

Report On
Business Assurance Service of a Chartered Accountants Firm
A Study on Howladar Yunus & Co. Chartered Accountants

By
SHAMINA TASNIM
Student ID: 21264013

An internship report submitted to the BRAC Business School (BBS) in partial fulfillment of the requirements for the degree of

Master of Business Administration (MBA)

BRAC Business School

BRAC University

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Declaration

It is hereby declared that-

1. The internship report submitted is my own original work while completing a degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate reference.
3. The report does not contain material that has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

Student's Full Name & Signature:

SHAMINA TASNIM

Student ID: 21264013

Supervisor's Full Name & Signature:

Dr Saad Md Maroof Hossain

Assistant Professor, BRAC Business School
BRAC University

Letter of Transmittal

Dr Saad Md Maroof Hossain
Assistant Professor,
BRAC Business School
BRAC University
Kha-224, Bir Uttam Rafiqul Islam Ave,
Merul Badda, Dhaka 1212. Bangladesh

Subject: Submission of Internship Report

Dear Sir,

This is to inform you that I am thankful to the Almighty for giving me the opportunity to complete my internship and turn in my report. As I am putting together this report, I appreciate all of your helpful counsel and recommendations. An overview of Howladar Yunus & Co. Chartered Accountants, my internship, and my report on the topic of "Business Assurance Service of a Chartered Accountants firm: A Study on Howladar Yunus & Co. Chartered Accountants" are all included in this report.

Therefore, I sincerely hope that you will enjoy and value the work that I put into this report. I sincerely appreciate your support in getting me to work on this fascinating subject and your thoughtful acceptance of it.

Sincerely yours,

SHAMINA TASNIM

Student ID: 21264013

BRAC Business School

BRAC University

Date: April 28, 2024

Non-Disclosure Agreement

This agreement is made and entered into by and between Howladar Yunus & Co. Chartered Accountants and the undersigned student at BRAC University, BRAC Business School.

SHAMINA TASNIM

.....

As per the agreement the information I have used in this report, cannot be used anywhere else rather the information is to be used only for internship purposes.

Acknowledgment

First and foremost, I would like to express my profound gratitude to my honored supervisor, Dr. Saad Md Maroof Hossain, for his constant guidance, assistance, and careful attention to the preparation of my internship report. I have worked at Howladar Yunus & Co. Chartered Accountants for the past three years now, and I get to put the information and experience I have gained over those three years to use here. In addition, I would like to thank all the other instructors and staff members who helped me during my MBA program at BRAC University.

Taking this chance, I would like to express my gratitude to Mr. Touhidur Rahman FCA, (Partner) who has been a consistent source of assistance since day one in my employment journey with Howladar Yunus & Co. I also express my gratitude to Mr. Muhammad Farooq FCA (Managing Partner), who was my principal during my CA-apprenticeship period, my fellow colleagues, my teammates who were helpful in offering guidance and assistance in finishing this report. I am incredibly grateful for the genuine collaboration I received from each one of these individuals at Howladar Yunus & Co. Chartered Accountants. All my classmates who helped me at this time and made every effort to assist me have my sincere gratitude. I want to appreciate the career counseling center at BRAC University and all my university's programs for providing me with the chance to experience self-development via real-world experience.

Executive Summary

The internship report for MBA program led to the creation of a report "Business Assurance Service of a Chartered Accountants Firm: A Study on Howladar Yunus & Co. Chartered Accountants". During my three years as an employee at Howladar Yunus & Co. Chartered Accountants, I have gained practical knowledge and expertise that I applied to draft the report. All the monetary incentive techniques are included in this report. Through the provision of financial incentives, the government supports exporters. However, the fictitious exporter claims rewards. Identifying those who meet the requirements to receive the cash incentive facility is, thus, the responsibility of an auditor. This report covers the background of Howladar Yunus & Co. Chartered Accountants, the reason and goal behind the cash incentives audit, the evaluation of the export documents by reviewing the file, the history of the cash incentives, the results, and all other firm information. When reviewing incentive files, circulars issued by the Bangladesh Bank are being followed. The first section of the report explains the Organizational Perspective. My contribution as an employee is covered in the second section. The Qualitative Report Pattern is covered in the third section for the alternative cash incentives auditing techniques. Here are a few restrictions I have faced while working for the company. I have tried to give some advice on how to get over such barriers and constraints.

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PART 01:
ORGANIZATIONAL PERSPECTIVE

1.1 Company Overview: Howladar Yunus & Co. Chartered Accountants

In 1970, Howladar Yunus & Co. was founded. It is among Bangladesh's oldest CA firms. Howladar Yunus & Co. was founded by Mr. Mohammad Yunus, FCA, and Mr. Noor Mohammad Howladar, FCA Chartered Accountants. It is currently one of Bangladesh's top professional CA firms. Howladar Yunus & Co. Chartered Accountants consistently offer their customers a valuable service and they have been continuing their operations since the 1970s. For the past fifty years, they have been engaged in this endeavor. Currently Howladar Yunus & Co. ranked among Bangladesh's top 10 CA audit firms according to the Bangladesh Bank and FRC's list. Since 2017, Howladar Yunus & Co. has maintained an international collaboration as a membership of Grant Thornton International Ltd., which is focused on international network for business consulting and auditing, established in London. Grant Thornton Consulting Bangladesh Limited, which provides operational and transactional consulting services, supports the firm in this advising endeavor. It all began in 1970 as a straightforward corporate merger carried out with great fervor and dedication. GTIL (Grant Thornton International Ltd) has a global network of independent assurance, tax, and consultancy organizations with over 56,000 employees across 140 nations. GTIL have been assisting forward-thinking companies in achieving their strategic goals for almost a century. We, Howladar Yunus & Co., can assist you whether your goals are to manage risk and regulations, fund expansion, maximize stakeholder value, or optimize operations. We possess both scale and a grasp of the local market.

Meet our people-

	Partner	Designations
Name of Partners	Mr. Muhammad Farooq, FCA	Managing Partner
	Mr. Dewan Nurul Islam, FCA	Managing Director
	Mr. Neaz Mohammed, FCA	Senior Partner
	Mr. Al Maruf Khan, FCA	Partner
	Mr. Jahidur Rahman, FCA	Partner
	Mr. Touhidur Rahman, FCA	Partner
	Mrs. Farhana Sultana, FCA	Partner

Table 1.1 Management Details of Howladar Yunus & Co.

1.2 Howladar Yunus & Co. Chartered Accountants Service Lines:

Howladar Yunus & Co. Chartered Accountants has been providing their valuable service for almost 50 years in Bangladesh. They have designed their service lines with expert consultancy. The main purpose of their service is to improve the Internal Control System (ICS) of the client's company and add value to it. Service lines of HYC/Grant Thornton Bangladesh -

- ✓ Audit and Business Assurance Services
- ✓ Tax and Legal Advice
- ✓ Advisory/Consultancy Service
- ✓ Cybersecurity
- ✓ Corporate Accounting
- ✓ Payroll and Business Process Outsourcing

1.3 Hierarchical Structure:

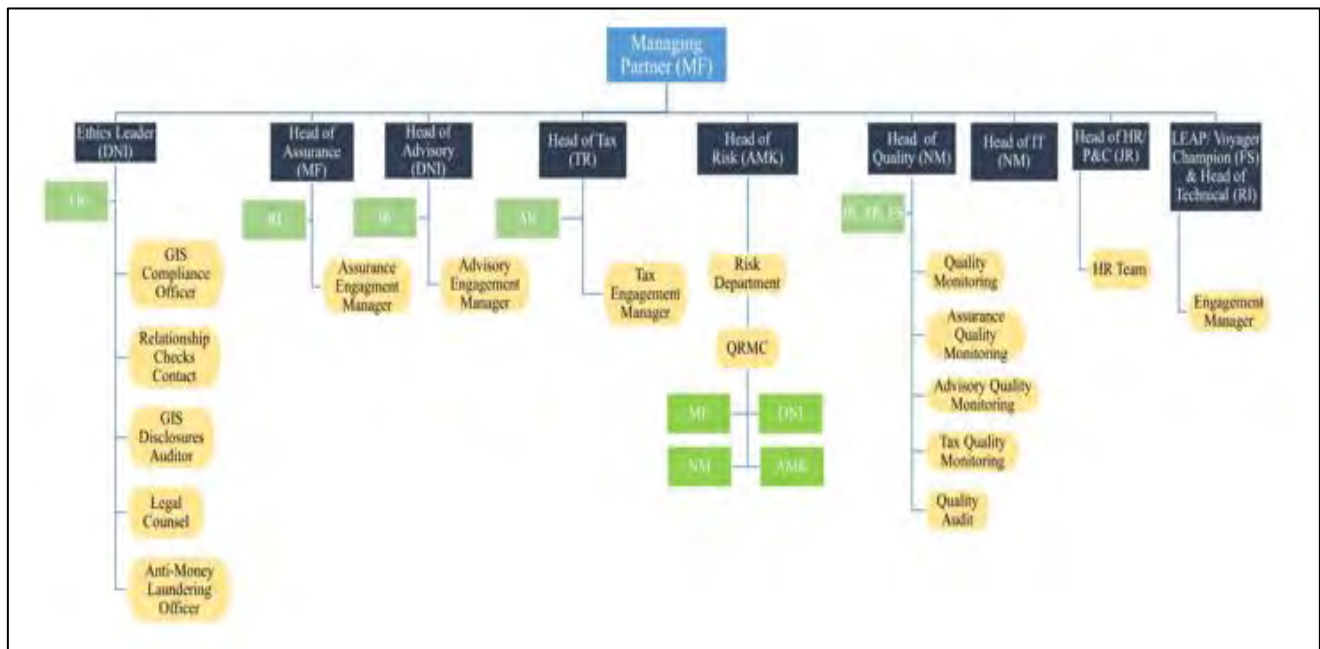


Figure: 1.1 Organogram of Howladar Yunus & Co.

1.4 Clients and Industries of Howladar Yunus & Co. Chartered Accountants:

As a part of the Professional body, confidential information must not be disclosed outside the organization without authority, unless there is a duty or right to disclose, or disclosure is in the public interest and permitted by law. Considering that the professional accountant knows or should know might not discredit the profession. Clients' information must be kept confidential unless there is a genuine exception to this requirement as it beholds the trust between client and accountant (The ICAB Code of Ethics). Howladar Yunus & Co. Chartered Accountants are working on the below sectors-

- ✓ Energy & resources
- ✓ Financial services
- ✓ Food & beverage
- ✓ Hospitality & tourism
- ✓ Not for profit organizations
- ✓ Public sector
- ✓ Real estate & construction
- ✓ Technology

1.5 Organizational Culture:

We, Howladar Yunus & Co., are known as an organization where a person may flourish because of our work culture and opportunities within the organization. Every day, we support our people in making a difference in their career, no matter which department they are working in. Our employees have a strong commitment to these principles, and we take great satisfaction in being a value-driven organization.

Our entire organization is based on the six values, which also serve as the foundation of our culture-

- Together, we are effective when we ask for and provide assistance.
- As leaders, we push each other to reach our full potential by exhibiting bravery and inspiring others.
- Quality – by quality we always seek better solutions; we never settle for less.

- We thrive on change, so be agile: think widely and act swiftly.
- Responsibility – we use influence wisely; thus, we own our actions.
- Acceptance, to be listened to and understood is a forthrightness that creates honest relationships.

As one of the leading Chartered Accountants firms in Bangladesh, Howladar Yunus & Co. have developed an organizational culture like as corporate companies though it is a partnership firm in nature. CA students, firm partners, professional employees, directors, non-professionals, administrative staff, and other supporting staff are all working on common ground to keep the pride of the firm's goodwill in the market.

PART 02:
MY CONTRIBUTION AS AN EMPLOYEE

2.1 Business Assurance Services Department (Cash Incentives):

Cash incentive is the assistance in the form of “cash” given to any party in terms of the fulfillment of certain conditions. Cash incentive policy was first introduced in 1986. This facility provided for several sectors such as Textile or Garments Industry, Agro & Argo-Processing, Handicraft, IT, Fish, Jute Products, Leather, Pharmaceuticals, Pet bottle & flakes for plastic industry, New Market Exploration for textile sector, Special cash incentives etc. are given as a repayment of part of the production cost of Bangladesh. Cash Incentive is given as repayment of part of the production cost of the Bangladeshi exporter (incentive receiver) when the beneficiary completes the export process complying with all requirements of the Bangladesh Governments (as per Bangladesh Bank Circulars). In most cases, there are special motives behind giving Cash Incentives. It might be given to nurture the amateur industry, the industry more competitive in the local and foreign market etc. This government subsidy is also used as a counter weapon against the undesirable practice of dumping by foreign countries. Cash incentives are provided by Bangladesh Government to attract foreign investors that will contribute to country economy by generating remittances upon exports. As manufacturing companies are producing more and via exporting the remittances are contributing to our country’s total GDP.

