



Bangladesh Business Climate Index (BBX) 2022-2023

What is Bangladesh Business Climate Index (BBX)?

BBX is a pioneering initiative taken by MCCI and Policy Exchange in 2021 which aims to capture the voice of the Bangladeshi private sector, especially in relation to the business environment constraints in Bangladesh.

BBX creates an empirical overview of the business-related challenges in Bangladesh, while simultaneously providing the government with a prioritized set of reforms that the private sector seeks.

Unlike other cross-country indices, the Bangladesh local business climate index will look to capture contextual factors affecting businesses in Bangladesh and develop a set of locally nominated problems.

BBX provides a comparative picture of the regulatory landscape across all 8 Divisions across Bangladesh.

The BBX is composed of 10 Pillars which have been modified from academic literature, to suit the local context of Bangladesh. These Pillars aim to capture elements of the local business environment that and the issues faced by businesses and intermediaries in engaging with regulations.

Broad Objectives of BBX



Provide businesses with insights to make informed investment decisions



Prioritize Regulation Streamlining according to private sector's needs



Provide the public sector with information to make better policy decisions



Provide the public knowledge regarding the business environment



Identify and Highlight improvement requirements in the business ecosystem



Provide a detailed picture of Bangladesh business environment.

Relevance of BBX to Bangladesh



Allows country specific context and priorities



Flexibility to adjust as country context evolves



Capture Qualitative data



Measure time and cost indicators



Can integrate views of local small businesses



Stronger Local Accountability



Effective Communication with Government

METHODOLOGY

This has been divided into 2 parts:

1

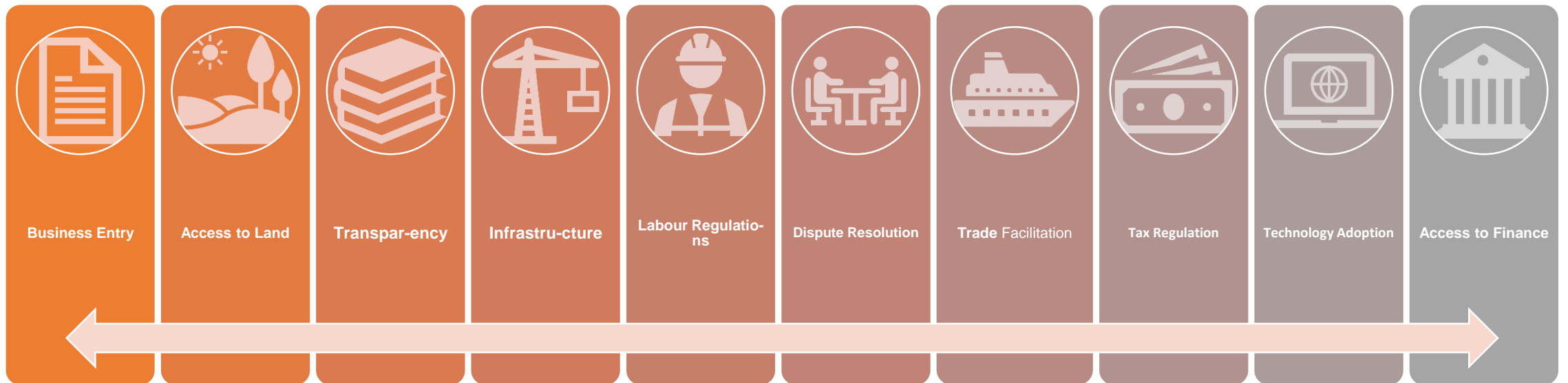
Broad index methodology

2

Survey/sampling methodology

Index Methodology

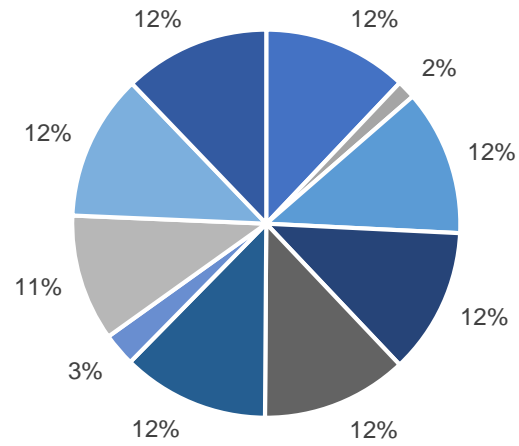
- BBX is based on 10 pillars. These 10 pillars contain a total of 35 sub-indicators which have been used to calculate the index.
- Each indicator is given 10% weight in calculating the index, thus, all ten sum up as 100%



Survey Respondent Profile

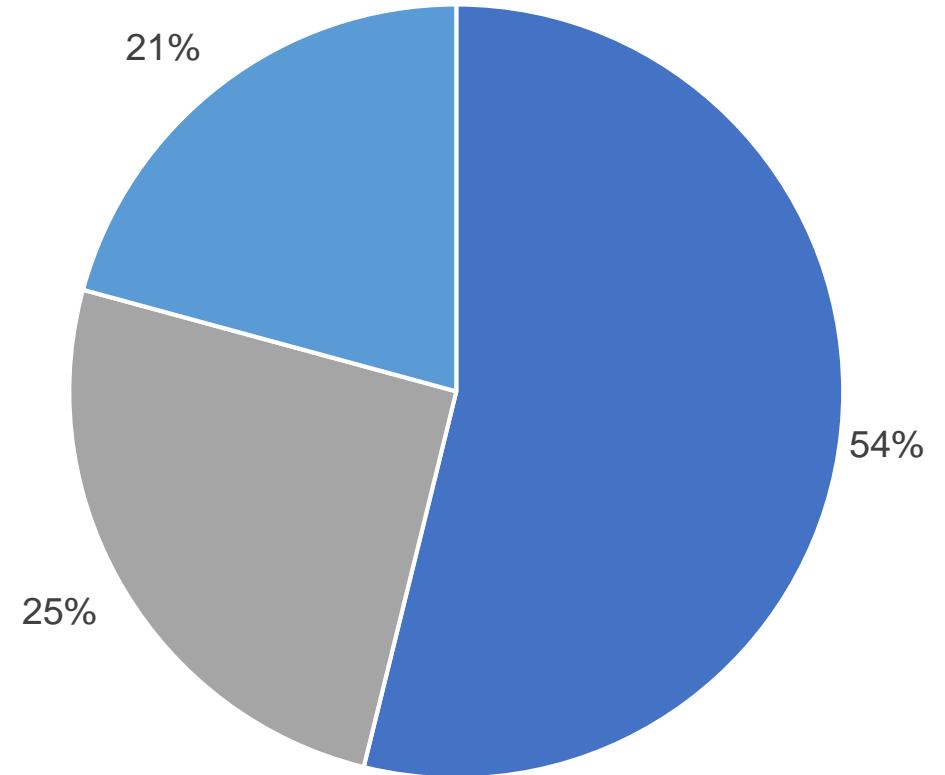
Respondents by Indicator

- Starting a Business
- Access to Land
- Availability of Regulatory Information
- Infrastructure
- Labour Regulation
- Dispute Resolution
- Trade
- Paying Taxes
- Technology Adoption
- Access to Finance



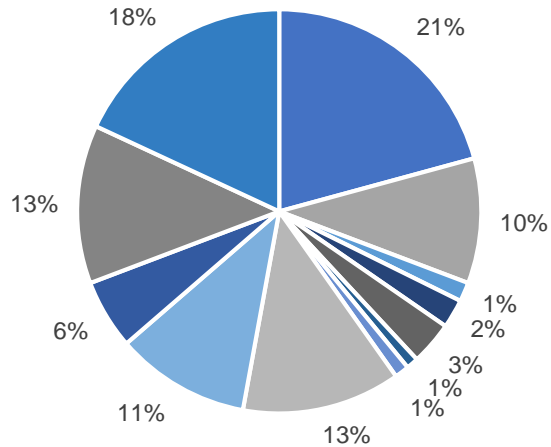
Respondents by Industry Type

- Services
- Manufacturing
- Agriculture



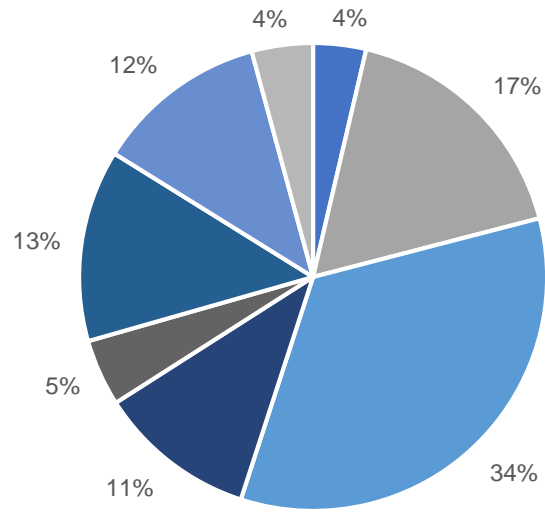
Respondents by Sector

- Agriculture & Forestry
- Construction
- Electronics & Light Engineering
- Financial intermediaries
- Food and Beverage
- Leather & Tannery
- Pharmaceuticals & Chemicals

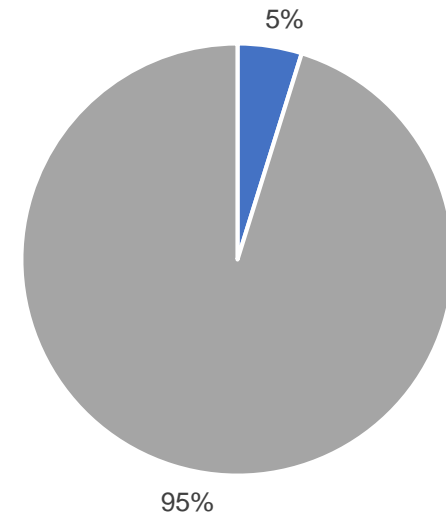


Respondent Profile

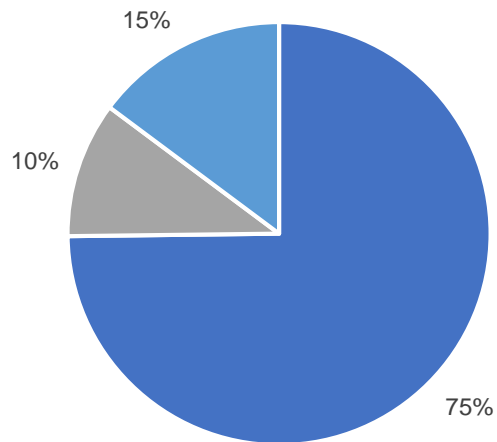
Respondents by Division



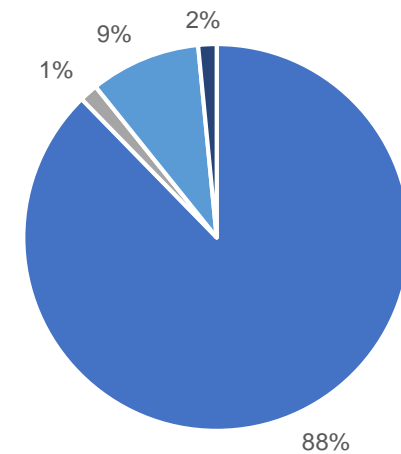
Respondents by Gender



Respondents by Firm Size



Respondents by Ownership Type



- Barisal
- Chittagong
- Dhaka
- Khulna
- Mymensingh
- Rajshahi
- Rangpur
- Sylhet

- Female
- Male

- Small & Micro
- Medium
- Large

- Domestic company
- Foreign company
- Joint venture
- Publicly listed

BBX 2022-23 Expanded Coverage for Outreach and Analysis

Bangladesh Business Climate Index (BBX) introduces a new innovative business environment index for Bangladesh, that is unique in providing private investors and government agencies with timely and detailed data on regulatory and other barriers to doing business. BBX was introduced in 2021 and has been developed for two consecutive years.



Starting a Business



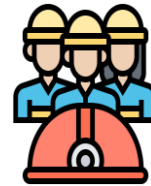
Access to Land



Availability of Regulatory Information



Infrastructure



Labour Regulation



Dispute Resolution



Trade Facilitation



Paying Taxes



Technology Adoption



Access to Finance



518

Qualified Responses Surveyed between July to September 2022

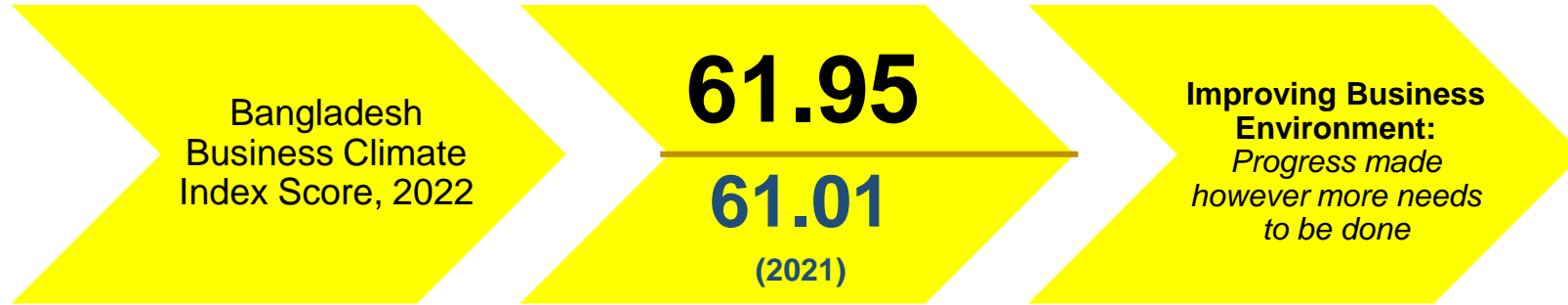


BBX Results: Interpreting the Index Scores

- The overall score distribution was categorized into five categories.
- When compared across years, the score will highlight how much the business environment for local entrepreneurs in an economy has changed over time in absolute terms.

