance of the potential shortfall in FY21
  II. Immediate term readjustments in tax provisions should be made considering the urgency of both addressing the risks and mitigation of the vulnerabilities. In order to extend support to economic recovery over the medium term, persuasion of fiscal policy should be made in a judicious manner. There must be a clear demarcation between short-term and medium-term measures
  III. As introducing new taxes or raising tax rates may be difficult, more emphasis should be given to the enforcement of tax measures and curbing tax evasion
  IV. Implementation of medium-term reform plans should receive high priority on the part of policymakers

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Revenue Mobilisation

- In light of the aforementioned strategies, the following recommendations may be considered while formulating the budget for FY22:
  - In the FY21 budget, personal income tax rates were reduced. Providing benefits to monthly income earners of Tk. 4 lakh and above clearly went against the cause of promoting tax justice at a time when the resource was scarce. The budget for FY22 should correct this by reinstating the highest tax rate to 30%
  - Reduction of the corporate income tax rate from 35% to 32.5% for non-publicly traded companies and reduction of withholding tax from 1.0% to 0.5% on all types of export proceeds, including those of the RMG enterprises, introduced in the budget for FY21, are two provisions which may be continued in FY22. Also, given the crisis inflicted by the COVID-19 pandemic, tax holiday facilities for the seven newly emerging manufacturing sectors earmarked in the FY21 budget, alongside the existing 26 sectors, should not be discontinued in the upcoming budget

Revenue Mobilisation

- Exemption of import duties and taxes related to health services which were introduced in the FY21 budget should be continued in FY22. Medicines for COVID-19 treatments which have to be imported should also be tax-free
- With the food grain stock being the lowest in recent years, the government needs to put particular focus on ensuring food security for the low-income people. For the FY22 budget, reduction of import-related tariffs (such as advance income tax and VAT) on essential food items (such as onion, lentil, garlic, ginger and soybean oil etc.) should be considered
- For education and business purposes, the necessity and usage of mobile internet based services have increased substantially in the backdrop of the pandemic. In view of this, the government should withdraw the existing 15% supplementary duty, and the 1% surcharge levied on mobile internet while keeping the prevailing rate of VAT at 5% unchanged
- A medium-term plan should be formulated as regards phasing out the various tax exemptions provided during the pandemic. Stakeholder consultations should be an integral part of formulating this plan

Revenue Mobilisation

- A viable completion timeline should be introduced, or at the least chalked out, for reforms that are under consideration, such as the Customs Act and Direct Tax Act, in the budget for FY22
  - Doing so will enable the implementation process to start early
- In view of Bangladesh's LDC graduation in 2026, obligations and compliance requirements as a developing country should be identified, and gradually reforms in the taxation system should be put in place
- Digitalisation of the revenue mobilisation process can be improved through an e-TDS system for which CPD has been advocating for a number of years. The introduction of the e-TDS system will enable NBR to issue tax certificates against an e-TIN linked to the 'tax-deducted-at-source (TDS)' collection system, thus making the evasion of TDS difficult
- The present system of mere submission of TIN number for license/registration etc. should be replaced (at least in selective cases) by the requirement of submission of tax token for the most recent years

Revenue Mobilisation

- CPD would like to reiterate its earlier proposals urging the NBR to initiate wealth and property tax in Bangladesh. Introduction of an inheritance tax, informed by global best practices, may also be taken into account
- CPD would like to recommend that NBR introduces taxes for proxies for pollution, by tax region, in alignment with what was mentioned in the "Public Financial Management (PFM) Action Plan 2018-2023 to implement The PFM Reform Strategy 2016-2021"
- The provision of whitening of black/undisclosed money facility through voluntary disclosure of undisclosed income should be discontinued in the budget for FY22
- A mechanism should be put in place to contact relevant entities who are registered in the system but do not submit tax returns and also those who are registered and submit returns but do not actually pay any taxes
  - Phone calls, SMSs and emails may be helpful in this regard
  - Such a mechanism can be set up easily using the e-TIN database