2.2 Team Lead Scenario:

Audit procedure of alternative cash incentives:

In cash incentives the audit procedure starts with checking the application form, working files and all other relevant documentation. After that, these documents are checked based on circular which are relevant for each sector that is issued by the Bangladesh Bank. The calculation on cash incentives claim is made upon relevant documents which must have been reliable. After reviewing all the required documents and checking the audit claims asked for by the client, the audit firm provides certification on cash incentives. Later, Bangladesh Bank will disburse the fund for cash incentives to the client based on certificate provided by the audit firm.

2.2.1 Application submission for cash incentives by the client:

Exporters who will claim for cash incentives facility need to submit the application form with all necessary documents to the Trade division or foreign exchange department of the bank. The exporter will submit an application to the bank for claiming cash incentives facility on proceed realization certification (PRC) within 180 days and other relevant export documents will also need to be submitted. All the documents must be submitted and prepared with a proper seal and signed with appropriate authority otherwise they will be considered of no value. It is to be noted that all the photocopied documents are required to be attested by the respective bank.

2.2.2 Application formally received by bank:

The authorized bank who works on behalf of the exporter will formally accept the application by examining all relevant documents. After confirmation and providing an authorized seal and sign by the Bank all these files will be considered as relevant and reliable. But if the bank finds any mismatched of information and any required document is missing, they must notify the client within 03 working days and notify the client to complete the export files in a proper way. After that, the bank will calculate the incentives claim and provide a bank calculation in comparison with PRC and other valid documents. Usually most of the time audit firms claim calculation and bank claim calculation for the client is persisting the same value of amount.

2.2.3 Letter issued by bank to the concern partner of Howladar Yunus & Co:

After examining all the required documents, the concerned department of trade operation of the Bank and upon clearance on International Division of the bank, the Head office or respective branch will send a forwarding letter to the audit firm Howladar Yunus & Co. to complete the alternative cash assistance procedure.

2.2.4 Commencement of the cash incentive audit:

In the commencement of the cash incentive procedure Howladar Yunus & Co. will send an auditor to the concerned bank. This time the concerned bank branch will send files to the firm for the reviewing purpose. If the bank branch is near the firm, auditors may scrutinize and carry out their procedure in bank premises or otherwise it will be done in firm premises.

2.2.5 Deputation and assigning team in terms of dealing with clients:

As a Senior Assistant Manager, I am responsible for arranging the required number of team members, planning my work, assigning team members as per requirement to deal with different clients for different issues.

2.2.6 Preparation of audit working files:

At first, the auditors (my fellow team members) will prepare the worksheet which is known as Top sheet, fill up the annexure details with Exp Number, Invoice Value, Realized Value, Realization date, Shipment date, calculation sheet which will be according to the standard format of cash incentives of Howladar Yunus & Co. The auditors will prepare these formats for each of the applications. This information must be fulfilled in the correct representation.

2.2.7 Review of working file:

In the review process, senior audit assistants of the firm will review the worksheet. He or she will check the worksheet and cross check to compare with the submitted cash incentives file. If there is any mismatch among the documents, the observations will be notified to the clients and upon correction of such observations within 07 working days (as per TOR) certification will be provided. As a manager, I will recheck the files to ensure that the documents are free from mismatches and fraud beforehand the certification is finalized and verify whether the claim calculation is appropriate or not.

2.2.8 Preparation of control sheet and cross-checking of the working file:

Here, all the relevant information and important documents need to be prepared as per control sheet and cross-checked as per Bangladesh Bank Circular. The worksheet will be proof of work and kept as a database that systematically controls working files and such sheets are directly prepared by the firms. In this stage senior audit assistants of the firm will cross-check the file and if they find any error, they will be giving queries to the clients. The client must resolve these observations in order to get certification.

2.2.9 Concern Partner’s Review and Signature:

Cash incentives certificate is issued by a Certified Chartered Accountants and signed by the engagement partner of the firm. This certificate ensures that the applicant or exporter is eligible to get a cash incentives facility on his claim of total realization value. The engagement partner is also liable to check whether all the requirements are being fulfilled and checked as per Bangladesh Bank Circulars. Afterward, the exporter will get fund from Bangladesh Bank when it is being disbursed.

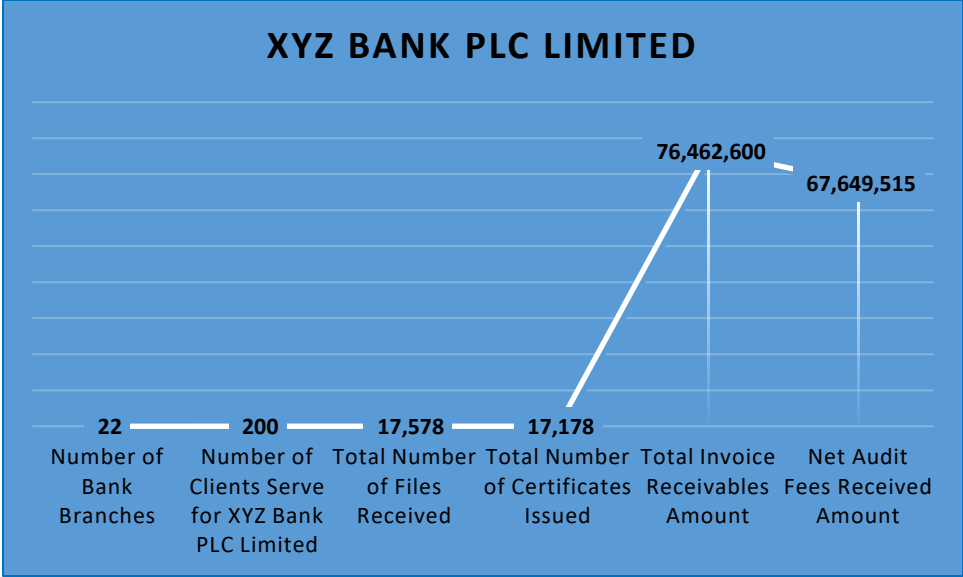
2.2.10 Cash Incentive Certification:

In this stage, after the signing up by the concerned partner the certificate is issued to the concerned bank's Head Office. The head office receives the certificate and send it to Bangladesh Bank. In every quarter Bangladesh Bank will disburse the cash incentives claim to the respective bank branches and then the branch transfers it to the respective client’s account.

2.2.11 Revenue Earned from Cash Incentive Certification:

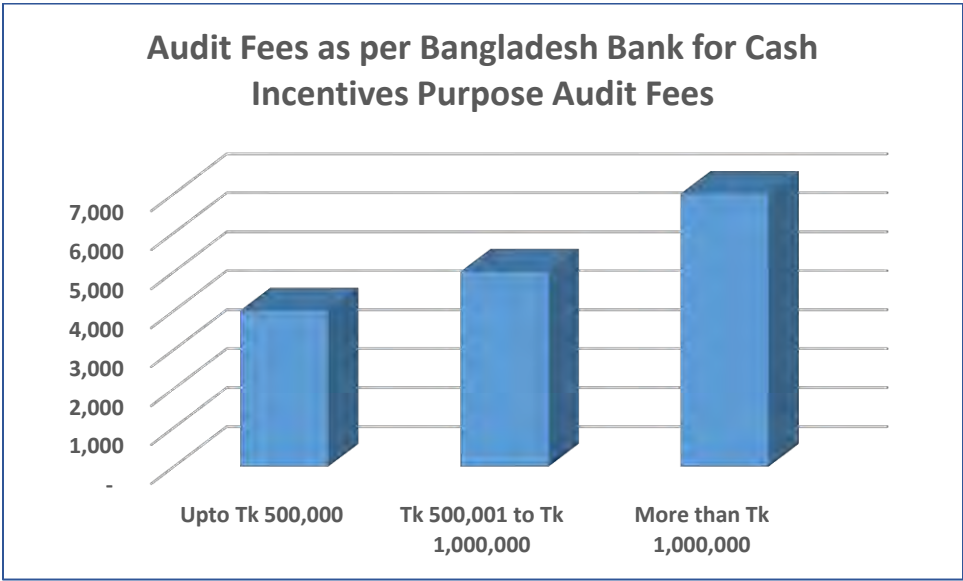
The Business Assurance Services Department earns approximately 70% to 75% for an audit firm by providing Cash Incentives Audit and Certification. Here is a hypothetical scenario to highlight with a graphical presentation as an example:

Bank Name	XYZ Bank PLC Limited
Number of years for Audit Appointment	03 years
Number of Bank Branches	22
Number of Clients Serve for XYZ Bank PLC Limited	200
Total Number of Files Received	17,578
Total Number of Certificates Issued	17,178
Total Invoice Receivables Amount	76,462,600
Net Audit Fees Received Amount	67,649,515



The revenue to be generated by the audit firms are depending on the prescribed audit fees as per Bangladesh Bank for cash incentive purpose on the basis of claiming amount by client.

Cash Incentives Claim Amount	Audit Fees (Tk.)
Up to Tk 500,000	4,000
Tk 500,001 to Tk 1,000,000	5,000
More than Tk 1,000,000	7,000



Audit firms claim these audited fees from respective bank branch and the Head of Finance and Accounts Department (FAD) will disburse the amount on a quarterly payment basis, receiving upon from Bangladesh Bank. As mentioned earlier, the audit provided for cash incentives purpose is considered to be the cash-cow for a Chartered Accountants Firm who are engaged in Business Assurance Services and Consultation. The receivables generated and collected from the department personnels are considered to be a part of compliance and transparency, performance evaluation and performance improvement.

2.3 Responsibilities:

- ✓ Oversees audit planning, fieldwork, and audit reporting; prepares reports, and communicates findings and recommendations to the line and senior management.
- ✓ Responsible for the daily supervision of audit assistants and other associate staff.
- ✓ Preparing a MIS report outlining the findings from the audit work. Keeping deputy manager and firm Partners up to date with the progress of the audit work.
- ✓ Visiting client's factory premises in order to ensure production capacity.
- ✓ Assist in the prudential supervision of the audited entity.