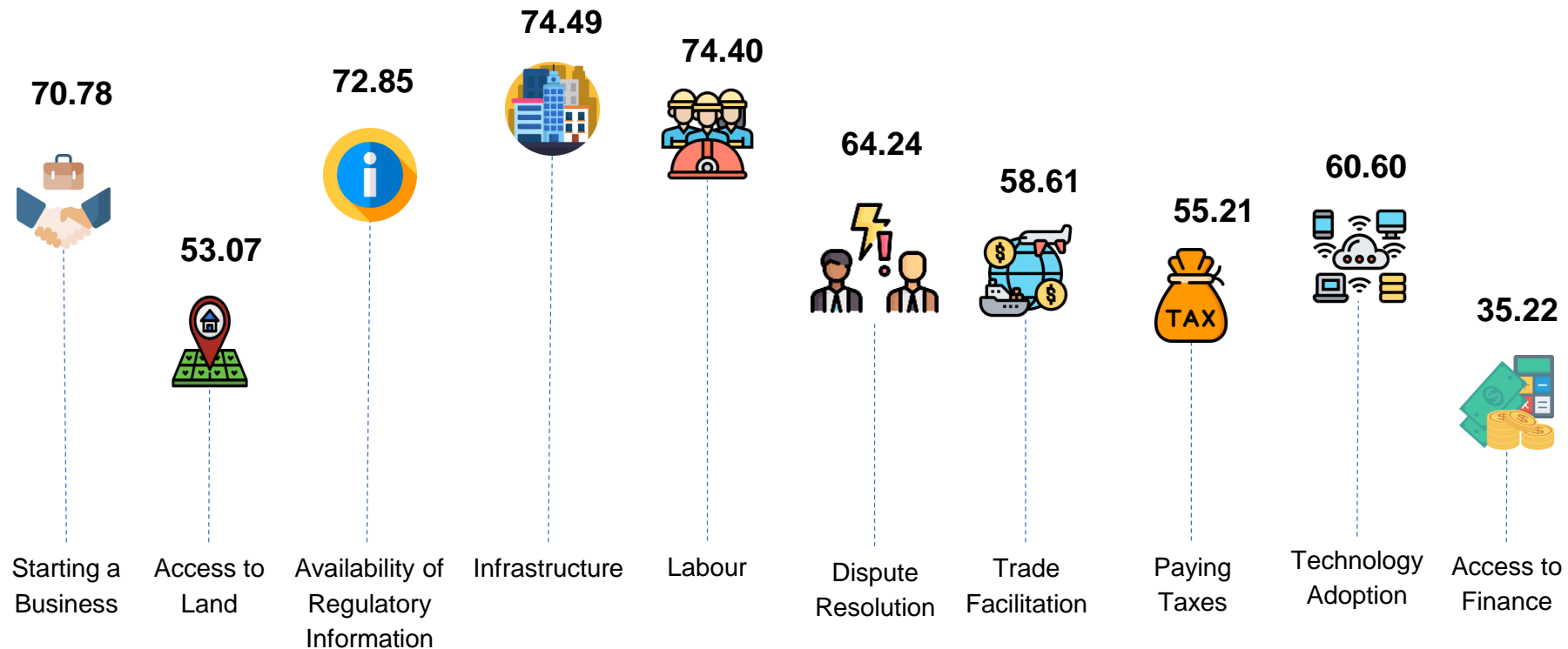
Score	Description
0-20	Difficult Environment for Business: <i>Kick start for reforms needed</i>
21-40	Substantial Bottlenecks remain for Business: <i>Significant reform efforts required</i>
41-60	General Complexities in Business Environment: Regulatory Modernization /simplification required
61-80	Improving Business Environment: <i>Progress made however more needs to be done</i>
80-100	Business Friendly Environment: <i>Continue the momentum</i>

BBX 2022 Results: Insignificant Increase In Overall Score In Comparison to 2021

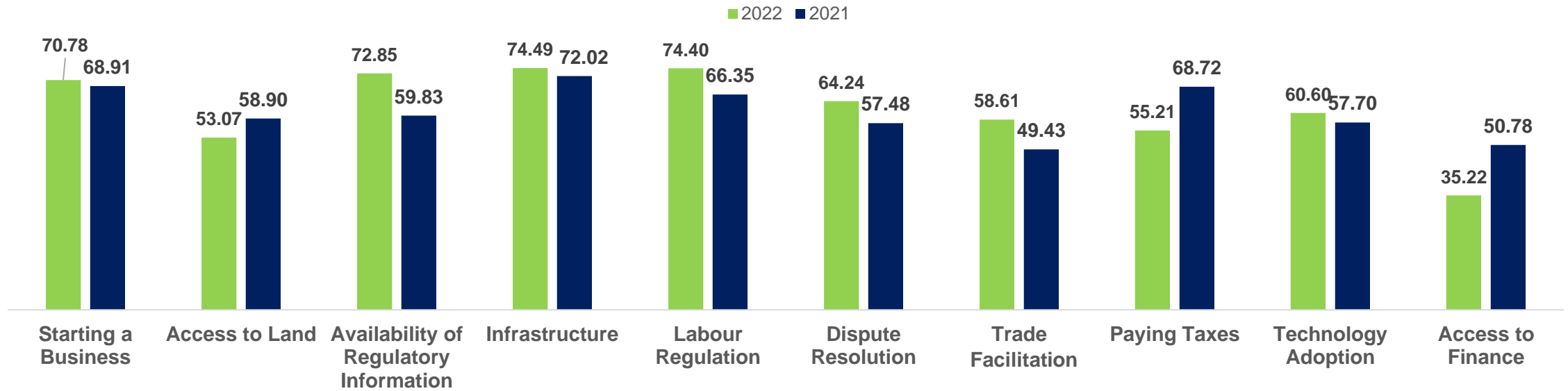


Bangladesh Business Climate Index – Performance by Pillar

Bangladesh Composite Score	61.95	Improving Business Environment: Progress made, however, more needs to be done
----------------------------	-------	---



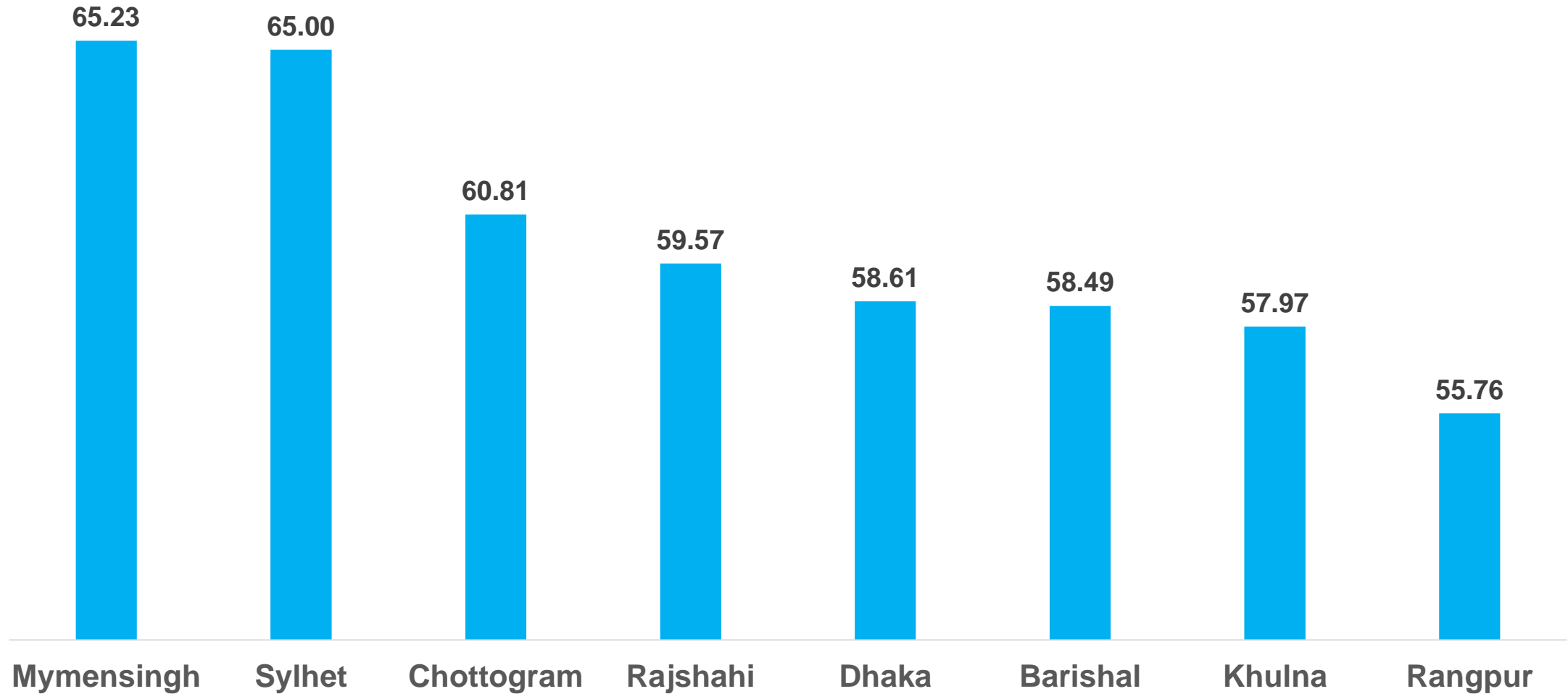
Slight Improvement in Seven Pillars While Large Drop in Three Areas



Pillars	BBX Scores in 2022	BBX Scores in 2021	% Change in Scores between 2022 & 2021	Improvement/Deterioration Compared to BBX 2021
Starting a Business	70.78	68.91	2.72	Improvement
Access to Land	53.07	58.90	-9.90	Deterioration
Availability of Regulatory Information	72.85	59.83	21.77	Improvement
Infrastructure	74.49	72.02	3.43	Improvement
Labour Regulation	74.40	66.35	12.13	Improvement
Dispute Resolution	64.24	57.48	11.75	Improvement
Trade Facilitation	58.61	49.43	18.58	Improvement
Paying Taxes	55.21	68.72	-19.66	Deterioration
Technology Adoption	60.60	57.70	5.03	Improvement
Access to Finance	35.22	50.78	-30.65	Deterioration

Geographic Distribution: Mymensingh Tops and Chattogram Continues to Outperform Dhaka

Business Climate Scores by Divisions













The BBX 2022 score 61.95 only marginally better than the score in 2021 which was 61.01

This reinforces the fact that no significant reform initiatives were undertaken in the past one year resulting in insignificant improvement.



- The aggregate composite BBX score in 2022 is 61.95 which falls under category of an 'Improving Business Environment: Progress Made but Significant Efforts Required'.
- The distance to 100 suggests that more needs to be done for Bangladesh to become a genuinely attractive emerging market.
- Most importantly, reforms to improve port congestion, financial intermediation, excessive administrative paperwork, legal framework, tax regulations, and institutional governance will be paramount.

How Do Different Pillar Areas Fare in Different Sectors

	Name of Pillars	Most Conducive in	Most Difficult in
	Starting a Business	Pharmaceutical & chemicals	Wholesale & retail trade
	Access to Land	Wholesale & Retail Trade	Electronics & light engineering
	Availability of Regulatory Information	Agriculture & forestry	Readymade garments
	Infrastructure	Pharmaceutical & chemicals	Transport, storage & communication
	Labour Regulation	Pharmaceutical & chemicals	Transport, storage & communication
	Dispute Resolution	Leather & tannery	Pharmaceutical & chemicals
	Trade Facilitation	Real estate, renting & business	Textile
	Paying Taxes	Pharmaceutical & chemicals	Leather & tannery
	Technology Adoption	Transport, storage & communication	Textile
	Access to Finance	Construction	Pharmaceutical & chemicals

Key Highlights

BBX 2022 shows that most indicators have a mixed performance, scores vary between 35.22 and 74.49 out of 100.



There is significant dispersion between the best performer (Infrastructure) and lagging indicators (Trade, Access to Land and Access to Finance). Except for Access to Finance, none of the indicators is very high or very low, showing both of successful development path but also of the obstacles facing businesses.

Index results put construction as the one with most conducive environment followed by leather and tannery and food and beverage sectors.



Textiles followed by Pharmaceuticals and Chemical on the other hand point to most difficult business climate owing to factors such as difficult access to finance, low technology upgradation, and trade facilitation measures.

There were no regional patterns; different geographic areas were better in different dimensions of the business environment. D



Dhaka and Chattogram do not emerge as the best places to do business, particularly Starting a Business and Trade Facilitation, suggesting that the urbanization process in Bangladesh has resulted in a gradually improving business climate for many firms outside the two major metropolises.