Revenue Mobilisation

- As envisaged in the PFM Action Plan 2018-2023, NBR should launch a comprehensive on-line payment system for VAT, income tax and customs together with an interface with iBAS++
  - Also, harmonisation and taxpayer data sharing across various wings of the NBR should be ensured at the earliest
- As per data from international sources, the major part of Bangladesh's illicit financial outflows is on account of trade mispricing. Transfer Pricing Cell (TPC) of NBR, Bangladesh Financial Intelligence Unit (BFIU) and Customs Intelligence and Investigation Directorate (CIID) should work closely to deal with trade-based money laundering. For effective implementation of the responsibility of the TPC, the national budget for FY22 should ensure adequate allocation for technical and human resources and forensic investigation capacities

Section 4. Deficit Financing

Deficit Financing

- At a time when the government should opt for increasing public expenditure to accelerate economic recovery, it appears to have taken measures that are not commensurate with the needs of the time
- As of Dec FY21, the overall budget deficit excluding grants stood at Tk. 8,408 crore
  - Significantly lower than the deficit that prevailed in Dec FY20 (Tk. 35,751 crore)
- Both ADP expenditure and non-ADP expenditure have seen downward trends for the Jul-Dec period of FY21
- The budget deficit was financed mainly by domestic borrowing, although foreign borrowing also exhibited a considerable increase during Jul-Dec of FY21
  - Within domestic borrowing, both bank and non-bank sources experienced downward trends
  - Compared to the corresponding period of FY20, sales of NSD certificates have shown a growth of 256.9% during the first half of FY21

Deficit Financing

- As the second wave of the pandemic has forced the government to opt for a nationwide lockdown, there is a need for increased public expenditure to support the affected marginalised people in the country
- Indeed, this is a high time when public expenditure should dictate the fiscal framework
- The budget deficit may be financed with higher borrowing
- With the lower outstanding public debt, Bangladesh can certainly afford a higher budget deficit if the budgetary allocations are made where they are needed the most

Deficit Financing

- In view of the previous discussion, the following proposals may be considered for the upcoming FY22 budget:
  - Although Bangladesh has already received significant commitment as regards external funding support from different multilateral and bilateral sources, disbursement of the funds has been lagging behind
    - It is important for the government to pay special attention to ensure speedier disbursement of this pledged fund. To this end, the government should ensure a fast pace in preparing project proposals, receiving the Executive Committee of the National Economic Council's (ECNEC) approval and conducting final negotiations. In the upcoming budget, the government needs to look deeper into the process of fund disbursement from external sources
  - In particular, supports received for emergency assistance for health sector projects need to be implemented on an emergency basis, in the backdrop of the pandemic second wave of the pandemic
    - The budget for FY22 needs to give equal importance to receiving funding opportunities and ensuring proper use of the funds

Deficit Financing

- ❑ In view of the current trend, the government may need to increase the budgetary target set for sales of NSD certificates for financing the deficit in the budget for FY22
  - ➢ However, existing regulations related to the sale of NSD certificates (e.g., purchasing limit, the requirement of e-TIN and NID while purchasing, interest rate etc.) should be kept unchanged and properly enforced
- ❑ Bank borrowing should provide the residual amount required for budget deficit financing. As the banking system currently has a substantial amount of excess liquidity, commercial banks should be able to serve the required borrowing; stepping in by the central bank is unlikely to be required
  - ➢ The risk of inflationary pressure will also be low

Section 5. Public Expenditure

Public Expenditure

- Public expenditure under the national budget for 2021-22 should highlight four areas

  (a) ensuring better health facilities for covid patients

  (b) enhancing social safety net programmes for poor, new poor and marginalised people

  (c) raising allocation for employment-enhancing infrastructure development projects; and

  (d) supporting agriculture, SMEs and export-oriented industries for their recovery and thereby keeping the existing jobs

- The policymakers should prioritise three 'R's while preparing the next budget:

  (a) readjustment

  (b) recovery; and

  (c) reforms

Health Sector: Major Recommendations

(a) Proposals for the health sector: ensuring better health facilities for covid patients