Flowchart of the Audit Procedure of Business Assurance Services Department:

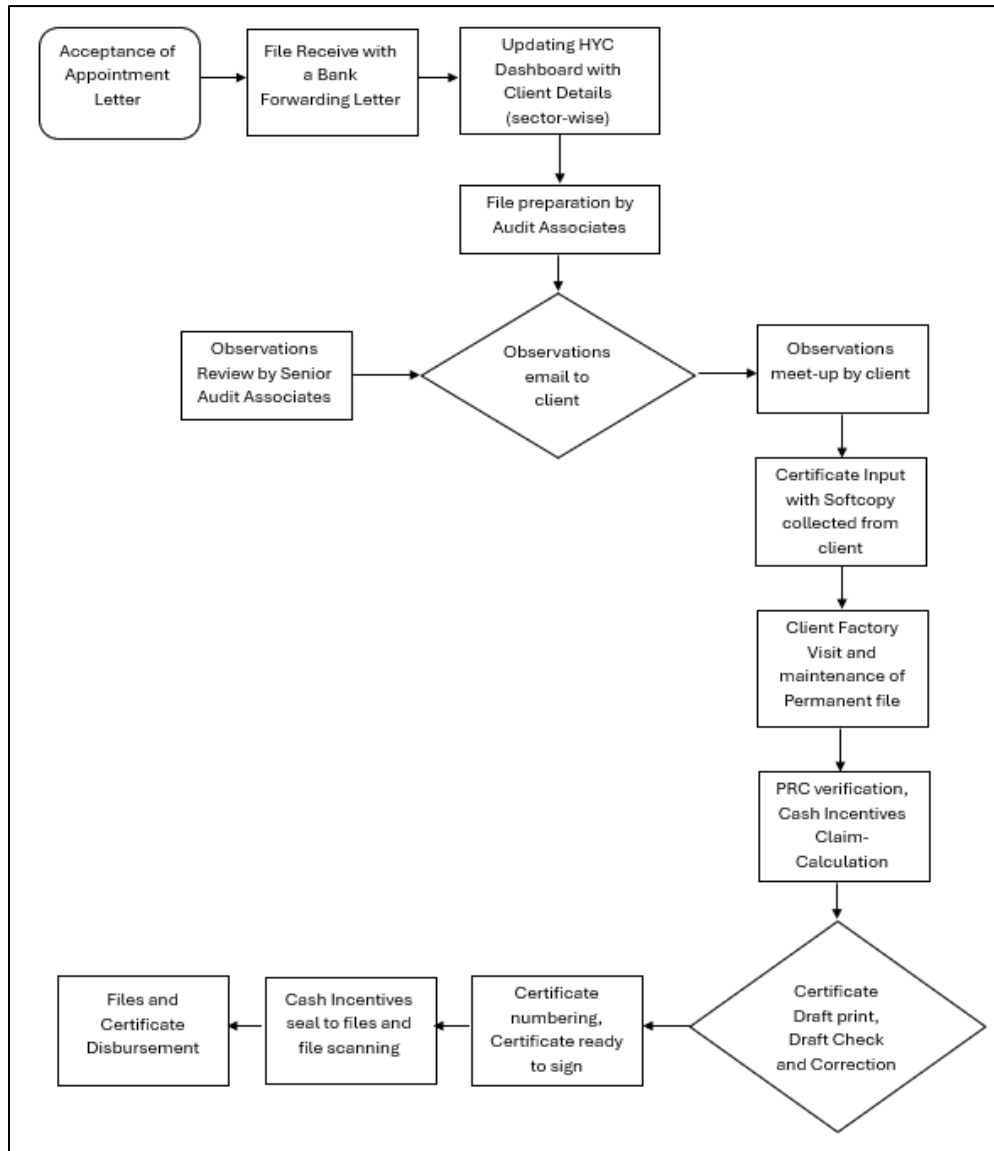


Figure: 2.1 Audit Procedure of Business Assurance Services Department

Part 03:
Qualitative Report point of view

3.1 Objective of the Study:

In our educational systems, we only learn theoretical knowledge but in real life theoretical knowledge and practical knowledge both are needed and add different value. My job role is mostly connected with practical implications and situation handling. During my 03 years of employment and another 3.5years of CA-apprenticeship, I have gathered practical knowledge that added extraordinary value to my career. Though there were difficulties faced. As, the internship process is mandatory and a major requirement to complete my MBA degree, I have tried my level best to complete the report with the purpose of providing insights that is given below-

- ✓ Measuring and assessing the cash incentives audit.
- ✓ Learning how to adjust to the organizational atmosphere.
- ✓ How does the knowledge of cash incentives develop the export sector in Bangladesh?
- ✓ Analyzing the cash incentive procedure that is formulated and implemented by following rules and regulations that is circulated by Bangladesh Bank.
- ✓ Learning how audit activities are being carried out by a Chartered Accountancy firm.
- ✓ How to use personal judgment based on situations?

3.2 Methodology of the Study:

I have prepared this report on the basis of my experience, knowledge which I gathered from my Managing Partner, Engagement Partner, deputy manager, fellow colleagues, and other teammates. Here I mainly covered how I have collected, stored, and accumulated the data. To prepare this report I have prioritized the secondary data. Here I will be discussing how the data is being collected.

Data Sources: To prepare this report I have worked on both the primary and secondary data. As an Auditor it is quite difficult to manage time to collect data from primary sources. So, secondary information is used to prepare this report.

Primary sources:

- ✓ Some information I have collected from my Managing Partner, my Engagement Partner senior colleagues, my deputy manager, audit consultants and other teammates.
- ✓ Some information's' being collected from Applicants who claim for cash incentives.
- ✓ And some information is being collected through factory visits of the relevant clients and communication with bankers.

Secondary sources:

- ✓ Collected from The Institute of Chartered Accountants of Bangladesh (ICAB) website.
- ✓ Collected from original certification of BGMEA, BTMEA, PRC (Proceed Realization Certificate), Back-to-back L/C, Master L/C, and other relevant export documents which are provided in cash incentives file.
- ✓ Cash Incentives audit Checklist as per TOR of Howladar Yunus & Co. Chartered Accountants.
- ✓ The Internet is another source from where I have collected the secondary data.

3.3 Limitations of the Study:

Every work procedure has some difficulties, challenges, and limitations. I have tried my best effort to keep the report as perfect and authentic as possible. But here I mention some limitation which I faces:

- First of all, three months is a very short period to collect, portray all the information and express it through write ups.
- In this short period, it is quite difficult to cover all the cash incentives topic.
- As an employee I am responsible for so many works and for the internship report I cannot mention all the work procedure of cash incentives sector because of my limitation.
- I could not mention and discuss all those circulars on cash incentives procedure which is issued by Bangladesh Bank Foreign Exchange Policy Department.
- Much information was not disclosed due to confidentiality purposes.

As the information is highly confidential the scope of work is limited by nature. Also, I am holding a position as a Senior Assistant Manager in the firm, and it is my duty to maintain the work integrity with professional competence and due care.

3.4 Cash Incentive Sectors Granted by Bangladesh Bank

Textile or Ready-made Garments (RMG) Industry, Agro & Argo-Processing, Handicraft, IT, Fish, Jute Products, Leather, Pharmaceuticals, Pet bottle & flakes for plastic industry, New Market Exploration for textile sector, Special cash incentives and others are the most promising sector in our country. Different major products are the main contributors to our export revenue. At present almost 76% of our total income is earned by exporting RMG and other products' export income 24%. Recently composite sector for Textile industry is facing threat due to rising competition in the foreign market. It is because of the low labour cost compared to our competitors (China, India, Pakistan etc.). But our material and other production cost are very high since we are importing most of the raw materials (i.e., Yarn, Fabrics) and accessories from overseas. Jute is our country's one of the natural assets. This sector has also a huge contribution to foreign currency revenue. On the other hand, one of our natural assets is Fish which is having a contribution to our country by earning foreign currency and Hilsa fish is considered a worldwide famous item. Stepping into the shows of the Bangladesh exporters of garments factory, fish factory, jute mills, pet bottle & flakes plastic industry and new market exploration and other valuable sectors The Government of Bangladesh has offered alternative Cash Incentives to all the particular sectors due to following reasons:

- To increase the exports of those sectors.
- To establish and strengthen the backward linkage of those sectors.
- To encourage to establishment of more export factories in Bangladesh that will generate more employment facilities in our country.

- To motivate using locally produced goods in order to minimize cost of imports.
- To establish a market for the local products to the manufacturers.
- To make textile, fish, jute, pet bottle & flakes plastic industry and new market exploration and other sectors to be sufficient enough for ultimate consumers.

3.5 Cash Incentives Audit Document for Reviewing:

3.5.1 Bank forwarding letter:

An applicant who wants to claim for the cash incentive facility to Bangladesh Bank on total export value that will be applied by the bank forwarding letter. There will be different types of banks forwarding letter for different sectors such as Textile - new market exploration, special, composite, general market, deemed export, SME, or any other sectors. Sector names should be included in the bank forwarding letter. In the bank forwarding letter must be mentioned the application date of the letter. L/C or Contract number and date and value must be mentioned and if the L/C or contract are replaced in another contract that will also be mentioned in the forwarding letter. An auditor will check all the materials whether it is correct or not if they find any mismatch then they should give observation. And another concerning matter is according to Bangladesh Bank circular if any exporter previously claimed duty draw back or bonded warehouse facilities, the client will be eligible to apply for getting cash incentives facility. For each file bank forwarding letter will be separately prepared according to Bangladesh Bank circular. The applicant will send Bank forwarding letter to foreign exchange department or trade operation department of the concerned bank and then the bank employee will verify the documentation and attach the bank forwarding letter with authorized seal and sign. A bank forwarding letter will be considered insignificant if it is without an authorized seal and sign. The bank address, name and appropriate branch name should be mentioned in the forwarding letter. And another important matter is the bank must mention a unique bank reference number which will be easy to trace data and will be a help to be found in future. And the date in the seal and sign which we have known as an application date must be mentioned. Lastly the banker will give its own authorized seal and signature with a receiving date. The Auditor will check the following criterion if anything is missing, they will give observation to the client to make correction it.

Figure 3.1: Bank Forwarding Letter



3.5.2 Application Form:

An application form is considered a very significant document. Because it is the base of the validity and verifiability of the files. It is a mandatory issue when an auditor checks the file. Auditors check the file on the basis of the application form because of their different type of markets. Auditors calculate the file most of the time on the application form. It ensures the calculation structure like from the “KA” format following for special cash incentive 1% and new market exploration 4%. On the other hand, form “KHA” followed for the general market. And form “GHA” used for deemed export.

3.5.3 Back-to-Back L/C:

A back-to-back letter of credit is used for two or more letters of credit to ensure a more secure single international transaction. There are two types of back-to-back L/C, one is local back-to-back L/C, and another one is foreign back-to-back L/C. When an exporter buys raw material from foreign countries at that time, he has to buy by issuing foreign back-to-back L/C. For the foreign back-to-back L/C, the exporter must be issued the required other documents -

- Proforma invoice.
- Commercial invoice.
- Packing list.
- Track challan.
- Beneficiary certificate.
- Certificate of origin
- Cash BTMA
- Mushak 6.3

These are important documents that have to be attached with the back-to-back L/C to an auditor for the authenticity of the document. Auditors must check these files and if any file is missing, they give observation to the client and should properly resubmit it.

3.5.3 BGMEA Certificate:

Bangladesh Garments Manufacturer and Exporters Association issuing this certificate. It is an important document for a client when he or she claims for cash incentive. To get this certificate applicants pay a certain amount. Applicants must attach BGMEA file with application form and submit it to the bank after that concern bank will provide to the CA firm for check it. Here, the auditor checks every detail of the BGMEA, and the bank application form must be matched otherwise auditor provide observation. BGMEA certificate will be considered as valueless without authorized seal and signature on the certificate. Some clients first time attached a draft copy of BGMEA for the first time because it requires some certain money so if the draft auditor found any mismatch, then client will solve the problem with original BGMEA Certificate.

Figure 3.2: The sample of BGMEA certificate

BANGLADESH GARMENT MANUFACTURERS & EXPORTERS ASSOCIATION (BGMEA)
"Made in Bangladesh with Pride"
 BGMEA Centre: 25/1 Park Road 1st Floor, Mirpur 11, Dhaka-1216. Tel: +88-02-96273121. Fax: +88-02-96273122. E-mail: info@bgmea.com.bd, www.bgmea.com.bd, www.bgmea.org.com.bd

Ref: **BGA/CUS/2019/AC: 295** Certificate No: **270** /2019
 DATE: **24/01/2019** CERTIFICATE FOR DRAWING ALTERNATE CASH ASSISTANCE

Name & Address of the Unit	MEMBER NO. 3004 UNIT NAME TANMANK 43/11/1, TONGKALUPUR		
Membership No. of the Unit	3004	Year	1 2019
Actual production/manufacturing capacity of the Unit (kg per certificate issued by the concerned Authority)	1,80,00,000 Pcs	FABRICS	
Export L/C No./Contract No.	00173-01-0022808	Date	22/03/2018 Value: \$ 41,000.00
Buyer's Name & Address	GLORIA JEANS CORPORATION C/SC STAZHRI AVENUE 184 ROSTOV ON DON SKA000 RUSSIA		
Exporter's Bank Name & Address	ISLAM BANK BANGLADESH LIMITED FOREIGN EXCHANGE CORPORATE BRANCH, AHU CHAMBER 73, DILKUSHA, C/A DHAKA-1000, BANGLADESH.		
Import L/C Documentary Collection No.	005418045312	Date	16.04.2018
Raw Materials Suppliers Name	SUNSHINE FIBRE SPINNING LIMITED		
Raw Materials Yarn/Fabric Quantity	5,000.00 KGS	Value	USD 18,200.00
BTMA Certificate No. & Date for Yarn	A-1827248 451042	Date	13.04.2018 03.09.2018
UD No.	BGMEA/CHEC/D/2018/5004090	Date	09.07.2018
Description of the Exported Goods	KIDT TANK FOR GIRLS GOZ Quantity: 40,000 PCS		
Invoice No.	SCH/L/C/2018/040	Date	11.07.2018 Value: USD 4,800.000
	SCH/L/C/2018/029	19.08.2018	USD 3,800.00
	SCH/L/C/2018/249	19.08.2018	USD 20,500.00
Est. No.	0884-001949-18, 0884-00197-18, 0884-001949-19	Date	11.07.2018, 20.05.2018, 20.05.2018
Shipping Est. No.	C 402804E 1021187 0184948	Date	13.07.2018, 11.07.2018, 03.09.2018
SI No.	DA05009722, DA05009721, DA05009676	Date	11.07.2018, 17.07.2018, 14.07.2018
Bank Submitted Amount	USD 9,800.00 + USD 6,800.00 + USD 20,500.00 = USD 38,500.00	DATE	11.07.2018, 18.05.2018, 10.05.2018
Realized Amount	USD 9,800.00 + USD 6,800.00 + USD 20,400.00 = USD 38,500.00	Date	02.09.2018, 02.08.2018, 13.07.2018

Certificate to be attached if the export is effected on C/R/C/R/C Basis. This is to certify that the above information have been checked and found correct and their claim for alternate cash assistance is justified. Recommended for Alternate Cash Assistance.