Challenges varies by sectors, for instance, Food and Beverage sector found trading challenging;



For Wholesale and Retail and Transport, Storage and Communication, the challenge was Paying Taxes; For Textiles it was Technology Adoption; for Electronics & Light Engineering and RMG, it was Access to Land.

Key Highlights



Regarding infrastructure, high logistics cost appears as a major problem.

Majority businesses indicate they found it easy to find transport and logistics services, however they complained of high logistics costs. A World Bank report suggests that logistics cost comprise between 4.5 to 47.9 percent of total sales.



Regulatory predatory behavior is more prevalent in nascent sectors and less organized sectors.

The index results for paying tax show that tax environment is less conducive in emerging sectors such as electronics and light engineering, real estate, construction, and transport, storage and communication.



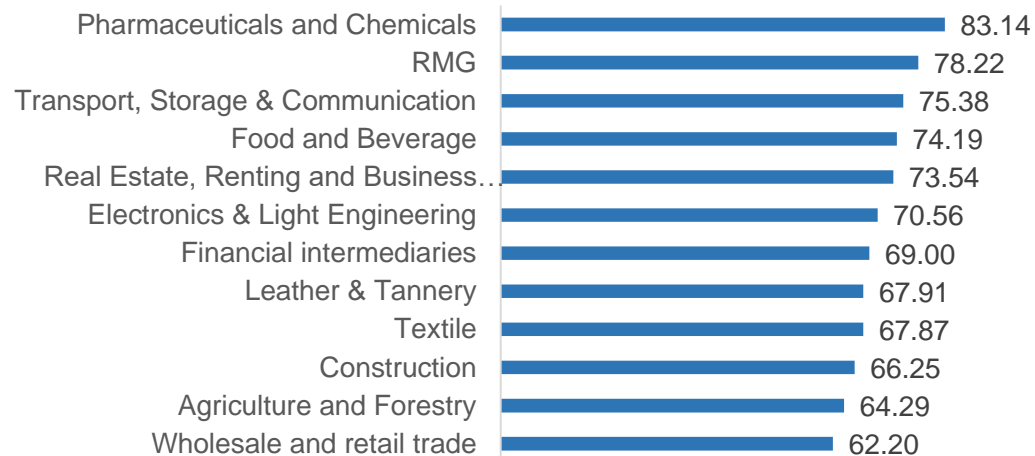
Ability of youth to absorb skills training high and technology-based training delivery system can address the limited access to/availability of formal training facilities.

Majority respondents find it easy to access training materials online across all sectors. This is primarily due to several initiatives rolled out by the NSDA to put online information.

Starting a Business: Level of Informality, Maturity of Sectors , and Global Standards Important Determinant of Business Entry Approvals

No.	Division	Score
1.	Rajshahi	77.11
2.	Rangpur	73.32
3.	Chottogram	73.23
4.	Mymensingh	72.42
5.	Sylhet	71.42
6.	Dhaka	70.21
7.	Barishal	66.64
8	Khulna	64.61
Indicator Score 2022		70.78

Sector Performance



Pillar 1:

Starting a Business

Pillar Score

2022

70.78

2021

68.91

Key Findings

- An investor typically must navigate 23 government agencies to obtain 150 regulatory services that are required for starting and operating a business in Bangladesh.
- Firms in Pharmaceuticals and Chemicals and RMG found it relatively easier to start a business in Bangladesh compared to firms in Agriculture, Forestry, Wholesale and Retail trade. The survey reflects that firms in Rajshahi found it easiest to start a business while firms in Khulna found it most challenging.
- The respondents mentioned that the biggest regulatory challenge facing them while starting a business in Bangladesh was to obtain sectoral licenses as the sectoral regulators make the process cumbersome and time-consuming. About 70 percent of medium and large firms mentioned that they are required to visit more than five different government agencies to obtain approvals for starting a business in Bangladesh implying the considerable regulatory burden on businesses.
- Score in Starting a Business pillar has increased to 70.78 in 2022 from 68.91 in 2021. The survey interviews revealed that because of the COVID-19 pandemic, many government agencies were willing to accept documents digitally/by email which businesses previously were required to submit by hand. This reduced time and costs.

Access to Land: As the service sector grows, dominated by retail businesses, land as a barrier to business becomes less relevant

No.	Division	Score
1.	Dhaka	64.58
2.	Mymensingh	62.19
3.	Rajshahi	57.29
4.	Chottogram	49.79
5.	Barishal	49.69
6.	Sylhet	49.09
7.	Rangpur	48.7
8.	Khulna	42.93
Indicator Score		53.07
Decreased by 5.83 Points since BRX 2021		

Sector Performance



Pillar 2: Access to Land

Pillar Score

2022 **53.07**

2021 **58.90**

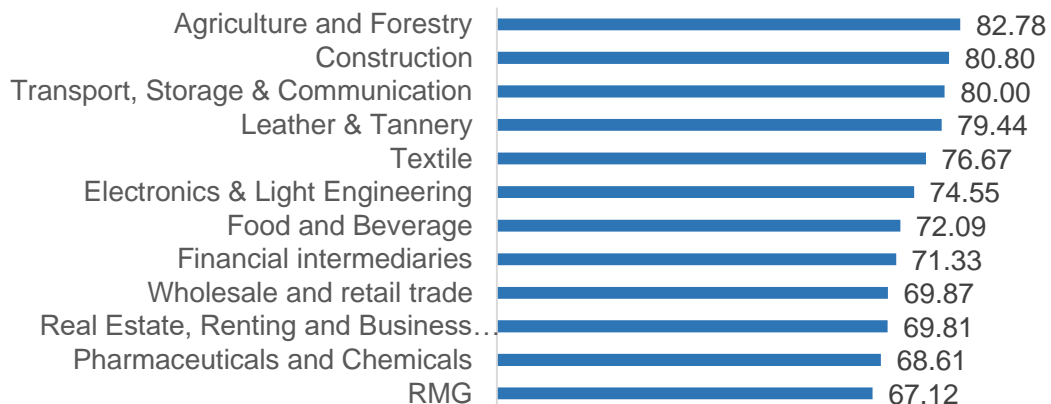
Key Findings

- About 86 percent of respondents mentioned that they experienced bottlenecks in dealing with government agencies while procuring land in Bangladesh.
- Dhaka, Mymensingh and Rajshahi performed relatively better in this pillar than Khulna, Rangpur and Chattogram. It was found that electronics and light engineering sector found it most difficult to obtain land or register property compared to wholesale and retail trade sector.
- Respondents mentioned verifying accurate ownership of property, delay in mutation of land/property are two of the the biggest bottleneck faced by them while procuring land in Bangladesh.
- The survey reflects that score in Access to Land pillar has fallen to 53.07 in 2022 from 58.90 in 2021. Many respondents have said they were required to get several bank drafts since land transactions had to be done through bank drafts which was time consuming. Moreover, land was transacted at high amount implying that banks draft fees were also proportionality high.

Availability of Regulatory Information: There is a disparity in availability of information regarding rules and regulations across local government authorities

No	Division	Score
1.	Mymensingh	77.38
2.	Sylhet	76.81
3.	Rajshahi	75.44
4.	Barishal	73.88
5.	Khulna	69.95
6.	Chottogram	69.25
7.	Dhaka	55.76
8	Rangpur	53.75
Indicator Score		72.85

Sector Performance



Pillar 3:

Access to Regulatory Information

Pillar Score

2022 **72.85**

2021 **59.83**

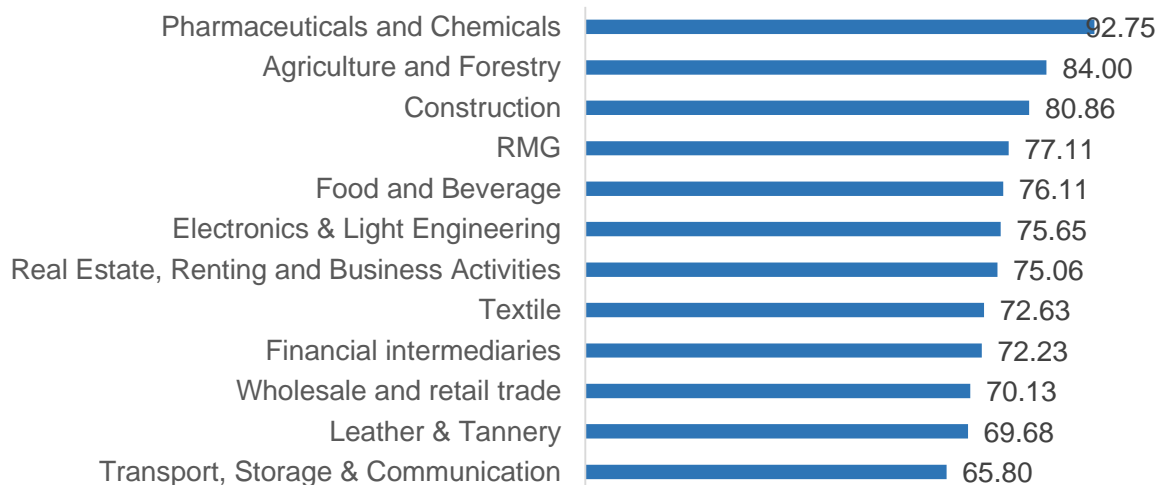
Key Findings

- More than 95 percent of the respondents mentioned that they were aware of all the numerous registrations and renewals for setting up and operating their businesses in Bangladesh. However, it was difficult for them to find information online regarding all the rules and regulations that governed their businesses.
- Mymensingh scored the highest in this pillar while Rangpur scored the lowest. A 23.63-point difference between the highest and the lowest performing Divisions imply that there is a huge disparity in availability of regulatory information across divisions.
- 71 percent of respondents mentioned that the government often changed or modified regulations that affected their businesses. This challenge was most pronounced by RMG sector relative to other sectors. Respondents from Agriculture and forestry and Construction faced a relatively better regulatory predictability in their businesses compared to other sectors.
- The survey reflects that score has risen to 72.85 in 2022 from 59.83 in 2021. The pandemic induced several social media and web based business pages and groups to emerge containing required regulatory information. This increased online interaction between firms and facilitated information sharing between them.

Infrastructure: Improvements in connectivity marred by interruptions in power and high cost of logistics

No	Division	Score
1.	Rangpur	86.04
2.	Dhaka	78.91
3.	Mymensingh	77.53
4.	Chottogram	74.63
5.	Khulna	72.43
6.	Sylhet	71.08
7.	Barishal	69.66
8.	Rajshahi	65.95
Indicator Score		74.49

Sector Performance



Pillar 4: Infrastructure

Pillar Score

2022 **72.49**

2021 **72.02**

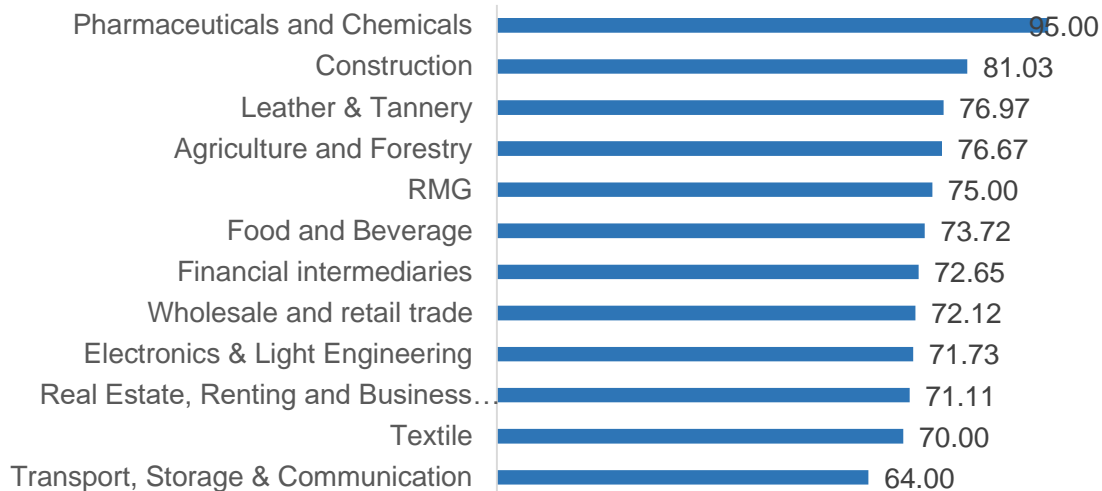
Key Findings

- Access to Infrastructure is the best performing pillar on the Bangladesh Business Climate Index 2022. More than 90 percent of the respondents mentioned that it was moderately easy to receive utility services connections in the categories of water, electricity and sewerage.
- Over 80 percent of the respondents said finding availability of transport and logistics services were relatively easy, but cost of logistics services were excessively high. Firms from the construction sector found it challenging to find transportation as the sector requires a special set of transport services/vehicles to carry their raw materials and products which are heavy-weighted.
- More than 90 percent of the respondents mentioned that their businesses were affected by the recent power outages. Firms said power outages lasted anywhere between two to nine hours a day.
- The survey reflects that score has risen to 74.49 in 2022 from 72.02 in 2021. Respondents have mentioned that recent infrastructure developments in road connectivity such as the Padma Bridge has made transportation easier around specific routes, reduced time and cost of transportation.