- The ministry of health and family planning (MoHFP) is one of the poorest performers in terms of implementation of ADP
  - 7th from the bottom out of 57 ministries/divisions (till March, 2021)
- The national budget for FY22 should take two-pronged approaches

  (a) faster implementation of the ADP projects by maintaining quality and standard

  (b) Enhancing the ability to spend more to implement important projects
- The budget allocation for the HSD should be increased to spend the amount by addressing its internal weaknesses and challenges as regards the slow pace of utilisation of funds.
  - The additional allocation needs to be utilised for expanding treatment facilities for covid patients across the country (i.e. setting up isolation units with necessary treatment facilities, oxygen supply, increasing the number of ICU beds and required facilities).

Health Sector: Major Recommendations

- Given the allegation of corruption in public procurement (TIB, 2020), the overall tendering process in the health sector needs to be made more transparent, competitive and efficient
  - The MoHFP should set a specific timeline for each project for completion of procurement related activities
- Government should utilised have the necessary funds ready to procure vaccines from different sources, at the earliest.
  - Discussion with different sources of vaccines (GAVI, Russia, China, India, England and USA) need to be carried out
- Considering the limited success against new strain of virus, necessary preparation for domestic supply should be made for the next two/three years
  - The ongoing discussion as regards local production of vaccines, in collaboration with foreign companies (e.g. producers in Russia), and
  - Creating storage facilities of vaccines under the six-country South Asia cooperation led by China, for use locally and within the regional countries, need to be finalised.
  - Public procurement from other sources (e.g. GAVI) needs to be given equal importance.

Health Sector: Major Recommendations

- The fund (Tk.1.4 billion) earmarked for providing incentives to health workers and professionals engaged in treating covid patients should be released immediately
  - 92.3% of total eligible health professionals and workers) are yet to receive the incentives.
- To promote covid treatment facilities in the private sector subsidised credit may be extended
  - For setting up necessary infrastructural facilities such as oxygen supply, increasing number of ICU beds and setting up ICU units in different private hospitals/clinics across the country.
- Necessary allocation should be made in HSD's revenue budget to recruit nurses, healthcare staff, doctors and volunteers for different public hospitals
  - Both within and outside major cities in order to treat covid related patients

Social safety net: Major Recommendations

- SSNPs have played an important role in mitigating the sufferings of marginalised people during first lockdown
  - GoB has allocated Tk.10,683 crore and Tk.1,200 crore for SSNPs under first and second stimulus package, respectively
  - Most of the funds were not disbursed immediately
- There have several reasons for the slow progress in SSNP activities. Such as:
  - Inadequate list of beneficiaries
  - Missing out the targeted people (informal workers, vulnerable people of coastal areas and returnee migrants)
  - 'Inclusion-exclusion' bias without having a proper database
  - Over-reliance on government-based system in beneficiary selection process (politically-biased, nepotism etc.)
- During the second lockdown, the sufferings of the poor and marginal people have further accentuated

Social safety net: Major Recommendations

- In view of these, following points should inform the work to be done:
  - A comprehensive listing of all beneficiaries will be required
    - ✓ Publish a weekly report on the information of distribution of support in terms of locations, amount and type of beneficiaries to ensure transparency.
  - Increase the allocations under the various SSNPs and distribute across the country
    - ✓ Primacy on the poor, new poor and the marginalised people in this allocation.
  - Include the remaining people outside of the list
    - ✓ Urban-based petty traders, hawkers, self-employed, transport workers, floating people, LGBTQ people, ethnic minorities, and so on.
    - ✓ Involve local level organisations (NGOs, CBOs and CSOs) to identify and list of these people.
    - ✓ Provide adequate cash and in-kind support to these people