Signature of **Deputy Secretary/Joint Secretary**
Md. Rezaul Karim
 Deputy Secretary
 BGMEA, Dhaka.

3.5.4 BTMA Certificate:

Bangladesh Textile Mills Association issues BTMA certificate. In BTMA certificate, it is ensuring that how much yarn a supplier or producer has been purchased and thus used for export purpose. BTMA is another supporting certificate that is required for any textile sector to be eligible for availing cash incentives. Because most of the information given here is the yarn or fabrics quantity, back-to-back L/C no, amount, KGS, and Mushak number, all the important information is given for overview. Cash BTMA is used mandatorily as per Bangladesh Bank circular rules otherwise file will consider as deemed on back-to-back L/C.

Figure 3.3: The sample of Cash BTMA Certificate



3.5.5 Proceed Realizations Certificate (PRC):

Proceed realization certificate is the certificate that is ensured against exporter. The Central bank is issued this certificate that exporter income is realized. It is another most important document to get cash incentives facility. The auditor must check this certificate with the application form and other export documents. Based on realized value auditor and bank both calculate the TOR amount. In PRC form at the top PRC date and PRC number are given these two things are important because auditor calculate the tor amount with the dollar rate or foreign rate on the basis of realization date. Besides this, in PRC verify the product number, description, bill of shipment date, invoice amount, realization value, realization date. The auditor checks and matches all this information between the export document and application form. In the PRC authorized seal and signature is required. PRC can be verified through Bangladesh Bank dashboard.

3.5.6 Export Document:

Exporters get the cash incentive facility on the basis of proper export document. This document's validity is insured by the auditor. There are five Export documents that are described below:

EXP Form: In the five-export document at first exp forms are prepared. It is also called export form. Bangladesh Bank pass this form. In the exp form all information is given among the five documents. First given the EXP number then EXP date.

Figure 3.4: Front page of EXP Form Sample

EXP FORM

(Statutory declaration to be furnished by exporters under FE Regulation Act, 1947 before shipment of goods. An incorrect declaration constitutes offence under the said Act)

First Original

(To be submitted to the Customs with Second Original duly completed and certified by the Authorized Dealers)

EXP NO.	AB's Code	Serial Number	Serial Year
---------	-----------	---------------	-------------

Name and address of the Authorized Dealer _____

I/We, the undersigned hereby declare that I/We am/are the seller/sellers of the goods described below in respect of which this declaration is made and that the particulars given in the following items are true and that the invoice value declared in SI No.3 in case of firm contract is full value as contracted with the buyers, and in case of consignment sale, is a fair value of the goods which are being shipped on consignment sale.

I/We do hereby undertake to repatriate full proceeds of the export within the period specified by the Bangladesh Bank in terms of FE Act.

Sl. No.	Items	Particulars (to be filled in by Exporter)	Code No. (to be filled in by Authorized Dealer)		
1.	Commodity to be exported				
2.	Country of destination				
3.	Port of destination				
4.	Quantity	Unit (boxes/cans/Doz. etc.)			
		Volume (Weight/number etc.)			
		Currency			
5.	Value	Incoterms Used			
		Invoice Value	FOB	Insurance	Freight
		CMT Value (if applicable)			
6.	Terms of sale (Firm Contract/LC or Consignment sale)				
7.	Name & address of importer/consignee				
8.	Name of carrying vessel				
9.	Bill of Lading/Railway Receipt/Airway Bill/Truck Receipt/Post Parcel Receipt	No.:			
		Date:			
10.	Port of shipment/Port/Office of dispatch				
11.	Land Customs Post				
12.	Shipment date				
13.	Name of the Exporter (in Block letters) with address				
14.	CC&RI's Registration Number of the exporter and date				
15.	Sector (Public or Private) under which the exporter falls				

Coded by _____

Checked by _____

(Signature of authorized official of the bank)

Cont'd.....P2

Authorized Signature and Stamp of the Exporter with date _____

Beside this information here bill of lading date, product description, product quantity, pieces, country destinations. All this information auditor will be checked very consciously. If they get any mismatch, then they will be considered as an observation and inaccurate information must be reclaimed. Exp forms are separately prepared by customs before the export document is prepared. So, customs seal and sign are mandatory in exp form otherwise it will be considered inedible. This certificate ensures that the exporter is not a fraud. And realization value made by her or his company. Authorized sign and signature are another important issue to give EXP. Realized value are given an individual EXP no. and back page of the exp form must be attached according to Bangladesh bank circular.

Bill of Entry:

Bill of entry allows the shipment it is known as Bill of entry. Agents are issues bill of entry. In the bill of entry much information is given for the reason it another most important document. Like applicant name, factory address.

Figure 3.5: Front page of Bill of Entry



Applicant's bank name is mentioned, and buyer name, buyer bank, and office address are given. In the bill of entry country destination, port name product details, product id, pieces are provided. Exp number and date are mentioned in the bill of entry. Commercial invoice number, date, invoice value, bill of lading number, date, shipping name, agent reference, total net weight and gross weight are given, and applicant bank name bank reference bank code are given. Country of origin name and realization amount also mentioned here. Almost all the information is given here. The most concerning part is here appropriate erotization seal and sign is required. Auditor must check it and customs seal and sign on the back page of bill of entry must be mentioned. The back page ensures the authenticity of bill of entry. Auditor must check above information otherwise they give the observation to solve it.

Bill of Lading:

It is the contract between the shipper and shipping line that is shown as evidence. It ensures when an exporter product is transported to another country. This is we known the bill of lading. The carriage of goods transported from one country to another country under some conditions and terms. There are two types of bills of lading one is master bill, another is house bill. According to Bangladesh bank every transportation should be transported by master bill. It is the important clause that is mentioned in the circular. In circular mention that house bill will be not acceptable. If they use any house bill, they must submit tracking of the shipping line. Otherwise, it will not be considerable. Another most important issue of the bill of lading is the freight collect or prepaid. When the freight is collected, mention in the bill of lading that means buyer paid the freight. But if freight is prepaid mentioned in the bill of lading, it must have to be issued a freight certificate. Otherwise, it will be considered as a mismatch of information and freight prepaid amount mentioned in the PRC form. Bill of lading also bears some information like invoice number, product list and number, EXP number and date, L/C number and date, destination, country of origin name. Here mentioning the above information auditor must check if they found any mismatch of information or any document is missing auditor will give observations to the client and thus client must resolve observations through a meet up process with audit team.

Figure 3.6: A sample of Bill of Lading

Origin: FREIGHT FORWARDER QUOTE ONLINE INC. 501 North Fitzroy Street MELB, Australia, tel: 00017		Destination: FREIGHT FORWARDER QUOTE ONLINE AUSTRALIA 1/6 2/ 44 Market Street NSW 2000		Country: Australia	
Ship Party (To Order) (or consignor): FREIGHT FORWARDER QUOTE ONLINE AUSTRALIA 1/6 2/ 44 Market Street NSW 2000		Ship Party (To Order) (or consignee): FREIGHT FORWARDER QUOTE ONLINE AUSTRALIA 1/6 2/ 44 Market Street NSW 2000		Country: Australia	
Invoice: AM: 8088888 / 4720		Bill of Lading: EXPRESS, UNLTD SHIPPER		Freight Value (Maximum): (Currency) (Amount)	
Port of Discharge: SYDNEY, AUSTRALIA		Destination (if not same as above): SYDNEY, AUSTRALIA		Freight Prepaid at: SYDNEY, AUSTRALIA	
Quantity and Description: 2000 KGS 1 - 3		Number and Kind of Packages: 3 pallet(s)		Weight (Gross): 2071.845 kg	
Dimensions (Length x Width x Height): 120x120x120		Type: 20kg		Volume: 2.175 cu	
Commodity Code: 8411711		Weight (Net): 2071.845 kg		Volume (Net): 2.175 cu	
SAMPLE ONLY					
INCOTERMS FOR: Bill of Lading must be furnished to FREIGHT FORWARDER QUOTE ONLINE 1/6 2/ 44 Market Street, 1 Melbourne Australia prior to the date of shipment.		Consolidated by: CONSIGNEE SHIPPED ON BOARD			
Place of Receipt: CHICAGO, UNITED STATES		Date of Receipt: 22-Nov-10			
Place of Delivery: CHICAGO, UNITED STATES		Place of Consignment: SYDNEY, AUSTRALIA			
LAW AND JURISDICTION CLAUSE: The Contract contained hereon is governed by Australian law and any claims or disputes arising hereunder or in connection herewith shall be referred to the jurisdiction of the courts of Australia.		THREE PALLETS			

Packing list: Packing list is the other most important document of the export document. It carries a lot of important information. In packing list involves product descriptions, EXP number and Date, LC number and date, product quantity and pieces and KGS, net weight, and gross weight. Auditors check this all this information very consciously to verify the validity and authenticity of the product. If they find any mismatch, they must be given observation to the client and client will solve it by query meetup process.

Figure 3.8: A Commercial Invoice

COMMERCIAL INVOICE				
SELLER		INVOICE NUMBER		DATE
		CUSTOMER REFERENCE NUMBER		DATE
SOLD TO		TERMS OF SALE		
		TERMS OF PAYMENT		
SHIP TO		CURRENCY OF SETTLEMENT		
		MODE OF SHIPMENT	BILL OF LADING/AWB	
QTY	PRODUCT DESCRIPTION AND HARMONIZED CODE	UNIT OF MEASURE	UNIT PRICE	TOTAL PRICE
PACKAGE MARKS		TOTAL COMMERCIAL VALUE		
		MISC CHARGES (PACKING, INSURANCE, ETC)		
		TOTAL INVOICE VALUE		
CERTIFICATIONS		I CERTIFY THAT THE STATED EXPORT PRICES AND DESCRIPTION OF GOODS ARE TRUE AND CORRECT		
		SIGNED _____		
		TITLE _____		

3.6 File Checking Procedure of the Export Documents in Howladar Yunus & Co. Chartered Accountants:

After submitting all the documents of the exporter, the auditor will start this checking. First auditor will check the forwarding letter which is mentioned the LC name date. Then auditor check application form PRC form Between the expert documents. It is a very sensitive issue that auditor check all this file because if the auditor unconsciously makes any mistake the certificate will not be considerable to get cash incentive. Auditors check all the export documents like product descriptions, EXP number and Date, L/C number and date, product quantity and pieces and KGS, net weight, and gross weight. Bill of lading, shipping date, bill of entry which means the destination of buyer. They must check that every document has a proper seal and sign with proper authorization.

3.7 Observations Meet up:

After checking all this file if auditors find any mistakes or mismatched of information, they will give observation to the client and client will resolve it at their earliest convenience in order to get their certification on cash incentives claim. After the queries being met the auditors will finally check the relevant file again and proceed for certification. As per TOR, after the observations have been met, the audit firm is liable to provide the certificate within 02 (two) to 03 (three) working days.