Labour Regulation: Skills availability continues to be a challenge but web-based training opportunities emerging as a silver lining for skills improvement

No.	Division	Score
1.	Dhaka	84.09
2.	Mymensingh	80.12
3.	Sylhet	78.02
4.	Khulna	69.86
5.	Chottogram	69.35
6.	Rajshahi	67.89
7.	Rangpur	66.25
8.	Barishal	64.75
Indicator Score		74.40

Sector Performance



Pillar 5: Labour Regulations

Pillar Score

2022 **74.40**

2021 **66.35**

Key Findings

- Firms in Pharmaceuticals and Chemicals, and Construction found it relatively easier to comply with labour regulations than firms in Textile and Transportation, Storage & Communication Sectors.
- 83 percent firms in Pharmaceuticals and Chemicals indicated it was easy to comply with labour regulations while 50 percent of firms in Transport and Storage said the same, implying this sector found it relatively challenging to comply with the current labour regulations.
- More than 70 percent of respondents said they found it difficult to find skilled labour for their firms. Current curriculum and training modules in training centers are not aligned with market needs due to continuous upgradation of technology and productivity.
- The survey reflects that score has risen to 74.40 in 2022 from 66.35 in 2021. Although there is a lack of training centers, respondents find it easy to access training materials online across all sectors. This is primarily due to several initiatives rolled out by the NSDA. Most training and up-skilling materials are found online for free, especially in YouTube which are shared with supervisors and workers.

Dispute Resolution: Crisis response enabling more efficient options for dispute resolution

No.	Division	Score
1.	Sylhet	73.25
2.	Khulna	68.87
3.	Mymensingh	65.25
4.	Barishal	64.38
5.	Chottogram	63.34
6.	Rajshahi	60.79
7.	Dhaka	39
8	Rangpur	37.13
Indicator Score		64.24
Increased by 6.76 points since BBX 2021		

Sector Performance



Pillar 6: Dispute Resolution

Pillar Score

2022 **64.24**

2021 **57.48**

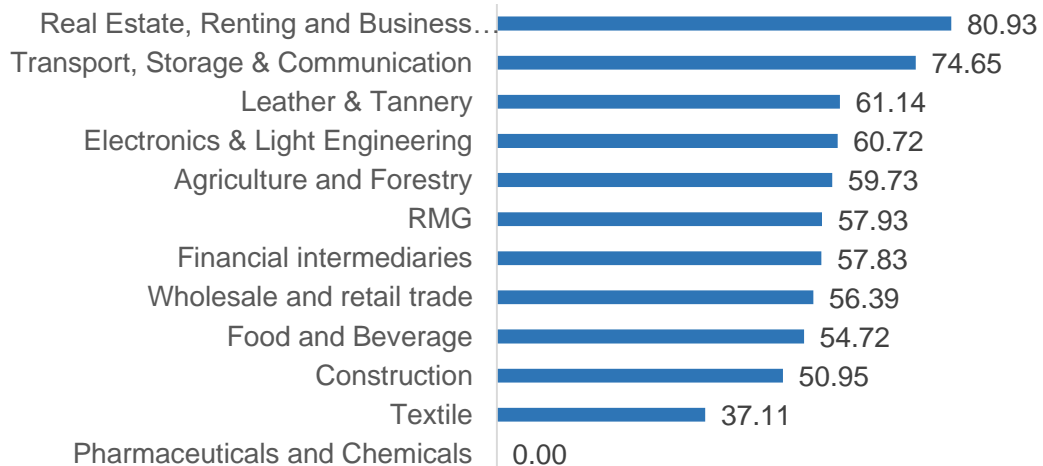
Key Findings

- The respondents shared that dispute related to land and property were the most cumbersome and takes the maximum time to resolve. Despite having confidence in the current judicial system of Bangladesh to uphold their property rights and contracts, 41 percent of respondents mentioned they have not witnessed any reduction in time for resolving commercial disputes in Bangladesh in the past two years. Currently, Bangladesh does not have a court that is dedicated solely to hearing commercial cases.
- 95 percent of the respondents said that there is an effective out of court commercial dispute resolution mechanism in place for businesses to use in Bangladesh.
- The survey reflects that score has increased to 64.24 in 2022 from 57.48 in 2021. Majority of the respondents mentioned that the lockdown in 2021 resulted in a larger backlog of cases pending trial and hence many firms this year resorted to out of court settlements, and it saved time and money and was relatively more effective than resolving cases in court. Respondents suggested dedicating a court for commercial disputes and capacity building in handling commercial cases would large help in dispute resolution space.

Trade Facilitation: Some improvements in border clearance measures but port efficiency remains major challenge

No.	Division	Score
1.	Sylhet	63.37
2.	Rangpur	62.5
3.	Khulna	62.35
4.	Chottogram	61.3
5.	Rajshahi	57.44
6.	Mymensingh	56.74
7.	Barishal	55.58
8.	Dhaka	41.24
Indicator Score		58.61

Sector Performance



Pillar 7: Trade Facilitation

Pillar Score

2022 **58.61**

2021 **49.43**

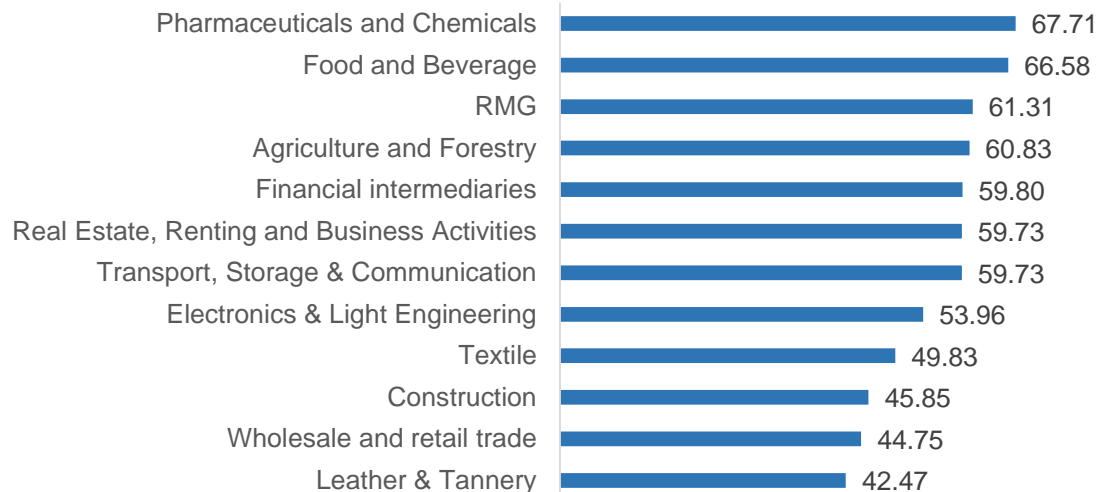
Key Findings

- Trade Facilitation is a pillar where several bottlenecks still exist, and significant efforts are required for trade facilitation in Bangladesh. Traders mentioned that a key impediment is high dwell time at Chattogram port.
- Time for a shipment to be cleared at Chattogram port is 4 days for exports and 11 days for imports. The survey reflected that it is slightly easier to obtain clearance for exports than imports and that the time and cost incurred to obtain clearances for export is less than the time and cost required obtaining import clearances.
- Chattogram port ranked 341st out of 370 ports in World Bank's Container Port Performing Index. Lack of efficiency and mechanization at the Chattogram port results in delays, for example, average ship turnaround time at Chattogram port is 3.23 days whereas it is 0.86 days in Colombo port. Higher trade time and costs results in increased lead time for exporters and reduces the global competitiveness of Bangladeshi products and services.
- Time and cost of trade has reduced over a span of two years. For exporters, cost of border and documentary compliance cost has reduced from US\$ 633 to US\$ 300. For importers, it reduced from US\$ 1270 to US\$ 230. For exporters, time for border and documentary compliance reduced to 38 hours from 315 hours. For importers, it reduced to 96 hours from 360 hours

Paying Taxes: Tax environment deteriorated significantly and majority businesses find it adverse

No.	Division	Score
1.	Dhaka	71.83
2.	Chottogram	58.57
3.	Barishal	57.7
4.	Mymensingh	56.21
5.	Sylhet	54.95
6.	Rajshahi	48.09
7.	Rangpur	46.53
8.	Khulna	45.79
Indicator Score		55.21

Sector Performance



Pillar 8: Paying Taxes

Pillar Score

2022 **55.21**

2021 **68.72**

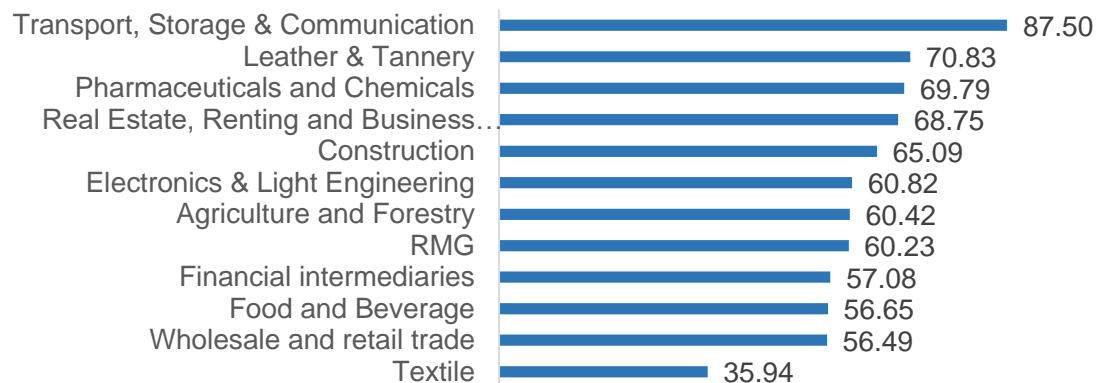
Key Findings

- Over 60 percent of respondents mentioned that they found significant bottlenecks in filing and paying both income tax and VAT in Bangladesh. 76 percent of the respondents mentioned that they experienced an adverse impact on their businesses due to the current tax environment in the country.
- The adverse impact of the current tax environment was most pronounced for firms in Electronics and Light Engineering, Real Estate, Construction, and Transport, Storage and Communication. These industries have also mentioned that they had to make more frequent informal payments to comply with tax regulations than firms on other sectors.
- Majority of the respondents mentioned that they found paying taxes increasingly difficult over the years due cumbersome filing process. Respondents mentioned making informal payments were prevalent and the challenge needs to be addressed.
- Regarding taxation in Bangladesh, key bottlenecks include high and multiple prevalent VAT rates, high degree of government revenue dependency on customs duty and advance tax. Although the government has launched initiatives to streamline and modernize its tax infrastructures and tax policies, there is still significant room for improvement

Technology Adoption is faster in sectors with greater global integration

No.	Division	Score
1.	Sylhet	70.33
2.	Mymensingh	66.33
3.	Chottogram	56.45
4.	Dhaka	55.68
5.	Rajshahi	55.26
6.	Rangpur	55.21
7.	Khulna	51.09
8.	Barishal	50.41
Indicator Score		60.60
Increased by 2.9 points since BBX 2021		

Sector Performance



Pillar 9:

Technology Adoption

Pillar Score

2022 **60.60**

2021 **57.70**

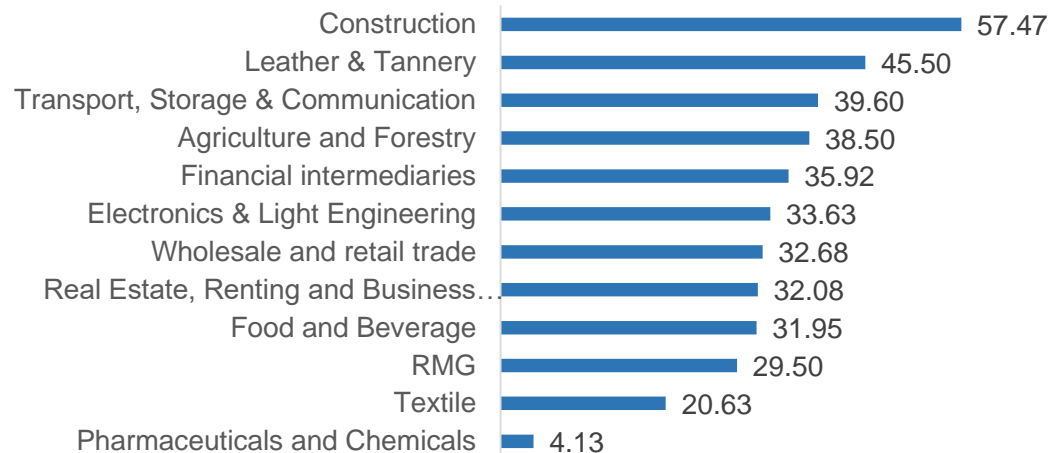
Key Findings

- More than half of the respondents mentioned that they invested in a new technology equipment, software, or digital solution for their business functions in the past 24 months. Majority of firms in Financial Intermediaries and RMG have invested in a technology equipment or solution, whereas a handful of firms in Textile, Agriculture & Forestry and Electronic and Light Engineering have invested in the same, implying lower adoption of technology in these sectors.
- Many firms in RMG and financial sector have reported to using advanced technological solutions such as Enterprise Resource Solutions (ERPs) for digitally managing inventory, final products, human resources and generating cost and revenue patterns – reflecting a high degree of technology adoption in these sectors.
- Many firms have reported to have increased their online presence in the last one year through social media platforms which was triggered especially by pandemic lockdowns. Several firms have mentioned that they have experienced better quality and higher-speed internet this year compared to last year which has enabled them to better utilize social media sites and e-commerce platforms to sell their products and services.