Social safety net: Major Recommendations

- Implement SSNPs for prolonged period due to adverse economics situation
  - ✓ Develop two-year targeted SSN programme for poor, new poor, VGP and special need.
  - ✓ Extend the support several times in a year through MFS/banking and other means.
  - ✓ Construct the database of these people with necessary information (NID)
  - ✓ Update the information about the poor, new poor, marginalised people, VGP and others on a regular basis.
- Consider introducing unemployment benefit and unemployment insurance schemes
  - ✓ Provide the benefit and insurance based on various categories of vulnerable people
  - ✓ Development partners, IFIs and international commercial banks should underwrite these program (fully or partially). EU-based support measures would be helpful.
  - ✓ Introduce 'health and risk allowance (HRA)' for the emergency service providers and other frontline workers and professionals
  - ✓ Introduce innovative SSNPs like 'harmonised social cash transfer (HSCT)' for ultra-poor people as initiated in other countries (e.g. Zimbabwe)

Social safety net: Major Recommendations

- Research indicates that the following positive impacts of investments in quality early childhood programmes:
  - Prevent the achievement gap
  - Improve health outcomes
  - Boost earnings
  - Rate of return
- At the same time, children's welfare call for addressing attendant challenges from multidimensional perspectives
- Regrettably, child budget has not been mentioned as a separate item in FY21 budget
  - As a percentage of total budget, share of child budget has remained almost the same between FY17 and FY20
  - Allocations for social safety net programmes (SSNPs) which are designed for child development has remained the same in FY20 and FY21
- CPD has earlier tracked 19 SSNPs which were designed for child development
  - Of these allocation status of 15 child centric SSNPs are as follows: budget increased: 6; budget decreased: 4 and budget unchanged: 5
- A report prepared in 2018 by the MoF entitled "Blooming Children: Prosperous Bangladesh" argued that if the child budget report comes out along with the national budget, the rights and requirements of children will receive due importance from all concerned stakeholders"
- CPD urges MoF to publish Child Budget along with the budget for FY22

Support for Agriculture, CSMEs and Export-oriented Industries

- Unlike the first wave of the covid pandemic, the second wave has brought a number of new challenges for the agriculture sector
  - These include damage to paddy production due to blast disease and heat wave in a number of districts, the lowest amount of public food stock in last 13 years
  - The volatility in the agriculture product market has caused inflationary pressure in recent months
  - The lowest public food stock in 13 years (only 4.62 lac m. ton)
- The disbursement of stimulus package for the agriculture sector (Tk.23920 crore) was not up to the mark
- Considering the loss of crop (approx. 0.1 mil tn) due to heat shock, the government has allocated Tk.42 crore for the affected farmers.
  - The ministry of agriculture should identify the 'actual' farmers who lost the crops and take steps to disburse the fund properly
  - However, the amount of support is very low (Tk.4.2 per kg of paddy) considering the market price of paddy Tk.32-34 per kg) and not adequate to compensate
    - In order to meet the loss suffered by the farmers (about Tk.330 crore), the MoA should discuss with the Finance Ministry to further raise the allocation.

Agriculture: Major Recommendations

- Given the volatility in farm income over the last one year, the repayment period of agriculture loans distributed under the stimulus package, should be extended to three years
- Given the poor performance of procurement of boro in FY21, necessary funds need to be allocated to incentivise procurement price and stimulate procurement (through hats & bazars) in order to encourage farmers to sell to the government.
- With a view to reducing the production cost of crop, non-crop, fisheries and livestock sub-sectors, import of the different raw materials should be waived from advance income tax (AIT)
- Government should make necessary allocation for timely implementation of two irrigation projects based on solar power (project completion years: 2022 and 2023).
  - Ministry of agriculture should seek funds for taking more projects to popularise solar power-based irrigation facilities across the country.

Agriculture: Major Recommendations

- Given the significantly large number of unemployed people, MoA should design and seek funds for implementing a special project for creating employment opportunities
  - This can be done by providing training, low-interest credit and marketing support facilities for different types of agriculture products, agro-processing and other support services.
- Government should continue allocating funds for extending farm mechanisation during the pandemic period
  - This will contribute to reduction of production cost and also take care of the limited availability of farm workers,