3.8 Input, Draft Checking, Final Print, and Certificate Sign:

In this process, after checking the file the file value will be input with proper L/C or Contract number in the MS excel file. Then firstly they will print a draft version then it will cross check with the original file. In this procedure if they find any mistake then it will be solved by input again then the final certificate will be printed. After final certificate printing audit supervisor will check this certificate, and if there are no other mistakes the team lead or the manager will check again all the inspection points and after reviewing it will send to the engagement partner for his signatures on the certificate. After that, the certificate is sent to the authorized bank and the authorized bank will follow the next procedure for cash incentives disbursements.

3.9 Conditions for Alternative Cash Incentives:

Alternative cash incentives will be payable only if the exported products are produced within Bangladesh using yarn collected from member mills of BTMA certificate, Jute association certificate, Frozen fish and ice association certificate, Bangladesh Pet Flakes Manufacturers & Exporters Association (BPFMEA) Certificate and no Duty Drawback facility or Bonded Warehouse facility is enjoyed at any stage of production. Cash incentive facilities will be given upon fulfillment of the following conditions:

- Only one party among the yarn manufacturer, fabrics supplier and exporter will get cash incentive.
- Application for cash incentive will submit the application to the negotiating bank within 180 days of the realization of export proceeds.

- An alternative cash incentive will be payable only after the export price is received in the foreign currency (realized value).
- If the name of the applicant as who will avail cash incentives facilities is not mentioned in the Back-to-Back L/C in column 47A, the file will be rejected immediately.
- The client (ABC Bank Ltd), they are also an authorized dealer, after receiving all necessary information and certificates, will compute the payable amount as an alternative cash incentive to the application.
- As soon as the alternative cash incentive is approved the Proceeds Realization Certificate will be sealed with ‘Alternative Cash Incentive Paid’ and signed by the person who has approved the payment. It is done so that the proceeds Realization Certificate cannot be misused otherwise.
- All the cases regarding the payment of alternative cash incentives will be examined by the Internal Audit Team of the concerned Bank. Apart from this, all documents will have to be preserved for at least 03 years by the bank for the examination of the Bangladesh Bank visiting team / Government Audit Team.

3.10 Beneficiaries of Cash Incentive Facilities:

Bangladesh Bank introduced a cash incentive (export subsidy) program back in July 1994. Initially it was for export of jute goods produced by government and nongovernment mills, and export-oriented local textiles. Since then, the scope and extent of the cash incentive program has expanded. For example, a cash incentive for leather goods (a 100 percent export-oriented industry) was introduced in April 2000. In the case of Agro and vegetables products, a cash incentive was introduced in 2002. From 1997 the following parties or organizations are entitled to get cash incentive facilities:

- Producer and direct exporter of fabrics i.e., producer and exporter of woven/knit/ printed fabrics and other specialized fabrics.
- Producer and exporter of different types of fabrics i.e., items like towel, bar, map, bathmat, grill pad, duster cloth, terry bag, bed shed etc.

- Jute mills make yarn, sometime make jute products like bags, wall meat, household activities.
- Fish and ice factory to processing to export items likes shrimp and other fish.

But after 5 March 2001, a new circular has been introduced as - FE Circular no. 09, there are a few things has been changed. The cash incentives will be entitled to the following parties from that date for Textile industry:

- Producer and exporter of RMG products from yarn to fabrics.
- Produces the local yarn use to get more facilities.
- Other circulars for other sectors such as jute, fish, and pet bottle and flakes etc. export of these products that are using local raw materials up to a percentage as per circular.

Not only the Textile sector that is having the different product, other several sectors can get these cash incentives. There are:

- Agro and Agro-processing products
- Potato
- Leather
- Jute and other sectors

As per FE Circular 13, dated 24 August 2023, for the FY 2023-2024 a total of forty-three sectors will be eligible for cash incentives facilities upon respective circulars.

বৈদেশিক মুদ্রা নীতি বিভাগ
বাংলাদেশ ব্যাংক
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আগস্ট ২৪, ২০২৩

তারিখ: -----

ভদ্র ০৯, ১৪৩০

এফই সার্কুলার নং ১৩

বৈদেশিক মুদ্রায় লেনদেনের
সকল অনুমোদিত ডিলার।

প্রিয় মহোদয়,

২০২৩-২০২৪ অর্থবছরে রপ্তানির বিপরীতে রপ্তানি প্রণোদনা/নগদ সহায়তা প্রদান।

দেশের রপ্তানি বাণিজ্য উৎসাহিত করার লক্ষ্যে সরকার চলতি ২০২৩-২০২৪ অর্থবছরের জুলাই ০১, ২০২৩ থেকে জুন ৩০, ২০২৪ তারিখ পর্যন্ত জাহাজীকৃত সংশ্লিষ্ট পণ্য রপ্তানির বিপরীতে রপ্তানি প্রণোদনা/নগদ সহায়তা প্রদানের সিদ্ধান্ত গ্রহণ করেছে। এক্ষেত্রে এফই সার্কুলার নং ২৬, তারিখ সেপ্টেম্বর ১৯, ২০২২-এর সাথে সংযুক্ত তালিকাতে উল্লিখিত ৪৩টি পণ্য (প্রযোজ্য ক্ষেত্রে সংশ্লিষ্ট খাতের পণ্য) রপ্তানির বিপরীতে বিদ্যমান হারে ২০২৩-২০২৪ অর্থবছরে আলোচ্য সুবিধা পরবর্তী নির্দেশনা না দেয়া পর্যন্ত পরিশিষ্ট-'ক' মোতাবেক বহাল থাকবে।

3.11 Calculation of the Amount of Cash Incentive:

The cash incentive amounts in general cases are calculated as a percentage (4%, 2%, 7%, 10%, 15%, and 20%) of the lower of the following two:

- ✓ Net FOB (Free on Board) value less addition in production of exported as a percentage of net FOB value.
- ✓ And Total cost of production using local yarn, local raw material of the value of the supplied.

3.12 Rate on Cash Incentives:

Cash incentives rates are shown below for the Financial Year (2023-2024):

রপ্তানি প্রণোদনা/নগদ সহায়তাজুক্ত পণ্য/খাত এর তালিকা

ক্রমিক নং	রপ্তানি পণ্যের নাম	প্রযোজ্য হার
১	রপ্তানিমুখী দেশীয় বস্ত্রখাতে শুদ্ধ বস্ত্র ও ডিউটি ড্র-ব্যাক এর পরিবর্তে বিকল্প নগদ সহায়তা	৪.০০%
২	রপ্তানিমুখী তৈরী পোশাক খাতের (নীট, ওভেন ও সোয়েটার) অন্তর্ভুক্ত সকল ক্ষুদ্র ও মাঝারি শিল্পের অতিরিক্ত সুবিধা	৪.০০%
৩	নতুন পণ্য/নতুন বাজার (বস্ত্র খাত) সম্প্রসারণ সহায়তা (আমেরিকা/কানাডা/ইইউ/ইউকে ব্যতীত)	৪.০০%
৪	ইউরো অঞ্চলে বস্ত্রখাতের রপ্তানিকারকদের জন্য বিদ্যমান ৪% এর অতিরিক্ত বিশেষ সহায়তা	২.০০%
৫	তৈরী পোশাক খাতে বিশেষ নগদ সহায়তা	১.০০%
৬	কৃষিপণ্য (শাকসব্জি/ফলমূল) ও প্রক্রিয়াজাত (এগ্রোপ্রসেসিং) কৃষিপণ্য রপ্তানি খাতে রপ্তানি ভর্তুকি	২০.০০%
৭	হাল্কা প্রকৌশল পণ্য রপ্তানি খাতে রপ্তানি ভর্তুকি	১৫.০০%
৮	পাটজাত দ্রব্যাদি রপ্তানি খাতে নগদ ভর্তুকি: ক) বৈচিত্রকৃত পাট পণ্য (Diversified Jute Products) খ) পাটজাত চূড়ান্ত দ্রব্য (হেসিয়ান, সেকিং ও সিবিসি) গ) পাট সুতা (ইয়ার্ন ও টোয়াইন) (পাট আইন, ২০১৭ তে উল্লিখিত বৈচিত্রকৃত পাটপণ্যের সংজ্ঞা অনুসারে ন্যূনতম ৫০ ভাগ মূল্যমানের পাটের ব্যবহার থাকতে হবে)	২০.০০% ১২.০০% ৭.০০%
৯	Active Pharmaceuticals Ingredients (API) রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	২০.০০%
১০	১০০% হালাল মাংস ও ১০০% হালাল প্রক্রিয়াকৃত মাংসজাত পণ্য রপ্তানি খাতে রপ্তানি ভর্তুকি	২০.০০%

১১	হিমায়িত চিংড়ি ও অন্যান্য মাছ রপ্তানি খাতে নগদ সহায়তা : (ক) হিমায়িত চিংড়ি রপ্তানিতে বরফ আচ্ছাদনের হার Up to 20% Above 20% to 30% Above 30% to 40% Above 40% (খ) হিমায়িত অন্যান্য মাছ রপ্তানিতে বরফ আচ্ছাদনের হার Up to 20% Above 20% to 30% Above 30% to 40% Above 40%	১০.০০% ৯.০০% ৮.০০% ৭.০০% ৫.০০% ৪.০০% ৩.০০% ২.০০%
১২	চামড়া জাত দ্রব্যাদি রপ্তানি খাতে নগদ সহায়তা (সিলিং সীমা পূর্বের ন্যায় বহাল থাকবে)	১৫.০০%
১৩	সাভারে চামড়া শিল্প নগরীতে অবস্থিত কারখানা ও সাভারের বাইরে অবস্থিত নিজস্ব ইটিপি রয়েছে এরূপ কারখানাসমূহে উৎপাদিত ক্রাস্ট ও ফিনিশড লেদার রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
১৪	আলু রপ্তানি খাতে নগদ সহায়তা	২০.০০%
১৫	পাটকাঠি থেকে উৎপাদিত কার্বন ও জুট পার্টিকেল বোর্ড রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	২০.০০%
১৬	ফার্নিচার রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১৫.০০%
১৭	শস্য ও শাক সব্জি-এর বীজ রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	২০.০০%
১৮	আগর ও আতর রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	২০.০০%
১৯	অ্যাকুমুলেটর ব্যটারী (HS Code: 8507.10 এবং 8507.20) রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১৫.০০%
২০	সিনথেটিক ও ফেব্রিকস এর মিশ্রণে তৈরী পাদুকা ও ব্যাগ রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১৫.০০%
২১	প্লাস্টিক দ্রব্য রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%

-০২-

২২	দেশে উৎপাদিত কাগজ ও কাগজ জাতীয় দ্রব্য রপ্তানিতে রপ্তানি ভর্তুকি	১০.০০%
২৩	(ক) বাংলাদেশ হতে সফটওয়্যার, আইটিইএস (Information Technology Enabled Services) ও হার্ডওয়্যার রপ্তানির বিপরীতে রপ্তানি ভর্তুকি (খ) সফটওয়্যার ও আইটিইএস সেবা রপ্তানির বিপরীতে ব্যক্তি পর্যায়ের ফ্রিল্যান্সারদের জন্য রপ্তানি ভর্তুকি	১০.০০% ৪.০০%
২৪	জাহাজ রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
২৫	ফার্মাসিউটিক্যালস পণ্য (মেডিক্যাল/সার্জিক্যাল Instruments and Appliances সহ) রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
২৬	হাতে তৈরী পণ্য (হোগলা, খড়, আখের/নারিকেলের ছোবড়া, গাছের পাতা/খোল, গার্মেন্টস এর বুট কাপড় ইত্যাদি) রপ্তানি খাতে নগদ সহায়তা	১০.০০%
২৭	গরু মহিষের নাড়ি, ভূঁড়ি, শিং ও রগ (হাড় ব্যতীত) রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
২৮	(ক) পেট বোতল-ফ্লেক্স রপ্তানির বিপরীতে রপ্তানি ভর্তুকি (খ) পেট বোতল-ফ্লেক্স হতে উৎপাদিত পলিয়েস্টার স্টাপল ফাইবার রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০% ১০.০০%
২৯	Photovoltaic Module রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
৩০	মোটর সাইকেল রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
৩১	কেমিক্যাল পণ্য (ক্লোরিন, হাইড্রোক্লোরিক এসিড, কস্টিক সোডা এবং হাইড্রোজেন পারঅক্সাইড) রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
৩২	রেজার ও রেজার ব্লেডস্ রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
৩৩	সিরামিক দ্রব্য রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
৩৪	টুপি রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
৩৫	কাঁকড়া ও কুঁচে (জীবন্ত, হিমায়িত ও সফটসেল) রপ্তানিতে রপ্তানি ভর্তুকি	১০.০০%