Access to Finance: Impact of interest capping has been adverse on small businesses

No.	Division	Score
1.	Sylhet	41.70
2.	Mymensingh	38.15
3.	Chottogram	32.20
4.	Barishal	32.19
5.	Khulna	31.80
6.	Rajshahi	30.39
7.	Rangpur	28.19
8	Dhaka	24.75
Indicator Score		35.22
Decreased by 15.56 since BRX 2021		

Sector Performance



Pillar 10: Access to Finance

Pillar Score











2022 **35.22**

2021 **50.78**











Key Findings

- Access to Finance is the least well-performing pillar on Bangladesh Business Climate Index 2022. About 87 percent of the respondents mentioned that they found significant challenges in accessing bank loans and financing in Bangladesh. Though the survey revealed that it was relatively easier to receive loans from Non-Banking Lending Institutions, firms still faced significant bottlenecks in terms of credit appraisal, documentary, and collateral requirements. These challenges were more exacerbated for micro, small and medium enterprises.
- Though the 6-9 percent interest rate band initiated in 2020, its effects were felt in the past year as business operations resumed in a full-fledged manner post COVID-19. According to World Bank report, access to formal finance by MSMEs is limited compared to the average for the South Asian region with a estimated financing gap of US\$ 2.8 billion (World Bank, 2018).
- Some of the supply side constraints included market imperfections, lack of credit appraisal policies, lack of strong credit registry, while demand side constraints included the lack of financial capabilities and lack of documentation, and lack of credit rating from formal sources.
- According to MSMEs, these challenges got aggravated after the 6-9 percent interest rate band as many banks would require the same type of credit appraisals, documentary, and collateral requirements from MSMEs as large firms.

Top Three Constraints Facing Businesses in Each Business Environment Pillar

									
Starting a Business	Access to Land	Availability of Regulatory Information	Infrastructure	Labour Regulations	Dispute Resolution	Trade Facilitation	Paying Taxes	Technology Adoption	Access to Finance
Too many agencies involved	Informal payment required	Absence of regulatory calendar	High logistics costs	Lack of skilled labour	No formal mediation mechanism	Custom clearances time-consuming	Time consuming compliance	Lack of domestically available technology solutions	Access to credit process complex
Obtaining sectoral licenses	Lengthy land transfer	Limited availability of regulatory information	Interruption in electricity due to loadshedding	Training centers sub-par	Slow court proceedings	Too many agencies involved	High-corporate tax	Manual Supply Chain Management	Rate capping led to credit rationing
Weak coordination between agencies lead to time waste	Involvement of intermediaries	Websites and guidelines are not always up to date	Difficulty in dealing with government agencies	Mismatch between education and skills needed	No dedicated commercial court	High para-tariffs	Low Tax education and weak taxpayer services	Lack of use of Digital Payment Platforms	Complex documentary requirement

Business Environment Score: How Do Primary Growth Centers Fare

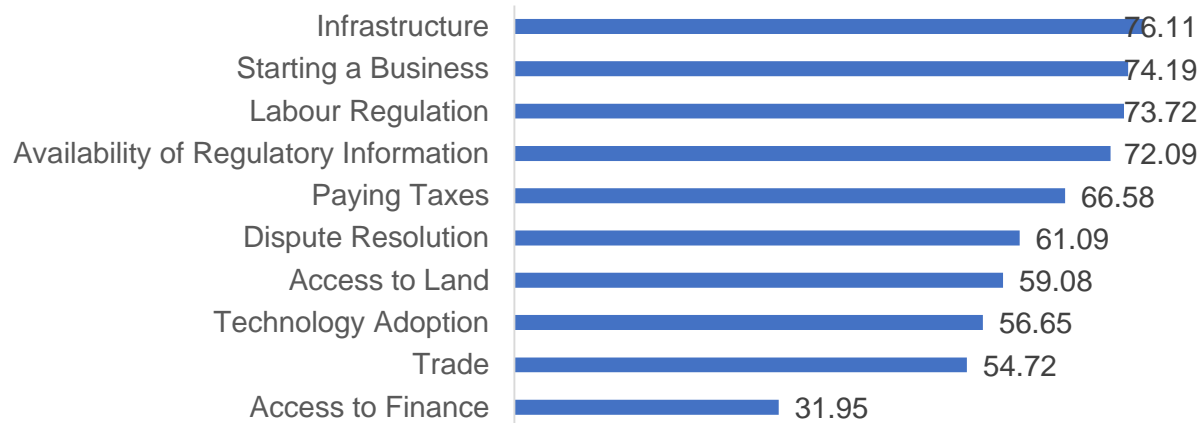
Name of Pillars	Dhaka's Position in			Chittagong's Position in			Top Performer
	2022	2021	Change	2022	2021	Change	
 Starting a Business	6	3	↓	3	4	↑	Rajshahi
 Access to Land	1	3	↑	4	4	—	Dhaka
 Availability of Regulatory Information	7	5	↓	6	1	↓	Mymensingh
 Infrastructure	2	5	↑	4	1	↓	Rangpur
 Labour Regulation	1	4	↑	5	2	↓	Dhaka
 Dispute Resolution	7	4	↓	5	3	↓	Sylhet
 Trade Facilitation	8	4	↓	4	1	↓	Sylhet
 Paying Taxes	1	8	↑	2	7	↑	Dhaka
 Technology Adaption	4	4	—	3	1	↓	Sylhet
 Access to Finance	8	7	↓	3	6	↑	Sylhet

Sectoral Performance



Food and Beverage

Food and Beverage

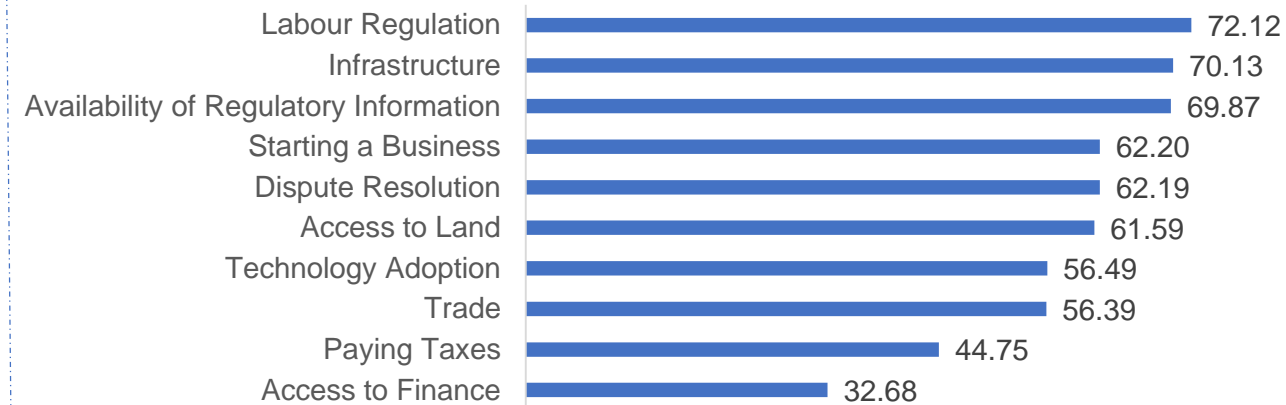


As per the survey, the textile sector faced the least number of challenges in the availability of regulatory information while access to finance was the biggest constraint faced by them



Wholesale and Retail Trade

Wholesale and retail trade



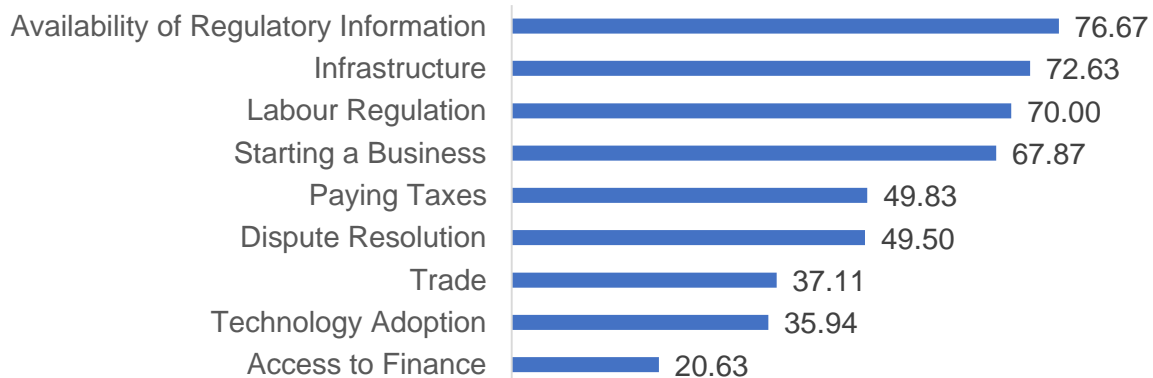
As per the survey, they faced the least number of challenges in labour regulation while access to finance was the biggest constraint faced by them.

Sectoral Performance (Continued)



Textile

Textile

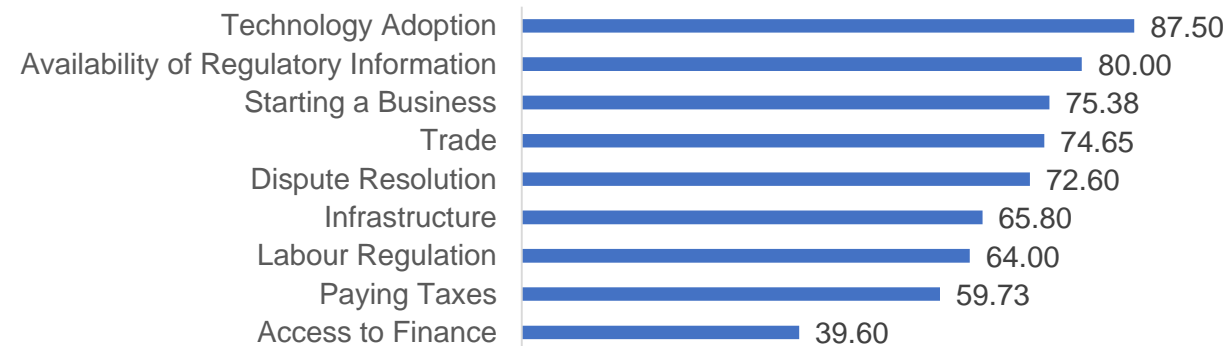


As per the survey, textile sector faced the least number of challenges in availability of regulatory information while access to finance was the biggest constraints faced by them



Transport, Storage and Communication

Transport, Storage & Communication



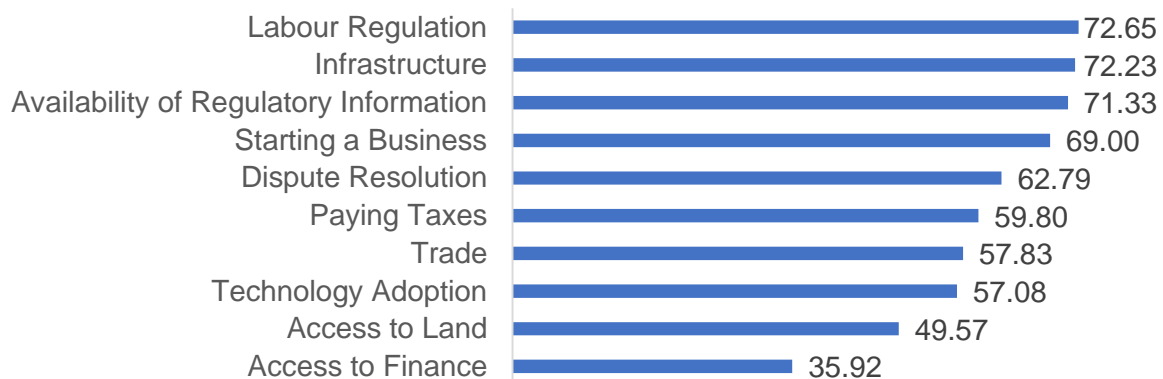
As per the survey, transport, storage & communication sector faced the least number of challenges in technology adoption while access to finance was the biggest constraints faced by them

Sectoral Performance (Continued)



Financial Intermediaries

Financial intermediaries

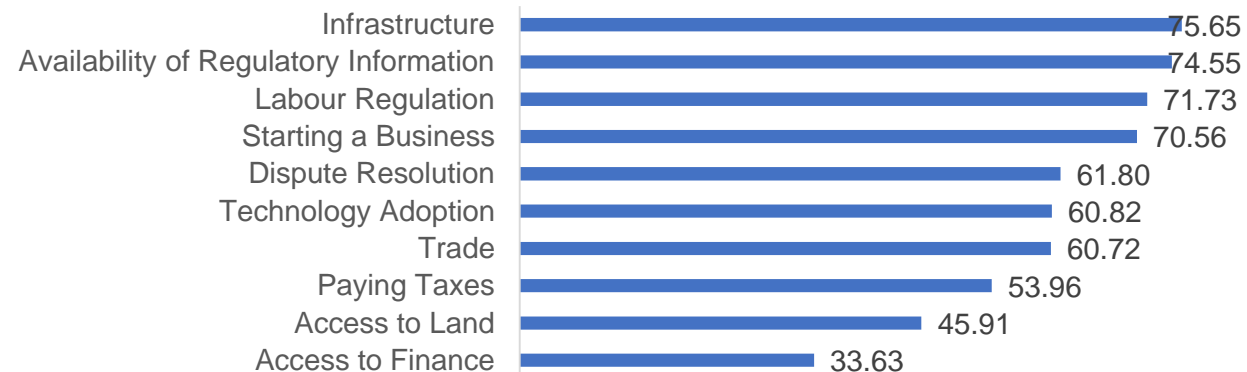


As per the survey, financial intermediaries faced the least number of challenges in labour regulation while access to finance was the biggest constraints faced by them.