SME: Major Recommendations

- Small and medium enterprises have been most affected during the first wave of Covid-19 and also afterwards; their challenges continue as Bangladesh suffers from the ongoing second wave of the pandemic
- Considering the vulnerabilities suffered by the SMEs, government had allocated Tk.22,000 crore under the first stimulus package;
  - The rate of disbursement was slow compared to other stimulus packages. As of April 11, 2021 about 68% of the dedicated fund has been disbursed
- Gender-wise disaggregation shows that 94% of the beneficiaries of loans under this package were male and only 6.0% were female (CPD, 2021)
  - The allocation for female entrepreneurs was above the minimum targeted amount (5.7% of total allocation of funds against the target level of 5%)
- Apart from this, the government has rolled out a fresh stimulus package of Tk.2700 crore to boost cottage industries and the SMEs
- In March, 2021 Bangladesh Bank released a policy in support of the startups under the special funding facility of Tk.500 crore
  - Banks could set up their own start-up funds with 1% of their operating profit. Out of this fund, 10% of this fund should be allocated among women entrepreneurs.

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SME: Major Recommendations

- It is important to ensure speedy disbursement of the subsidised credit among eligible SMEs.
  - Banks specialised on SME financing should be allocated more funds to disburse credit not only to their existing clients but also to new borrowers.
  - Banks should explore innovative approaches to disburse credit for SMEs – these could be done through
    - Selection of new borrowers with recommendations of business associations, local business samities/trade bodies and MFIs.
    - Banks could also consider disbursing a part of their credit to SMEs through MFIs as well
- A database of all categories of enterprises including MSMEs need to be prepared on an urgent basis
  - This database should include information on registration of businesses, location of business, number of employees, types of products produced, yearly turnover and payment of official fees and taxes (including VAT) etc.
  - Initially, these database could be prepared based on the datasets available with the various public and private organisations

SME: Major Recommendations

- Based on the database, fiscal and monetary policy support could be directly extended to the enterprises

- Given the level of vulnerability of SMEs, the loan repayment period for SME loans, under the stimulus package, needs to be extended to three years
  - This is similar to what is allowed to the export-oriented sectors
- Since the pandemic has disproportionately affected women entrepreneurs, a separate stimulus package needs to be introduced in support of women entrepreneurs (CPD, 2021)
  - In this backdrop the package should provide fiscal and monetary policy support including waiver from paying registration fees, VAT and electricity bills for a limited period of time
  - Enterprises located across the country should also be eligible for subsidised credit

Export Oriented Industries: Major Recommendations

- Export-oriented industries had started to limp back to pre-covid situation following the first blow of the covid pandemic. This helped recovery of a large number of enterprises.
- It is to be noted that the pace of recovery is different for different categories of enterprises (e.g. RMG enterprises as mentioned in Moazzem et al. (2021)
- Amid the second country-wide lockdown the GoB has decided to keep the industries functioning
  - As the industries have started to recover, countercyclical fiscal measures are likely to be no longer required
- Export-oriented industries need to target new business opportunities which are emerging in view of covid-pandemic
- Given the significant size of the global market for non-cotton based apparel products, the MoC should propose that the MoF introduce a fresh 10% cash incentive for enterprises.
  - Enterprises which will produce 100% non-cotton based apparels will be eligible for this support.
  - This fiscal incentives may be put in place for the next seven years

Export Oriented Industries: Major Recommendations

- The required fiscal expenditure could be accommodated by withdrawing the 1% cash incentive for export of apparels to all markets which is currently in operation.
- Export oriented industries need to be incentivised in order to promote use of renewable energy based power in factories.
  - SREDA through the MoPEMR will request the MoF to provide 5% tax break for factories which generate at least 20% of its total energy requirement by renewable energy (e.g. solar energy)
- Government should undertake a new project with a view to setting up a new leather industrial park exclusively for export-oriented enterprises.
  - All needed facilities as per international standard should be there.
  - Technical support of the Leather Working Group should be sought in this connection
- Government should implement Carbon tax (7% of gross energy expenses) for industries in a phased manner. This will contribute to reducing carbon emission.
  - Companies should be encouraged to set their own road-map for reducing its carbon foot-print by 2030 in light of the SDGs

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Stay Well, Stay Safe

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