৩৬	Galvanized Sheet/Coils (Coated with Zinc, Coated with Aluminium ও Zinc এবং Color Coated) রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
৩৭	কনজিউমার ইলেকট্রনিক্স, ইলেকট্রিক্যাল হোম ও কিচেন অ্যাপ্লায়েন্স পণ্য রপ্তানিতে রপ্তানি ভর্তুকি	১০.০০%
৩৮	চাল রপ্তানিতে রপ্তানি ভর্তুকি	১৫.০০%
৩৯	বিশেষায়িত অঞ্চল (বেঙ্গা, বেপজা ও হাইটেক পার্ক) এ অবস্থিত প্রতিষ্ঠানের অনুকূলে রপ্তানি ভর্তুকি এফই সার্কুলার নম্বর ৩৪/২০২১ এর - ১) প্রথম অনুচ্ছেদের (ক) উপঅনুচ্ছেদ অনুসারে সংশ্লিষ্ট সার্কুলারের আওতায় পরিশোধ্য রপ্তানি ভর্তুকি (এফই সার্কুলার নং ০১, তারিখ জানুয়ারি ০৭, ২০২০ এর আওতায় পরিশোধ্য তৈরি পোশাক খাতে বিশেষ নগদ সহায়তা ব্যতীত) ২) প্রথম অনুচ্ছেদের (খ) উপঅনুচ্ছেদের আওতায় টাইপ-এ ও টাইপ-বি প্রতিষ্ঠানের প্রক্রিয়াজাত কৃষিপণ্য রপ্তানির বিপরীতে রপ্তানি ভর্তুকি ৩) প্রথম অনুচ্ছেদের (ক) উপঅনুচ্ছেদের আওতায় এফই সার্কুলার নং ০১, তারিখ জানুয়ারি ০৭, ২০২০ এর আওতায় তৈরি পোশাক খাতে বিশেষ নগদ সহায়তা এবং (গ) উপঅনুচ্ছেদ অনুসারে সকল ক্যাটাগরিভুক্ত প্রতিষ্ঠানের অন্যান্য পণ্য রপ্তানির বিপরীতে রপ্তানি ভর্তুকি।	৪.০০% ৪.০০% ১.০০%
৪০	দেশে উৎপাদিত চা রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	৪.০০%
৪১	দেশে উৎপাদিত বাইসাইকেল ও এর পার্টস রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	৪.০০%
৪২	দেশে উৎপাদিত MS Steel Products রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	৪.০০%
৪৩	দেশে উৎপাদিত সিমেন্ট শিট রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	৪.০০%


3.13 Rate of Wastage:

According to Bangladesh Bank BRPD Circular no. 3 dated 24 January, maximum wastage rate would be 16% in textile sector. But from the financial year 2021-2022 it has increased up to 27%. Wastage verification and calculation is extremely important for the auditor because exporters sometimes sell their produced garments fabrics locally, which is also considered by them and shown as wastage due to increasing the overall costs. Bangladesh Bank does not allow the exporter to sell goods produced in the local market.

Rate of Wastage in Textile Sector (up to 18 December 2021)


Sector	Rate of Wastage
Composite	16%
Fabrics	7%

Rate of Wastage in Textile Sector (effective from the financial year: 2021-2022)



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Bangladesh

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১৯ ডিসেম্বর ২০২১

বিষয়: নিট গার্মেন্টস-এ সূতা থেকে কাপড় তৈরি এবং কাপড় থেকে পোশাক তৈরিতে অপচয়ের হার পুনঃনির্ধারণ

নিট গার্মেন্টস-এ সূতা থেকে কাপড় তৈরি এবং কাপড় থেকে পোশাক তৈরিতে বাণিজ্য মন্ত্রণালয় কর্তৃক ২৮/১২/১৯৯৮ কন/টেক/এসি/২৬/২৬/০৫২-এর মাধ্যমে আধিকৃত অপচয়ের হার বাতিলপূর্বক নিম্নরূপে অপচয়ের হার পুনঃনির্ধারণ করা হলো:

Basic Knit: t-shirts, polo shirts, trousers, shorts, skirts, pajamas and like products-এ সর্বোচ্চ ২৭%;
[Knitting- 1%; Dyeing & Finishing (pre-treatment, dyeing/coloration, finishing)- 9%; Cutting (cutting, cut panel rejection, extra input to sewing)-13%; Value addition (Printing, Embroidery)-1%; Sewing-1%; Washing-1%; Finishing & Inspection-1%]

Special Items: rompers, tank tops, dresses, gowns, hoodies, lingerie and like products-এ সর্বোচ্চ ৩০% এবং
[Knitting-2%; Dyeing & Finishing (pre-treatment, dyeing/coloration, finishing)-9%; Cutting (cutting, cut panel rejection, extra input to sewing)-15%; Value addition (printing, embroidery)-1%; Sewing-1%; Washing-1%; Finishing & Inspection-1%]

Sweater and socks: (sweaters, jumpers, pullovers, cardigans, vests, socks, gloves and like items-এ সর্বোচ্চ ৪%।
[Knitting-2%; Linking, Washing and Finishing-1%; Inspection-1%]

২০ এ আদেশ অবিলম্বে কার্যকর হবে।

3.14 Cash Incentives on Foreign Remittance:

Expats will get five percent incentive from today if they send remittances to the country through legal channels. Earlier only 2.5 percent incentives used to provide by Bangladesh Government. From now on, the legal channel, specifically the banks will provide extra 2.5 percent side by the government. Association of Bankers, Bangladesh (ABB) and Bangladesh Foreign Exchange Dealers Association (BAFEDA) took this decision to increase the rapidity of remittances through legal channels to overcome the dollar crisis. According to the decision, from today, banks will be able to offer incentives at the rate of 2.5 percent per dollar. However, the selling price of import dollar has been kept unchanged at Tk110.5. As a result, expatriates or remittance earners will get Tk116 against one dollar of remittance. Officials from the banks have said that dollars are not available at the fixed price these days. In this situation, the decision was taken to tackle the dollar crisis. Following this step, expatriates will be interested in sending remittances through legal channels.

3.15 How Cash Incentive Is Affecting Bangladesh Economy:

The government offers cash incentives in the range of 1% to 20% to a wide range of sectors to diversify export products and markets. This support is proposed to encourage entrepreneurs to explore markets for mainly non-conventional items and find new markets for existing products. It is anticipated that the export sectors enjoying the cash support to compensate the cost burden and stay competitive in the global market will someday be capable of standing on their own. But the reality is that most of the export sectors other than clothing could not establish promising progress despite receiving cash subsidy support for years.

While the ready-made garment sector could sustain its share above 86% of total export keeping pace with the growth in volume, shares of frozen fish, Agro-products, leather goods and jute goods fell off in the last year from the levels seen five years ago. Ceramic, plastic, and engineering products have seen a slight increase in their shares of overall exports.

All these sectors are receivers of cash incentives facilities, with the largest export sector textile – knit, woven and home textile – getting 4%, for the eurozone – an additional 2%. Not just that, new

market exploration is getting 4% from the FY 2018-2019 and onwards. Other sectors are getting cash subsidies of between 7% and 20%. Export Promotion Bureau (EPB) data has shown that RMG exports expanded from \$34.9 billion in the fiscal 2018-2019 to \$48 billion in FY 2022-2023, impressive over 86% of total export volume. Among other sectors, only the leather sector could earn over \$1 billion a year compared with three other sectors such as jute, agricultural and engineering products obtaining between \$500 million and \$1 billion.

Agricultural and jute products enjoy the highest 20% of export value as cash incentives, but the sectors could not uphold the \$1 billion to be succeeded at least twice in the last five years.

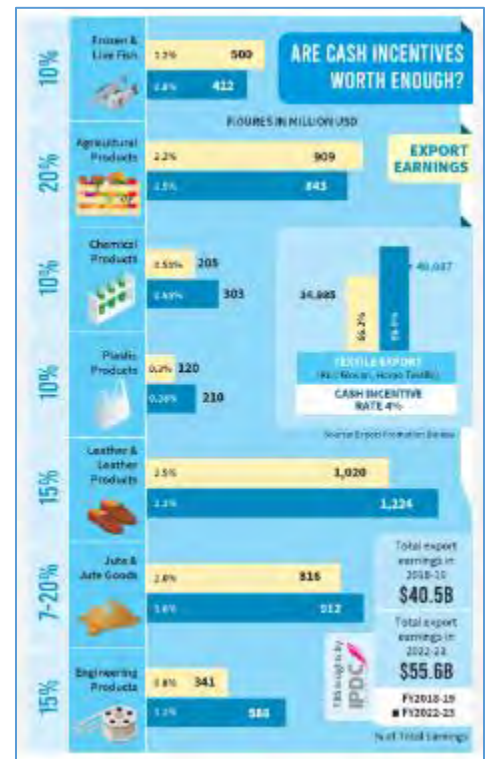
During the era, proceed realization from the leather sector used to be the second largest exporter, which has been dropped to \$912 million in the last fiscal year from over \$1 billion.

This image on the right side shows a selected list of eight major products. There are products, from bicycle and motorcycle to ship, razor blades to software and hardware, are among the 43 categories of products that get cash incentives support as per Foreign Exchange Policy Department of Bangladesh Bank.

Still with a heavy heart this is to be said that the country's economy is mostly dependent on a single sector, RMG (Ready-made Garments).

Economists and experts feel that the current export cash incentives policy should be amended if the government wants to make export sectors competitive and strong enough to expand the export basket.

Exporters also have urged us to analyze the sector-wise contribution to export earnings while determining cash incentive rates. Instead of giving cash subsidy support for decades to some selected sectors, the government should emphasize on including some struggling industries in its



list to strengthen the industry base and develop some new sectors which really have potential in the international market and in country's economy, they suggest.

After having a talk with The Business Standard, economist Dr Zaidi Sattar, chairman of the local think tank Policy Research Institute (PRI), said, after analyzing export data from the year between 2005 and 2021, we have found that about 1,600 items are being exported from Bangladesh. Out of them, 300-350 items have an export value crossing the million-dollar mark.

Most of these entrepreneurs find that the domestic market is more profitable than the international market, he said, explaining why new export sectors are not emerging at a desired level despite cash support. In some cases, the domestic market offers a profit margin of 20% to 30%, which is quite difficult in the export market, pointed out by Dr Zaidi Sattar.

There are quite industries that are not willing to grow for international markets as protective tariff measures created a comfort zone for them at home country, he observed. Citing an example, the economist said, "We have been producing biscuits for more than 50 years, but the local industry, protected by a high import duty, does not feel the urgency to improve their quality to international standard despite having the capacity." Bangladesh Textile Mills Association (BTMA) President Mohammad Ali Khokon said once the government provided a 25% of cash incentives for local primary textile to strengthen backward linkage of the apparel industry, now it has come down to 4% and there are other segments as well for this textile as well.

Though the textile and apparel sector contributed more than 86% of total export earnings and created the highest employment opportunity, contributions of some other sectors that are enjoying high rates of cash incentives facility still the industry remain much below what it should have been, he added. The textile industry leader suggested that the government should assess its subsidies and incentives to export industries. Export sectors that are making a higher contribution to the economy may feel discouraged if the government does not rationalize the cash incentives facility.

Bangladesh's denim, woven apparel, and home textile face 14.5% duty in the US market. If the government of Bangladesh amends the current policy support on cash subsidy and other duties, these commodities will gain more share in the US market, he said.

A leading apparel exporter has also observed that the government should revise cash subsidy support policy considering global market demand and at present, backward linkage industries for man-made fibers (fabrics) which also need to be promoted more than the cotton-based (yarn) industry.

SQUARE Textiles Operations Director Taslimul Hoque, said they have invested on man-made fiber-based technology since 2005, now their cotton yarn and synthetic-blended yarn capacity ratio is 30% and 70%, respectively. He mentioned that man-made fabrics cost much less in China than in Bangladesh and on the other hand synthetic yarn and fabric producers face difficulties regarding cost, hence it is needed to have a policy support from the government to lower production cost and stay competitive in the global market.