Electronics and Light Engineering

Electronics & Light Engineering



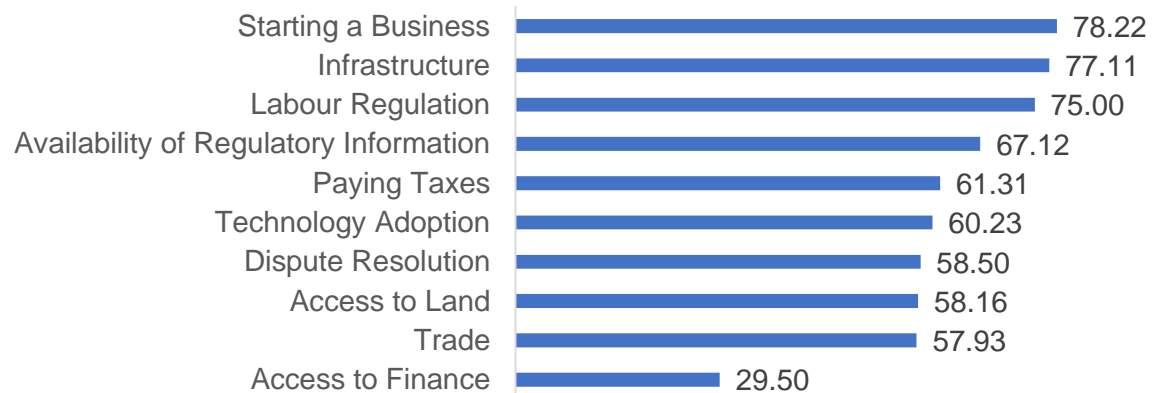
As per the survey, electronics and light engineering faced the least number of challenges in access to infrastructure while access to finance was the biggest constraint faced by them.

Sectoral Performance (Continued)



Real Estate, Renting and Business Activities

RMG

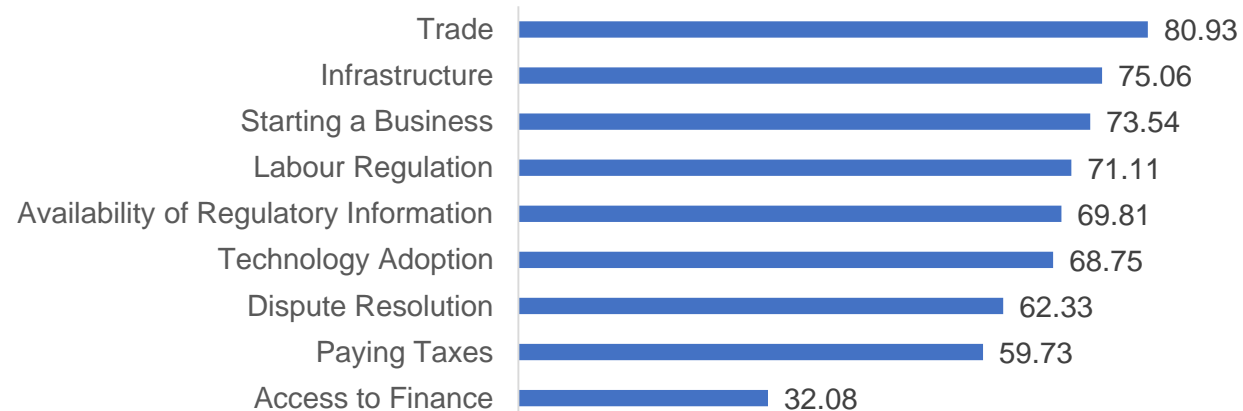


As per the survey, readymade garments faced the least number of challenges in starting a business while access to finance was the biggest constraint faced by them.



Readymade Garments

Real Estate, Renting and Business Activities



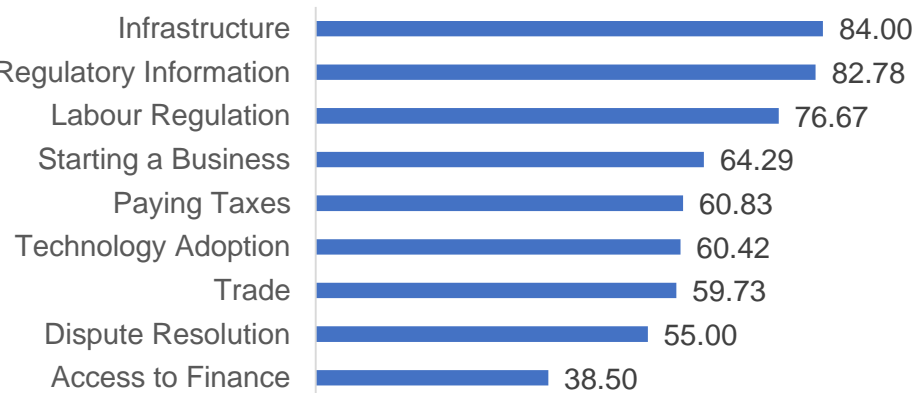
As per the survey, real estate, renting and business activities faced the least number of challenges in trade while access to finance was the biggest constraint faced by them.

Sectoral Performance (Continued)



Agriculture and Forestry

Agriculture and Forestry

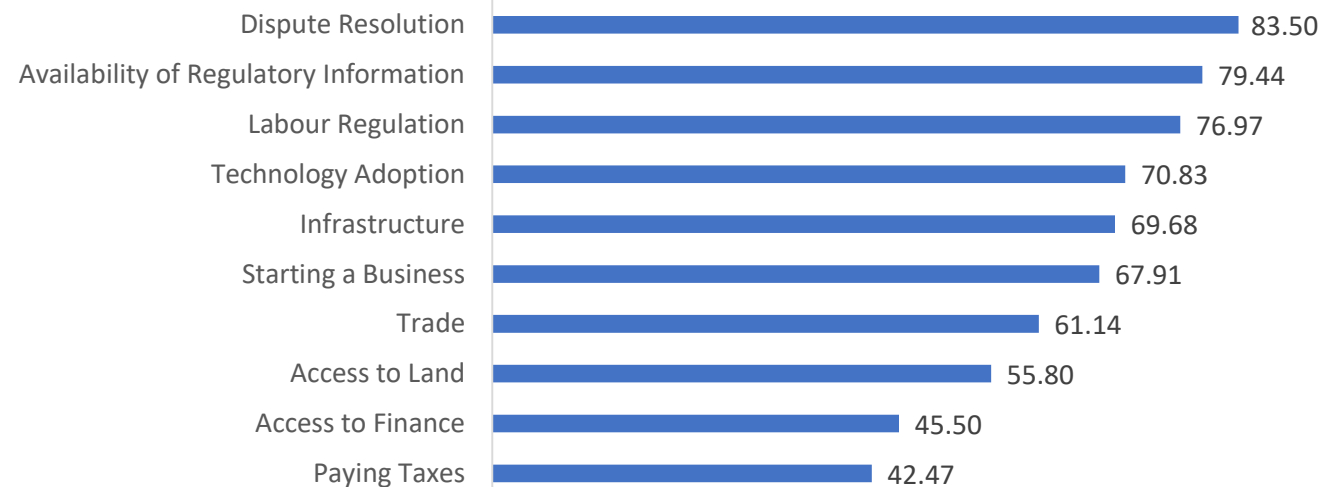


As per the survey, agriculture and forestry faced the least number of challenges in access to infrastructure while access to finance was the biggest constraint faced by them.



Leather and Tannery

Leather & Tannery



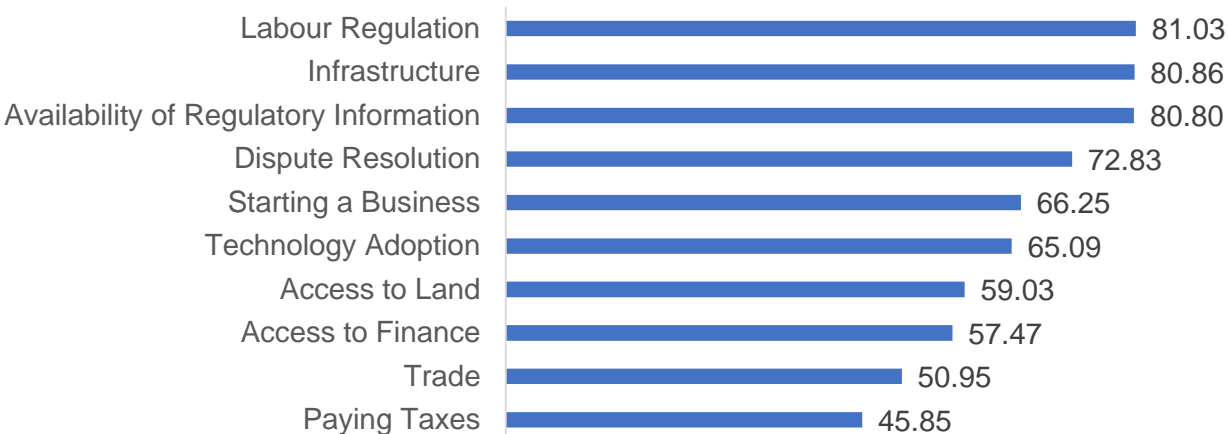
As per the survey, leather and tannery sector faced the least number of challenges in dispute resolution while paying taxes was the biggest constraint faced by them.

Sectoral Performance (Continued)



Construction

Construction

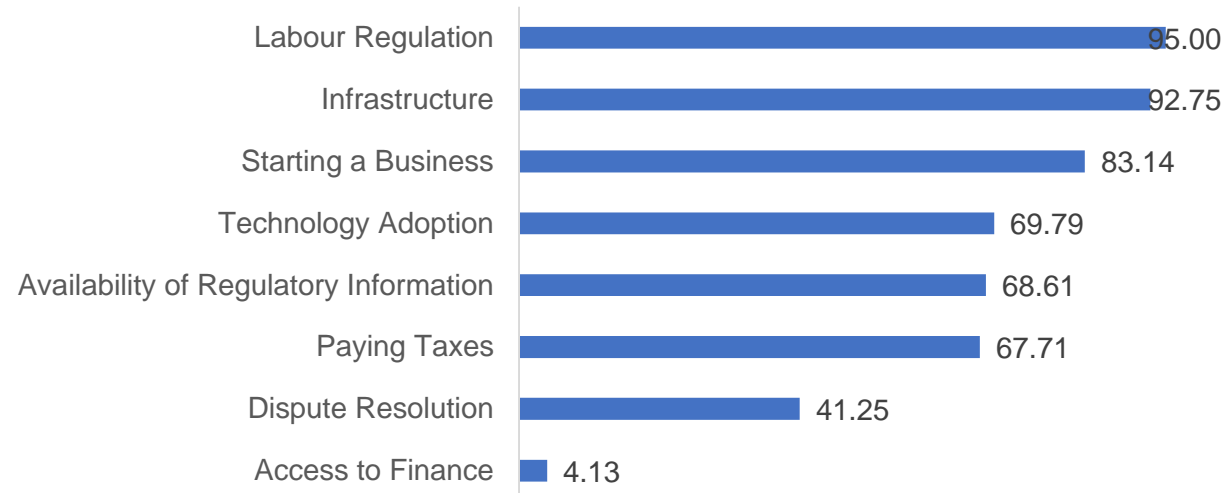


As per the survey, construction sector faced the least number of challenges in labour regulation while paying taxes was the biggest constraint faced by them.



Pharmaceuticals and

Pharmaceuticals and Chemicals



As per the survey, they faced the least number of challenges in labour regulation while access to finance was the biggest constraint faced by the sector.

Business Environment Score: Where Do Sectors Stand (Sectors' Perception)

Construction



Pillar Score

66.02

Leather &
Tannery



Pillar Score

65.33

Food and
Beverage



Pillar Score

62.62

RMG



Pillar Score

62.31

Transport,
Storage &
Communication



Pillar Score

61.93

Electronics &
Light
Engineering



Pillar Score

60.93

Financial
intermediaries



Pillar Score

60.82

Real Estate,
Renting &
Business



Pillar Score

59.33

Wholesale &
retail trade



Pillar Score

58.84

Agriculture
and Forestry



Pillar Score

58.22

Pharmaceuticals
& Chemicals



Pillar Score

52.24

Textile



Pillar Score

48.02

Top Three Pillars across Sectors



Food and Beverage

- Infrastructure
- Starting a Business
- Labour Regulation



RMG

- Starting a Business
- Infrastructure
- Labour Regulation



Wholesale and retail trade

- Labour Regulation
- Infrastructure
- Availability of Regulatory Information



Textile

- Availability of Regulatory Information
- Infrastructure
- Labour Regulation



Transport, Storage & Communication

- Technology Adoption
- Availability of Regulatory Information
- Starting a Business



Financial intermediaries

- Labour Regulation
- Infrastructure
- Availability of Regulatory Information



Electronics & Light Engineering

- Infrastructure
- Availability of Regulatory Information
- Labour Regulation



Real Estate Business

- Trade Facilitation
- Infrastructure
- Starting a Business



Agriculture and Forestry

- Infrastructure
- Availability of Regulatory Information
- Labour Regulation



Leather & Tannery

- Dispute Resolution
- Availability of Regulatory Information
- Labour Regulation



Construction

- Labour Regulation
- Infrastructure
- Availability of Regulatory Information



Pharmaceuticals and Chemicals

- Access to Finance
- Access to Land
- Trade Facilitation

Bottom Three Pillars Across Sectors



Food and Beverage

- Technology Adoption
- Trade Facilitation
- Access to Finance



RMG

- Access to Land
- Trade Facilitation
- Access to Finance



➤ Wholesale and retail trade

- Trade Facilitation
- Paying Taxes
- Access to Finance



Textile

- Technology Adoption
- Access to Finance
- Access to Land



Transport, Storage & Communication

- Paying Taxes
- Access to Finance
- Access to Land



Financial intermediaries

- Technology Adoption
- Access to Land
- Access to Finance



Electronics & Light Engineering

- Paying Taxes
- Access to Land
- Access to Finance



Real Estate Business

- Paying Taxes
- Access to Finance
- Access to Land



Agriculture and Forestry

- Dispute Resolution
- Access to Finance
- Access to Land



Leather & Tannery

- Access to Land
- Access to Finance
- Paying Taxes



Construction

- Access to Finance
- Trade Facilitation
- Paying Taxes



Pharmaceuticals and Chemicals

- Access to Finance
- Access to Land
- Trade Facilitation

Pillar-specific Highlights



Starting a Business

- **Sectors such as agriculture and retail where informality and fragmentation are prevalent, have less conducive experience with regard to starting a business.** This clearly indicates need for prioritizing easing of business entry regulations in such sectors for faster formalization and supporting expansion of small business base.
- **Sectors which are long-established, and well organized at trade body level and have less fragmentation, such as Pharma and RMG, have better business entry and sectoral entry regulations that relative newer ones** such as agribusiness and construction. This insight emphasizes on the need to replicate success of established sectors in helping upcoming ones.
- **While sectoral licenses and entry requirements are less conducive than general business entry regulations, firms with alignment to global standards get sectoral license faster** as seen in pharmaceuticals, chemicals and RMG. This emphasizes on the need for strengthening overarching and sector specific standards in line with global best practices.
- **With regard to sectoral business environment, the index results put Construction as the one with most conducive environment followed by Leather and Tannery and Food and Beverage sectors.** Textiles followed by Pharmaceuticals and Chemical on the other hand point to most difficult business climate owing to factors such as difficulty in accessing finance, low technology upgradation, and trade facilitation measures.

Pillar-specific Highlights



Access to Land

- **Pilot reforms have improved the experience of businesses in securing land with the Dhaka division coming at the top place.** This is arising from the fact that most land reform pilots have Dhaka as the common district /division. The findings also confirm that as the service sector grows, land as a barrier to business becomes less relevant. This indicates the need for land zoning policy for the whole country and beyond the economic zones with regard to facilitating right balance of business growth and land access requirements.
- **Slow pace of Economic Zones (EZ) implementation and the land allocation model favoring single conglomerates for large parcel of land rather than developers impeding the benefits of EZ program.** Although EZs are addressing a critical problem of serviced land available, Economic Zones program require faster implementation and adjusting model by emphasizing more on zones for multiple tenants rather than zones earmarked for single business conglomerates.
- **Electronics and Light Engineering sector finds it most difficult to obtain land or register property compared to wholesale and retail trade sector.** Although the government has introduced Digital Land Management System (DLMS) by which the land area of Bangladesh can be managed digitally with the help of modern technology, problems persist. For instance, despite scanned copies of 18,500 map-sheets being indexed into the system, the prevalent system is still operational and yet to be abolished. Other challenges include taking on average 63 days to get land title transfers recorded in land records office in Bangladesh.

Pillar-specific Highlights (Continued)



Access to Regulatory Information

- **Access to digitally enabled regulatory transparency varies significantly between central and local level regulatory service delivery agencies.**
- **A 23.63-point difference between the highest and the lowest performing Divisions in access to regulatory information imply that there is a huge disparity in availability of regulatory information across divisions.** This not only reflects a gap in access to internet across divisions but a disparity in availability of information regarding rules and regulations by the local government such as municipal corporations.
- **Strength of robust laws and regulations are severely compromised due to non-systematic and non-inclusive changes in the regulatory framework creating regulatory unpredictability.** About 71 percent of respondents mentioned that the government often changed or modified regulations that affected their businesses.

Pillar-specific Highlights (Continued)



Infrastructure

Availability of a transport logistics services are often neutralized by high cost and in efficiency of such support factors. As the economy slowly expands to facilitate more business sectors, the current transport services are not well suited for sectors in need of specialized logistics systems. Firms from the construction sector found it challenging to find transportation as the sector requires a special set of transport services/vehicles to carry their raw materials and products which are heavy-weighted.



Paying Taxes

Regulatory predatory behavior is more prevalent in nascent sectors and sectors that are less organized. The index results for paying tax show that tax environment is less conducive in emerging sectors such as electronics and light engineering, real estate, construction, and transport, storage and communication.



Technology Adoption

Technology adoption is slowly but gradually gaining pace and it is faster in sectors with greater global integration. More than half of the respondents mentioned that they invested in a new technology equipment, software, or digital solution for their business functions in the past 24 months. Majority of firms in Financial Intermediaries and RMG have invested in a technology equipment or solution, whereas a handful of firms in Textile, Agriculture & Forestry and Electronic and Light Engineering have invested in the same, implying lower adoption of technology in these sectors.

Pillar-specific Highlights (Continued)



Access to Finance

The Access to Finance scoring the lowest in BBX 22 is also corroborated by its standing among sectors where 11 out of 12 sector covered suggested that the issues is one of the top three constraints for their respective sectors. Majority of the small and medium enterprises have mentioned that access to finance became more challenging after the 6-9 percent interest rate band was introduced. According to MSMEs, access to finance challenges got aggravated after the 6-9 percent interest rate band as many banks would require the same type of credit appraisals, documentary and collateral requirements from MSMEs as large firm.



Dispute Resolution

COVID and other crisis expediting shifts to more efficient options for dispute resolution. Majority of the respondents mentioned that the lockdown in 2021 resulted in a larger backlog of cases pending trail and hence many firms this year resorted to out of court settlements, and it saved time and money and was relatively more effective than resolving cases in court

Annex

Broad Policy and Indicator-Specific Policy Recommendations

Sustained Competitiveness and Capacity

Recommendations	Leading Institutions	Time Required
Modernizing archaic laws such as the Companies Act 1994, Bankruptcy Act, Competition Act 2012 and Import and Exports Control Act 1950	Ministry of Law, Justice and Parliamentary Affairs, Ministry of Finance, Ministry of Commerce	Medium-Term
Introduce national investment climate reform program with time-bound, continued Improvements	PMO, BIDA, Ministry of Commerce, NBR, Ministry of Finance, Ministry of Industries	Medium-Term
Utilization of new generation structured promotion mechanisms by Investment Promotion Agencies	PMO, BIDA, BEZA, BHTPA, PPA, and BEPZA	Medium-Term
Reviving dynamism in employment and exports, diversifying the economic base, and providing the much-needed lift to the SMEs.	PMO, NBR, Chittagong Port Authority, Ministry of Industries, Ministry of Commerce, Ministry of Finance	Short-Term

Starting a Business

Recommendations	Leading Institutions	Time Required
Review why OSS has mixed success and make adjustments accordingly ; Develop a comprehensive One Stop Service (OSS) model	BIDA, BEZA, BHTPA, PPPA and BEPZA	Short-Term
Develop Standard Operating Procedures (SOPs) to reduce the regulatory burden and bring predictability in regulatory service delivery.	BIDA, BEZA, BHTPA, PPPA and BEPZA	Short-Term
Introduction of systemic methods such as Regulatory Impact Assessment (RIA) and Feedback Loop to improve regulatory service delivery.	Ministry of Law, Cabinet Division, BIDA	Medium-Term
Establishing an online portal containing all information relevant to regulatory delivery	BIDA, BEZA, BHTPA, PPPA and BEPZA	Short-Term
Revitalizing certain laws such as The Company's Act; Review sectoral licensing regulations for priority export and domestic sectors	Ministry of Law, Justice and Parliamentary Affairs, Ministry of Finance, Ministry of Commerce	Short-Term
Integration of the gender dimension in regulatory service delivery will help to facilitate more gender inclusive regulations.	BIDA, BEZA, BHTPA, PPPA and BEPZA	Medium-Term
Introducing a system that accommodates innovative business activities and startups	BIDA, ICT Division, Startup Bangladesh Ltd	Short-Term

Access to Land

Recommendations	Leading Institutions	Time Required
Increasing transparency of the Land Offices and Sub-Registry Offices service by making information on service standards publicly available.	Ministry of Land, RAJUK; other City Development Authorities	Medium-Term
Increasing transparency by publishing statistics on land disputes and statistics on property transfer transactions	Ministry of Land, RAJUK	Medium-Term
Conducting cost-benefit analysis and assessing feasibility of reducing the fees at the Sub-Registry Offices	Ministry of Land, RAJUK	Medium-Term
<p>Computerizing/digitizing all land records and property title registration. The following is recommended:</p> <ul style="list-style-type: none"> ➤ Scanning and indexing should start from the new transactions at Land Offices and SROs ➤ Scanning should begin with transactions that have been completed in the past few years for both the Land Offices and the SROs. ➤ All archives should be scanned including the Balam Books for a period of 25 to 30 years 	Ministry of Land, RAJUK	Medium-Term

Availability of Regulatory Information

Recommendations	Leading Institutions	Time Required
<p>Introducing an online information portal containing all information relevant to regulatory requirements and procedures. The portal should include the following information:</p> <ul style="list-style-type: none"> ➤ Key steps in a permit process from beginning to end. ➤ Key agencies involved. ➤ All required documents that need to be submitted for each approval. ➤ The names of all certificates, permits and approvals required in the process. ➤ Timeframes and fees associated with the various approvals. 	<p>BIDA, BEZA, BHTPA, PPPA, BEPZA, Cabinet Division, Ministry of Law</p>	<p>Short-Term</p>
<p>Introduce and publish a regulatory calendar at the beginning of a fiscal year indicating all upcoming laws for the year.</p>	<p>Ministry of Law, BIDA</p>	<p>Short-Term</p>

Infrastructure

Recommendations	Leading Institutions	Time Required
Strengthen institutional and implementation capacities with regards to PPPs: Review PPP Law and relevant regulations for more effective implementation	PPPA	Medium-Term
Financing infrastructure projects by sovereign bond issuance.	Bangladesh Bank, PMO, Ministry of Finance, Securities and Exchange Commission	Medium-Term
Developing domestic capital markets and issuance of local currency bonds offshore	Bangladesh Bank, PMO, Ministry of Finance, Securities and Exchange Commission	Medium-Term
Enacting private power sector transmission policy.	Ministry of Power Energy and Mineral Resources,	Medium-Term
Selection of Economic Zones should be based on careful feasibility studies and competitive analysis.	BEZA, PMO	Medium-Term

Labour Regulation

Recommendations	Leading Institutions	Time Required
Align the current curriculum and training modules with the market needs.	Ministry of Education, Industry Skills Council, NSDA	Medium-Term
A re-skilling initiative of workers involved in sectors with export potential could be undertaken for migrant returnees from the Middle East.	Ministry of Education, Industry Skills Council, NSDA	Medium-Term
<p>The skills eco-system requires several policy and strategic initiatives which are as follows:</p> <ul style="list-style-type: none"> ➤ Developing Long-term Skills Strategy/Master plan/Program Aligning with National Growth Strategies and Projected Key Growth Drivers. ➤ Public Private Partnership in delivery of skills. This is critical in high skills matching and high employment outcomes. ➤ Employment-linked performance-based financing of skills program. This would yield better employment outcomes. ➤ Greater business orientation of Private Training Providers. ➤ Developing common strategy for the development of occupational standards, curriculum and training materials through the official channels (BTEB). 	NSDA, Ministry of Education, Industry Skills Council	Long-Term