If the government offers policy support to Bangladeshi entrepreneurs, they will be able to compete globally through upright setup of textile and apparels, he added.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Faruque Hassan sought 10% cash incentive to increase market share of Man-Made Fiber apparel, as it now dominates about 70% of the global market. (*The Business Standard: Jasim Uddin-09 September 2023,*)

3.15.1 Sector wise growth in export

Only Apparel sector exports saw moderate growth over the last decade in FY 2011 in earnings was \$22.9 billion and it stood at \$55.6 billion in FY 2023. On average it added about \$3 billion every year to the country's merchandise exports. On the other hand, the home textile sector became the second largest export earner during the pandemic in FY 2022 with \$1.62 billion from less than \$ 400 million from FY 2011 till FY2020.

Exporters have mentioned how the post-pandemic export recovery was being affected by the Russia-Ukraine war resulting in worldwide inflation and decline in demand for exports. They felt that prudent policy support would help the industry become more efficient and productive to sustain global competition.

Noman Group Executive Director Md Shahidullah Chowdhury said home textile exporters are not able to compete with Pakistan, China, and Indian exporters as they have their own raw material supplies and competitive advantage over us due to having a proximity to deep-sea ports with faster routes to major global markets. He has also added that Pakistan has advantage from currency devaluation advantage where Bangladesh is facing trouble.

On the other hand, Bangladeshi exporters are facing many challenges such as hikes in utility prices, high rate of bank interest, dollar crisis that making imports of raw materials problematic and some policy barriers such as dropping of export development (ED) fund also added to the current problems in the country's export industries.

Despite having 100% local raw materials and 15% cash incentive facilities, the leather and leather goods export are facing obstacles to explore the export market due to lack of environmental compliance in Savar leather industrial park in terms of wastage maintenance as its central effluent treatment plant (CETP) is still working only partially.

Md Shaheen Ahamed, chairman of Bangladesh Tanners Association has also mentioned that compliance with managing wastage or dump is the main challenge for the leather sector's export growth. "Besides, the Russia-Ukraine war also badly hit customers' buying capacity."

The once billion-dollar-earner jute and jute goods sector also fell from its short-lived glory despite enjoying 7% to 20% cash incentives. Entrepreneurs mentioned that lack of value addition and raw jute collectors affected by this sector's growth. Earlier, Akij Group Chairman Sheikh Mohammed Nasir Uddin said, in recent years the jute sector went through a bad period, and it was expected as local jute trader-syndicates hiked raw jute prices irrationally over the past years. Some of our buyers have moved to alternative fibers, as a consequence.

He hoped that this year, Bangladesh jute farmers saw bumper yields in cultivation, which will naturally stabilize the market.

Agriculture products export crossed the \$1 billion dollar export mark for the first time in FY21, after another fiscal this sector export earnings also nosedived due to the global inflation and supply chain disruptions. Pran RFL group Marketing Director Kamruzzamanfallenal said, due to inflation

Agriculture products orders have drastically fallen down at global market. On the other hand, exporters are facing troubles due to overhead cost hike by utility and raw materials prices hike as well.

Vietnam is far ahead in terms of export variation. Vietnam is having eight times higher exports than Bangladesh. As the import-export gap in Bangladesh keeps growing, inward remittance appears to be a savior, which is now in stress. Since export growth remains the only option to maintain external fiscal balance, Bangladesh needs to revise its policies of export incentives and make sure only promising sectors get due attention. (*The Business Standard: Jasim Uddin-09 September 2023*)

3.16 How Cash Incentive is Influential?

Western brands and buyers are reaping the benefits of Bangladesh's cash incentives and tax breaks for garment exporters who incorporate these subsidies in their apparel pricing. This practice, however, leaves workers without their fair share despite rising living costs since the minimum wage was set at Tk 8,000 per month five years ago. Industry insiders pointed out that the static price of basic T-shirts can be a prime example of this phenomenon. A decade ago, a basic T-shirt typically sold for around \$1.50. But today, that same T-shirt is often sold for the same price or even less due to intense competition among suppliers. Meanwhile so many western retailers often sell these T-shirts for \$4.50 each with a significant profit margin. Likewise, Bangladesh sells a shirt for \$4.50 and a pair of denim pants for \$6.5 but retailers in the USA and Europe are purchasing from a cheaper price from Bangladesh and selling them for \$13.5 and \$19.5, respectively. This translates to a substantial threefold profit margin for these retailers. Despite exporters' claims of a 40% increase in production costs over the past five years, Western buyers resist raising the price of T-shirts made in Bangladesh by even a few cents. BGMEA President Faruque Hassan said that they have been supporting for an increase in the cutting-and-making charge for clothing, but their efforts have been so far ineffective.

3.16.1 Cash incentives, Tax Benefits to RMG

Currently, garment exporters receive a 4% (General Market) cash incentive in terms of exporting clothing items made from locally procured raw materials such as yarn and fabrics (as per FE Circular 09). An additional 2% cash incentive will be provided if the export is made to any euro-zone countries. Another 4% cash incentives are granted for shipments to non-traditional markets known as New Market Exploration encompassing all export destinations except for the European Union, Canada, the United States and Great Britain (as per FE Circular 21). Furthermore, garment exports benefit from a special 1% cash incentive in all countries (as per FE Circular 01).

According to an OECD and United Nations report "Production Transformation Policy Review of Bangladesh: Investing in the Future of a Trading Nation" released in September, for the fiscal year 2022-2023, the total estimated cost of export cash incentives in Bangladesh amounted to BDT 7,550 crore (\$700 million). This figure represents approximately 10% of the country's total subsidy expenditure in that year's budget.

The statistic shows that all these incentives mostly benefit the RMG sector, as, according to the latest official data from the Government of Bangladesh, 65% of these cash incentives or nearly BDT 5,000 crore benefitted the garments and textiles industry. However, cash incentives are not the solitary advantage for garment exporters. They also enjoy a multitude of tax, bonded warehouse, and duty-draw back facilities.

According to an estimation by the National Board of Revenue (NBR), the total value of tax subsidies, including rebates, discounts, exemptions, and reduced rates, have reached up to BDT 1.78 crore in the fiscal year 2022-2023. A significant portion of this financial relief benefits the garment exporters.

3.16.2 Wages in Bangladesh and Other Countries

At present, the minimum wage for a garment worker in Bangladesh stands at BDT 8,000, which is less than \$73 based on the current exchange rate of BDT 110 for a US dollar. When this wage was established in 2018, Tk 8,000 was equivalent to \$94. In absolute contrast, the monthly minimum wage paid to RMG workers in China exceeds \$300, while it is \$200 in Cambodia, \$171 in India, \$170 in Vietnam, and \$110 in Pakistan. Even in Myanmar, the minimum wage that is paid is above \$100 per month.

3.16.3 Who is Pocketing the Taxpayers' Money?

It can be said that cash incentives facilities directly benefit Western buyers and their consumers, as Bangladesh exporters have pointed out that American and European brands and buyers offer prices for their orders after calculating the incentives Bangladesh government will give to the country exporters.

Iqbal Hossain, who operates a buying house and export clothing products to various countries, said, in our country all businesses that are involved with RMG exports has to face this pricing issues and thus it is a common practice for them to claim cash incentives. Though the foreign buyers tend to sell these products at a higher price in their respective countries, yet Bangladeshi exporters are at advantage due to getting all the facilities from Government of Bangladesh.

However, the actual beneficiaries of these incentives, the producers, employ another tactic by inflating their prices to maximize their gains. For instance, if the true export price of a shirt is \$3, some exporters may declare it as \$4 to obtain a larger share of the incentive funds. To take advantage of this, they initially export their products at inflated prices to intermediary destinations like Dubai, Hong Kong, Singapore, or other countries first and then re-exporting to their actual intended markets, as per comments from industry insiders. Infographics: TBS

RMG WORKER PRODUCTIVITY IN ASIAN COUNTRIES	
NAME OF THE COUNTRY	PER HOUR PRODUCTIVITY IN VALUE
 Sri Lanka	\$15.9
 Indonesia	\$12.3
 China	\$11.1
 Philippines	\$8.7
 India	\$7.5
 Vietnam	\$4.7
 Myanmar	\$4.1
 Bangladesh	\$3.4

Source: Asian Productivity Organization (APO) Data

3.16.4 Owners blame workers' low productivity

According to data provided by the Asian Productivity Organization – an intergovernmental organization committed to improving productivity in the Asia-Pacific region, the hourly productivity of a Bangladeshi garment worker in terms of value stands at \$3.4, which is comparatively higher in competing countries: \$4.1 in Myanmar, \$4.7 in Vietnam, \$7.5 in India, \$8.7 in the Philippines, over \$11 in China, and nearly \$16 in Sri Lanka.

Also, the Organization for Economic Cooperation and Development (OECD) reported that how Bangladesh underscores and the labor productivity remains significantly lower when compared to other nations. In 2019, Bangladesh's labor productivity was merely 9% of that of the USA, while it was 12% and 14% for India and Vietnam, respectively.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), emphasized the need to enhance workers' productivity, reduce waste, and improve resource efficiency within Bangladesh's apparel industry.

He pointed out, although the cost of manufacturing continues to rise annually, we are still falling short of the global benchmark in productivity. Therefore, we must attain a balance in the short

term while simultaneously focusing on long-term priorities, such as innovation, technological advancements, and knowledge-based transformation.

Faruque Hassan underscored that boosting productivity benefits both factories and workers, creating a win-win scenario. He also highlights the unique challenges faced by Bangladesh, stating that it would be unjust to compare the country to competitors who possess their own raw materials like cotton, yarn, and chemicals, while Bangladesh competes without these essential components. A BGMEA estimate reveals that the cost of production has surged by over 40% in the past five years.

Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said Bangladesh is unique in employing a substantial group of collaborators to assist operators, even though production efficiency remains low.

He said after applying the new wage structure, many factories may discontinue hiring assistants. Piece-rate workers, who are paid based on output, tend to exhibit higher efficiency than those under a fixed wage structure. Hatem urged a delay of at least three months in implementing the new wage structure to account for the fact that orders are typically received three to six months in advance of production.

3.16.5 Way out of low-wage culture

According to international organizations and local experts, the solution to breaking free from the low-wage culture in the country lies in diversification and innovation.

The Organization for Economic Cooperation and Development (OECD) report highlights that Bangladesh finds itself intent and prefer to maintain a cycle of low wages and low productivity, primarily spread by sectors with limited future employment prospects and a failure to create meaningful formal job opportunities.

"The relative less importance of labor shift to more dynamic sectors – activities in which productivity grows faster than the average — contributes to explaining the persistence of the productivity gap with respect to the frontier," says the report. For example, the report says that

Vietnam has seen productivity rise because of the dynamic sectors such as electronics, footwear, and semiconductors.

3.16.6 Private sector invests little in innovation

While Bangladesh has made significant steps in establishing itself as a reliable hub for garment manufacturing in worldwide, it has yet to transition into an innovation-driven economy. The nation has home-grown firms and a highly influential domestic entrepreneurial class. However, business operations in Bangladesh predominantly fall into two overarching categories: 1) marketing basic and essential products within the protected domestic market, or 2) exporting cost-effective but labor-intensive products that capitalize on the country's comparative advantage in low labour costs. These prevailing business strategies are sustained by a targeted policy framework that promotes domestic production through regulations and controls.

In Bangladesh, only 1.2% of firms invest in research and development (R&D), less than half the rate observed in Indian firms and only 2.6% of Bangladeshi firms employ technologies licensed from foreign counterparts, in stark contrast to Vietnam's 10.8% and Turkey's 14.4%, says the OECD report.

This result is not only showing the current incentive schemes, which is actually an absence targeted conditionalities to support innovation and learning but also the prevailing approach to international partners, who still see Bangladesh as a business deal and not an innovation partner, says by a report. It has also been added that the country also suffers from overall gaps in technical and managerial skills for innovation advancement.

3.17 Ultimate Impact of Cash Incentives:

3.17.1 Cash incentive on remittance increased

If an emigrant sends money to their family or friends, the recipient will get five percent incentive from today if the remittances are sent to the country through legal channels. In earlier days only a 2.5 percent incentive was given by the government, but from now on the commercial banks will provide an extra 2.5 percent side by the government. Association of Bankers, Bangladesh (ABB)

and Bangladesh Foreign Exchange Dealers Association (BAFEDA) took this decision to increase the rapidity of remittances through legal channels to conquer the dollar crunch. According to the decision, commercial banks will now be able to offer an incentive at the rate of 2.5 percent per dollar. However, the selling price of the import dollar has been kept unchanged at Tk 110.5. As a result, emigrants or remittance earners will get Tk116 in exchange for one dollar (\$1) of remittance. Bank officials said that dollars are not available at the fixed price rate due to the dollar crunch. In these circumstances, the decision was taken to tackle the dollar crisis and following this step emigrants will be more intent in sending remittances through legal channels.

The government has increased the cash incentive on remittance to 2.5 percent from 2 percent to encourage migrants to use proper channels to send money home. Former Finance Minister AHM Mustafa Kamal says that the country has decided to increase the cash incentive rate to 2.5 percent from 2 percent to increase the remittance inflow through proper foreign currency realization channel.

The new cash incentive rate, which is 2.5 percent, will be effective from now on, Mr. Kamal said at a virtual press briefing. He has also stated that the expected remittance inflow would increase to \$26 billion this fiscal year while it was around \$24 billion in last fiscal year. He also said the remittance is considered as the hard-earned money of the migratory workers, which is making a special contribution to the country's overall economy. The government has taken a decision on incentives given as the remittance flow to the country has been falling in sharp contrast for some months as the emigrants continue to prefer informal channels for sending their money. According to data from Bangladesh Bank, expatriate Bangladeshis sent \$1.55 billion in November, down 5.48 percent from a month earlier and 25 percent year-on-year. This was the lowest possible remittance earnings since June 2020, when the amount was \$1.83 billion. (*The Daily Star Business Report: January 1, 2022 Cash incentive on remittance*)

3.17.2 Cash Incentives Suitable for Exporters

Cash assistance is a form of incentive provided by the government to boost the export sector. To describe it in the simplest way, for example - cash assistance will be provided to the exporters with Tk 10 from the government, if they are able to export products worth Tk100. Cash assistance is basically given on costs incurred.

Due to the high production cost in Bangladesh, the government has to be bit cautious to keep the export sector competitive. As the export target level has been set at \$60 billion by 2021, the cash subsidy has to be increased to achieve the target. But this support of getting cash assistance comes with a set of obstacles of its own, which needs to be considered carefully before formulating any policy.

In addition, if a country subsidizes the export of goods, the importing country can impose a countervailing duty as a precautionary measure. It is apparent that cash assistance will not be able to make the export sector supportable in the long run. Accomplishing that will require an export-friendly tariff policy and a favorable exchange rate. Some companies are availing cash assistance by faking exports, submitting documents in that regard instead of actually exporting products from the country.

Many others are claiming to export higher-rate products by actually exporting lower or non-cash assistance products instead. Such manipulation has been caught in Chittagong, Dhaka, and other customs houses lately. Chittagong Customs House has instructed officials to be more careful in the goods consignment test to prevent such manipulation.

In particular, the Chittagong Custom House Authority has directed officials to verify the accuracy of shipments of goods involving additional cash assistance and physical examination of relatively risky goods. No specific research has been conducted in Bangladesh so far on the impact of government-funded cash assistance to exporters on the economy, but it needs to be done.

As a potentially developing economy, Bangladesh can soon be deprived of the benefits it has enjoyed under WTO (World Trade Organization). Exporters can also face anti-dumping and countervailing bans if cash assistance continues. Cash assistance is understandably crucial for industries that are still in their emerging stages. But it will do far more harm than good in the long run. As a country, Bangladesh government has to make more thoughtful policy decisions to help exporters with continuance of providing cash assistance for the rise of our economy.

PART 4:
CONCLUSION, REFERENCES AND APPENDIXES

Conclusion

A cash incentive is a subsidy or an assistance in the form of “cash” given to any exporters on its fulfillment of certain conditions. It plays a significant role in our country’s economic advancement. Bangladesh government has been providing cash incentives facilities to the exporters in various sectors, to be precisely forty-three sectors as per FY 2023-2024. As a result, Bangladesh has seen a tremendous growth in manufacturing and export has also been increased. So, it can be said that cash incentives have been playing as a reward for promoting exporters. It can be assumed that cash incentives, in the quota-free world, may act as a channel in the global market. In this regard, RMG Sector contributes vastly compared to other sectors in the country economy. The association between cash incentive and export of composite is greatly positive signifying apart from few misuses. External auditors, who work as an independent body, are considerably reducing that mistreatment of Government Fund.

Auditing cash incentive files is needed to save public money. In the absence of independent audit of cash incentive files, deserving exporters will be deprived of taking cash incentive in which bogus exporters will enjoy the benefits of cash incentive. Exports from Bangladesh are increasing enormously day by day. On the other hand, cash incentives are not increasing according to the export growth. It is known to all that now Bangladesh’s economy depends on industries advancement. In that case, Bangladesh Bank should concentrate on the cash incentive for growing exports. So, in this regard Bangladesh Bank, Auditors, Bankers, and all other associated personnel who are related in this aspect have to extend the helping hands for solving it.

In this report, I am trying to disclose my experience which I gathered from Howladar Yunus & Co. Chartered Accountants. Here I have also disclosed overall cash incentive review procedure is done to provide certification on cash incentives claim by the clients. Howladar Yunus & Co. Chartered Accountants is considered as one of the pioneer audit firms for bank audits and also holds as A-category firm in our country. It is my utmost pleasure, and I am honored to be a part of this firm and provide a report on my area of expertise that I have learned from the firm.

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Appendixes

Appendixes-1: Copy of Cash Incentive Certificate

Bank Ref: _____

Certificate of Cash Assistance
[Sector Name]

The application of [Client Name], dated [Application Date] related to Export L/C or Contract No. [.....], dated [L/C or Contract date], value [L/C or Contract Value] of [.....] Bank Limited, [.....] Branch, Dhaka, having export value of [Total Invoice Value] against which EXP number, realization value and realization date are as under:

Exp no.	Export value USD	Realized value USD	Realized Date	Shipment Date
****	****	****	****	****
****	****	****	****	****
****	****	****	****	****
Total	****	****		

Relating to this, the amount of cash assistance claim is Taka [Bank Claim Amount]

Based on our audit in accordance with TOR, the amount of eligible cash assistance (for eligible cash incentives percentage %) is Taka [Audit Firms Calculation] only, which is true and correct.

Signature

Financial Year: _____
Certificate No. _____

Audit Firm Name
Chartered Accountants
Address:
Date:

Cash Assistance Certificate issued for [.....] Bank Limited, [.....] Branch, Dhaka.

Appendixes-2: Cash Incentives File Submission Process

Submission of Documents by Client and Checked by Auditor	
Particulars	Remarks
Bank Forwarding Letter	Seal & Signed by Authorized Bank
Application Form (sector-wise)	Within 180 days of Proceed Realization
Bank Calculation	As per Bangladesh Bank Circular Format
	Seal & Signed by Authorized Bankers
Value Addition Certificate	Bangladesh Bank Format from FY 21-22
Proceed Realization Certificate (PRC)	As per Bangladesh Bank Format
	Seal & Signed by Two Authorized Bankers
Association Certificate (sector-wise)	Seal & Signed by Association Personnel
L/C (Letter of Credit)	Master L/C or L/C transfer
Sales Contract	Master Contract Paper
Cost-sheet or Cost break-down (sector-wise)	If applicable
Back-to-Back L/C (Local or Foreign)	Declared on Application Form
	Back-to-Back L/C Paper
SWIFT Copy or Payment Voucher or Bangladesh Bank Dashboard Copy	Verification of Proceed Realization for Export Purposes
Export Documents: i. Commercial Invoice ii. Packing List iii. Bill of Lading iv. Bill of Export v. EXP Form vi. Freight Certificate (if prepaid) vii. Insurance (if any) viii. Short shipment certificate (if any)	Photocopy Attestation by Authorized Bank
Back-to-Back L/C source documents: i. Proforma Invoice ii. Delivery Chalan iii. Beneficiary Certificate iv. Commercial Invoice (if any) v. Packing List (if any) vi. Country of Origin or Certificate of Origin vii. Mushak 6.3	Photocopy Attestation by Authorized Bank
Undertaking or Stamp Paper	Mandatory for bankers to collect the stamp
Unrepatriated Certificate	To ensure if there is any Overdue by the client
Other Documents	As per required by Audit Firm (sector-wise)

Appendix-3: Checklist for Alternative Cash Assistance Files (form KA)

Serial no	Description	Remarks (Yes/No)
1.	Applied in the right form	
2.	Applied within 180 days of realization	
3.	Attested copy of master L/C or contract	
4.	Attested export invoice, bills of lading, EXP form, bill of entry	
5.	Export amount, EXP no, L/C no confirmed from export invoice	
6.	Freight certificate – if prepaid	
7.	Original PRC issued for cash assistant purpose	
8.	Confirmed that realized amount is not less than 90% of the export amount	
9.	Check PRC register	
10.	Certificate of Association	
11.	Capacity checked	
12.	Physical verification of the factory is done	
13.	OD sight rate checked	
14.	Bank calculation checked	

Appendix-4: Checklist for Alternative Cash Assistance Files (form KHA)

Serial No	Description	Remarks (Yes/No)
1.	Applied in the right form (KHA)	
2.	Applied within 180 days of realization date	
3.	Attested copy of master L/C or contract	
4.	In case of transfer of L/C, the transfer has been authorized by beneficiary and its bank	
5.	Attested export invoice, packing list, shipping bill, bills of lading, EXP form bill of export found	
6.	Export amount, EXP no, L/C no confirmed from export invoice	
7.	Short shipment certificate if any	
8.	Freight certificate – if prepaid	
9.	Original PRC issued for cash assistant purpose from Bank	
10.	Attested copy of BTB L/C opened against master L/C	
11.	Beneficiary certificate of yarn supplier	
12.	BTMA certificate for cash assistance/GSP purpose	
13.	Confirmed that the date of delivery is not before the date of GP-2 in BTMA	
14.	Confirmed the date of delivery in BTMA in that of in BTMA	
15.	150 Stamp given by party for cash incentive	
16.	BKMA/BGMA certificate for yarn	
17.	Wastage checked	
18.	All the documentation as mentioned in application form is found and checked the authentication	
19.	Cash incentive payable has been calculated correctly, considering the instruction given by BB	
20.	OD sight rate checked	
21.	Bank calculation sheet	
22.	Party declaration for taking cash incentive	
23.	Forwarding given by party to the bank	
24.	Proforma Invoice	

Appendix-5: Cash Incentives Calculation format as per Bangladesh Bank Circular

Cash Incentives Claim Calculation (Textile)	
Particulars	Amount
Proceed Calculation: (A)	
Total Proceed Value/ Realized Value	****
Less:	
Proceed Proportion in case of higher net weight (Excess Yarn Used) (If any):	(****)
Less:	
Freight Charge (if any)	(****)
Commission (if any)	(****)
Less:	
Total Foreign (Gross Up) Value (if any)	(****)
Realized Amount against Local Fabrics Used	(****)
80% of realized value	(****)
Less: Local Fabrics Value	(****)
Net Eligible Cost: (B)	
As per Client Cost-sheet	****
As per Audit Firms Cost Calculation	****
Less:	
Wastage Calculation	(****)
Cash Incentive Payable in Foreign Currency (upon lowest value of A & B)	
Percentage (%) of Cash Incentives (sector-wise)	****
Conversion Rate	****
Cash Incentive payable in Local Currency (Taka)	****
Claim Amount as per Bank (C)	
Claim Amount as per Audit Firm (D)	
Cash Incentive Payable in Local Currency (upon lowest value of C & D)	

Appendixes-6: Cash Incentives Calculation format as per Bangladesh Bank Circular

Cash Incentives Claim Calculation (Other Sectors)	
Particulars	Amount
Proceed Calculation: (A)	
Total Proceed Value/ Realized Value	****
Less:	
Freight Charge (if any)	(****)
Commission (if any)	(****)
Less:	
Total Foreign (Import) Value (if any)	(****)
Net FOB Value (B)	****
Cash Incentive Payable in Foreign Currency (upon lowest value of A & B)	****
Percentage (%) of Cash Incentives (sector-wise)	****
Conversion Rate	****
Cash Incentive payable in Local Currency (Taka)	****
Claim Amount as per Bank (C)	****
Claim Amount as per Audit Firm (D)	****
Cash Incentive Payable in Local Currency (upon lowest value of C & D)	****