Dispute Resolution

Recommendations	Leading Institutions	Time Required
Enforce the mandatory mediation provisions through adoption of the administering rules to support the implementation and create of the necessary infrastructure to operationalize mediation.	High Court Division of the Supreme Court of Bangladesh, Ministry of Law, Justice and Parliamentary Affairs	Short-Term
Establishing time limits for certain stages of court cases and monitoring compliance.	High Court Division of the Supreme Court of Bangladesh, Ministry of Law, Justice and Parliamentary Affairs	Medium-Term
Amend the Bangladesh Arbitration Act 2001 to improve implementation.	Ministry of Law, Justice and Parliamentary Affairs	
Establish a dedicated commercial bench within the High Court and designate specially trained judges.	High Court Division of the Supreme Court of Bangladesh	Medium-Term
Introduce case management and court automation at both the High Court and lower court levels.	High Court Division of the Supreme Court of Bangladesh	

Trade Facilitation

Recommendations	Leading Institutions	Time Required
Streamline documentation requirements	PMO, NBR, Ministry of Commerce	Short-Term
Promote the e-payment system and facilitate large value transactions.	NBR	Medium-Term
Develop a fully operational National Single Window (NSW) for trade, connecting all relevant agencies and fully automating all trade-related procedures.	NBR, Ministry of Commerce, PMO	Long-Term
Adopting certain policy measures such as reducing para-tariffs can support in inducing more trade and thus increasing private investment and FDI.	PMO, NBR	Medium-Term
Improve trade logistics through enhanced infrastructure, more efficient container handling, and shorter domestic transit times.	Ministry of Industries, Chittagong Port Authority, NBR	Medium-Term

Paying Taxes

Recommendations	Leading Institutions	Time Required
Simplification of tax reporting forms.	NBR	Short-Term
<p>Educate taxpayers and tax professionals on the tax system. The tax administration could strengthen its outreach education initiatives by:</p> <ul style="list-style-type: none"> ➤ publishing help manuals on the forms on its website. ➤ providing free, downloadable software for preparing tax returns. ➤ organizing live phone-in question-and-answer sessions with accountants. ➤ distributing CDs with software and help content to accountants, trade bodies, and professional and business associations. ➤ organizing meetings and seminars with taxpayers and tax practitioners. ➤ answering taxpayers' queries by phone and e-mail at the call center. 		Long-Term
Fully implement the new VAT Law which makes the VAT refund process more efficient.	NBR	Long-Term
<p>Modernize the tax administration. Some of the tax administration reforms are below:</p> <ul style="list-style-type: none"> ➤ Digitalization of the overall tax system in a systematic manner is a must. Records should be maintained in such a way so as to reduce intermediaries that lessen the chances of human error. ➤ Reliance should be increased on Information Technology – big data, real time analytics, mobile apps, social media, etc. ➤ Self-assessment of taxes should be promoted. Paying taxes should be made simple and not considered a headache. ➤ Efficiency of tax audit strategies should be increased while reducing the risk of leakage. ➤ Segmentation of taxpayers could benefit overall tax collection. Every group will require a different approach. 	MBR	Medium-Term

Technology Adoption

Recommendations	Leading Institutions	Time Required
Reducing the cost of internet connection	ICT Ministry, NBR	Short-Term
Gradually build up Bangladesh's technology extension system to support upgrading in more advanced firms and sectors.	PMO, ICT Ministry	Medium-Term
Strengthen government capabilities to better target direct support for innovation and technology adoption	PMO, ICT Ministry	Medium-Term

Access to Finance

Recommendations	Leading Institutions	Time Required
Implementing a modern resolution framework for distressed assets.	Bangladesh Bank	Short-Term
A proper NPL resolution process is essential which would entail a framework for early recognition, reporting, and time-bound resolution of stressed assets.	Bangladesh Bank	Medium-Term
Addressing NPL flows along with NPL stocks addressing the problem of willful defaulters and related party transactions.	Bangladesh Bank	Medium-Term
Developing local capital markets as a source of long-term finance.	Bangladesh Bank, BSEC	Medium-Term
Stimulate the corporate debt market by correct reforms.	Bangladesh Bank, BSEC	Medium-Term
Develop a domestic green bond market to mobilize private capital for climate-related initiatives.	Bangladesh Bank, BSEC	Medium-Term
Removal of current loan capping and allowing market force to regulate interest rates	Bangladesh Bank	Medium-Term

Reforms Undertaken by GoB in 2022 across Pillar Areas

Pillar area	Reform
Starting a Business	<ul style="list-style-type: none">• Company seal is no longer a necessary element during filing.• Registration fee reduced from BDT 2400 to BDT 1200.• A company registered with the Registrar of Joint Stock Companies in the areas of DNCC, DSCC, and CCC, a circular for issuance of a trade license of the said company will be issued by the Local Government Department within 2 days of filing the application.• Through amendment of the Companies Act, the time for convening the general meeting has been increased from 14 days to 21 days• Introduction of BIDA One Stop Service for investors along with other Investment Promotion agencies like (BEZA), (BEPZA) and (BHTPA).• Registrar Joint Stock Companies online registration
Pillar area	Reform
Access to Land	<ul style="list-style-type: none">• Reduced stamp value from 3% to 1.5%• A separate Balam book has been introduced for company-to-company transfer of land. As a result, the original copy of the document will be provided within 7 working days.• The time limit for issuance of non-encumbrance certificate has been reduced to 2 working days• The time for notifying company to company land transfer has been reduced to 7 working days• Company to Company transfer of land requires only 1 deed; in place of the required 2 previously.• Online application for land transfer and other issues

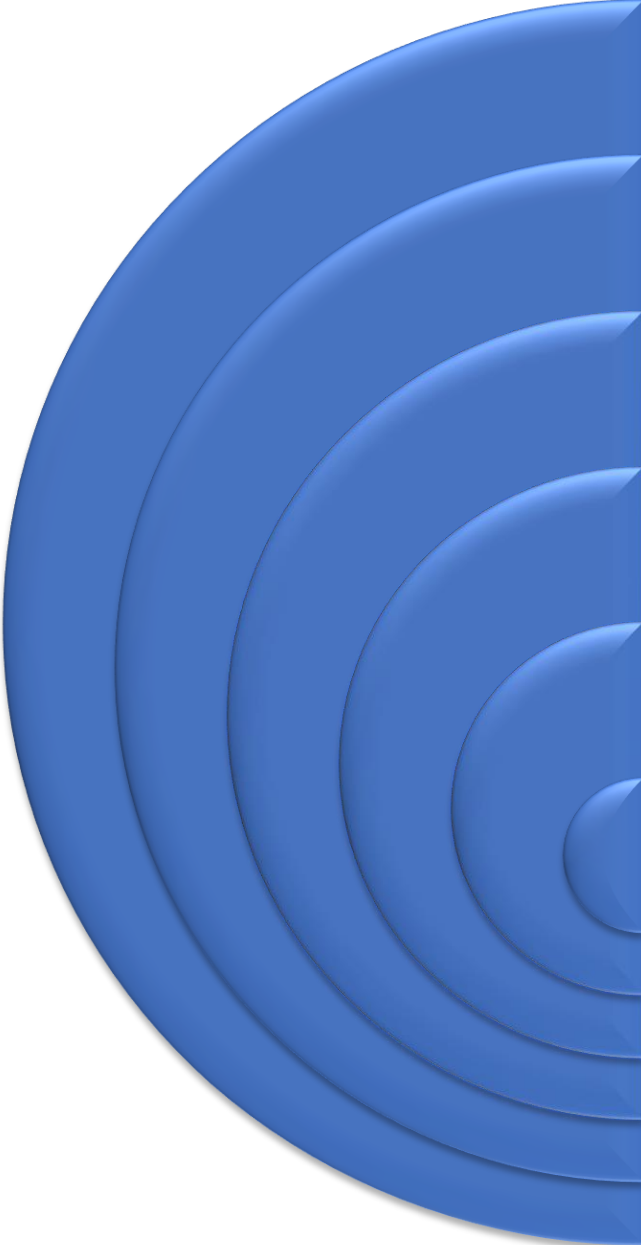
Reforms Undertaken in Investment Climate across BBX Pillars

Pillar area	Reform
Access to Infrastructure	<p>For Dhaka</p> <ul style="list-style-type: none">• Have electrical contracting firm purchase meter• Hire electrical contracting firm to purchase substation equipment, get it tested and carry out installation and earthing: Reduced cost from BDT18,00,000 to BDT 12,38,500• Obtain permission for installation of underground cable: Reduced time from 21 days to 3 days• Submit application to Dhaka Electrical Supply Company (DESCO) and await estimate: Reduced time from 30days to 13 days.• Receive meter testing and installation, final inspection, and electricity flow: Reduced time from 20 days to 2 days.• Have electrical contracting firm purchase meter: Reduced time from 14 days to 0 days. <p>For Chittagong:</p> <ul style="list-style-type: none">• Hire electrical contracting firm to purchase substation equipment, get it tested and carry out installation and earthing: Reduced cost from BDT 18,00,000 to BDT 12,38,500• Submit application to BPDB Chittagong and await estimate: Reduced cost from BDT 3,81,678 to BDT 2,58,000.• Apply for license from Electrical Licensing Board (ELB): Reduced time from 28 days to 7days• Submit application to BPDB Chittagong and await estimate: Reduced time from 50days to 13 days.• Receive meter testing and installation, final inspection, and electricity flow: Reduced time from 20 days to 2 days.

Reforms Undertaken in Investment Climate across BBX Pillars

Pillar area	Reform
Labor Regulation	<ul style="list-style-type: none">● New Labour Act 2022 which includes● Retrenchment of workers during factory takeovers as opposed to terminations.● Workers will get retrenchment benefits which are less than termination benefits.
Cross-border Trade Facilitation	<ul style="list-style-type: none">● Cost to export border compliance: US\$ 200 [from US\$ 408]● Cost to export documentary compliance: US\$ 100 [From US\$ 225]● Time to export border compliance: 36 Hours [From 168 Hours]● Time to export documentary compliance: 2 Hours [From 147 Hours]● Cost to import border compliance: US\$ 180 [from US\$ 900]● Cost to import documentary compliance: US\$ 50 [From US\$ 370]● Time to import border compliance: 372 Hours [From 216 Hours]● Time to import documentary compliance: 24 Hours [From 144 Hours]
Access to Finance	<ul style="list-style-type: none">● With effect from August 5, 2019, the credit history of the borrower has been increased from 12 months to 24 months in the CIB report.● Extent of shareholder right index● Extent of disclosure index.● Extent of corporate transparency index● Extent of ownership and control index● Extent of director liability index

A Brief About Business Climate Index (BBX)



BBX creates an empirical overview of the business-related challenges in Bangladesh, while simultaneously providing the government with a prioritized set of reforms that the private sector seeks.

BBX provides a comparative picture of the regulatory landscape across all 8 Divisions across Bangladesh.

BBX is a pioneering initiative taken by MCCI and Policy Exchange which aims to capture the voice of the Bangladeshi private sector, especially in relation to the biggest regulatory and business environment constraints in Bangladesh.

BBX was introduced in 2021 and has been developed for two consecutive years.

Unlike other cross-country indices, the Bangladesh local business climate index will look to capture contextual factors affecting businesses in Bangladesh and develop a set of locally nominated problems.

The BBX comprises 10 pillars which have been modified from academic literature, to suit the local context of Bangladesh. These pillars aim to capture elements of the local business environment and the issues faced by businesses and intermediaries in engaging with regulations.

Why are Business Indices Important?



It is congruent with Bangladesh's development priorities and aspirations of becoming a middle-income country with more diversified export industries and a more productive industrial and service sector.



It reflects the multiple business and economic obstacles faced by Bangladesh as it addresses competitiveness challenges amid its post-LDC preparation. Each nascent high growth-potential sector can benefit from tailored special policy regimes such as that which benefited RMG. The BBX survey can chart a map based on sector-specific challenges.



It addresses the need for institutional strengthening, especially in terms of government /policy responsiveness and coordination. The East Asian experience shows that a combination of strong institutions and a meritocratic bureaucracy helped guide these economies to prosperity.



It provides clear empirical benchmarking that allow policymakers to gauge the constraints per industry and region. The BBX is quantitative and comparable to other indicators. It allows a granular analysis of industries that differs from more generic surveys, and it benefits from a large sample size and methodological rigor. It does not set its sights at lowest common denominators, unlike global indices.

Examples of Business Indices in Countries

Country	Name of Business Index	What it measures
China	China Business Climate	This is a quarterly index which can directly reflect the real situation of the economy. Index Nationally representative samples are used. The index ranging from 0 to 200% and 100 is taken as the critical value. An index higher than 100 indicates improvement in economic performance. Whereas an index lower than 100 depicts that the economic performance is declining.
Malaysia	Business Conditions Index	This bi-annual index measures business sentiments and gauges expectations on areas such as such as cost of production, employment, local and export sales, production, capacity utilization and capital investment.
Vietnam	Business Climate Index	This yearly index serves as a barometer for businesses in Vietnam. It gauges expectations regarding companies' investment, revenue, relevance and understanding of trade agreements and administrative procedure of setting business.
Canada	Canada Business Outlook Survey Indicator	The Business Outlook Survey summarizes interviews conducted by the Bank's regional offices with the senior management of about 100 firms selected in accordance with the composition of the gross domestic product of Canada's business sector. The balance of opinion can vary between +100 and -100.
France	France Business Climate Composite Indicator	In France, the Business Climate Composite Indicator summarizes the information provided by the surveys in manufacturing, services, trade (retail and wholesale), and construction. The business climate is built from 26 balances of opinion from these surveys.



Thank You