

Roundtable on “Regulatory Unpredictability in Bangladesh” 16th October 2017

Overview: On the 16th of October 2017, the Policy Research Institute (PRI) of Bangladesh held a roundtable on Regulatory Unpredictability in Bangladesh. Senior Secretary of Law Ministry Mr. Md. Shahidul Haque was present as the chief guest and Dr. Mirza Azizul Islam, former advisor of the caretaker government as the chair for the event. Other distinguished researchers, private sector business leaders and former policy makers of the country and people directly and indirectly involved into the regulatory system of Bangladesh also attended the event. Dr. Zaidi Sattar, Chairman of PRI, moderated the session.



The program began with the opening remarks Dr. Zaidi Sattar, Chairman of PRI followed by the topic introductory remarks by Mr. Masrus Reaz, Senior Economist of World Bank and then the keynote presentation by Dr. Ahsan Mansur, Executive Director of PRI. Dr. Mr. Asif Ibrahim, Former

President of DCCI, Mr. Abul Kashem Khan, President of DCCI, Former Commerce Secretary Suhel Ahmed Khan and Akhtar Mahmood, Lead Private Sector Specialist of the World Bank were among the designated discussants.

Keynote Presentation at the Event

In his detailed power point presentation, Dr. Mansur said that regulatory unpredictability is a major issue that comes in the way of private-sector development in Bangladesh which increases the cost

of doing business, reduces productivity, discourages both foreign and domestic investment and causes uncertainty with regard to economic and investment decisions.

While identifying the sources of regulatory unpredictability, Dr. Mansur noted that rules and regulations are often announced without prior notice, consultation or impact assessment. He also pointed that inadequate coordination between government agencies leads to conflicting rules and



regulations. Rules and regulations are also formulated in ways that leave wider room for different interpretations by the administrators and the business houses, he added. In addition, he also identified lack of effective grievance mechanism, insecure property rights and difficulty in finding information on existing rules and regulations as major breeders of regulatory unpredictability in the country.

Dr. Mansur further added that The International Finance Corporation (IFC), in collaboration with BUILD, is conducting a survey to collect stakeholders' views about regulatory predictability in Bangladesh. The survey results are yet to be published, but there is strong evidence that the current regulatory framework in Bangladesh is perceived to be highly unpredictable. The survey results also revealed that there is a severe lack of discussion between the stakeholders and the government during formulation of related laws and regulations. He further claimed that the government sometimes consults concerned stakeholders before introducing new laws and regulations, but it rarely reflects the stakeholders' opinion on the issue.

Dr. Mansur also pointed out that emerging industries associated with rapid technological changes are creating new regulatory challenges for the government. He stressed, "Innovations will obviously take place. But the laws and regulations have to be modified according to changing nature of innovations"

Open Discussion:

Dr. Zaidi Sattar, Chairman of PRI said that just as good regulations and good policies ensure efficient functioning of markets, policy certainty, stability and predictability can be critical for facilitating investment decisions. He further added that, we are passing through a long period of sluggish private investment, which is hovering around 20 to 21 per cent of GDP. In this atmosphere, uncertainty in tax or tariff policy or in incentive packages for exports, imports or domestic production could result in the withholding of investment.

Addressing such scenario, experts at the event called for providing prior notice and carrying out consultation or impact assessment with relevant stakeholders on upcoming laws and regulations. peaking on the issue, former commerce secretary Suhel Ahmed Chowdhury admitted that an



effective grievance mechanism is yet to be introduced across the country and Larger companies may implement some form of it, but majority of medium and small companies are still out of the loop.

Mr. Asif Ibrahim, former President of Dhaka Chamber of Commerce and Industry (DCCI) said currently more that 750 Statutory Regulatory Orders (SROs) exists in the law ministry website. He suggested that these SROs should be removed from the law ministry website and be placed in a single online database with the latest updates, so that these laws could be found easily by entrepreneurs.

Affirming the need for greater consistency in terms of rules and regulations, Senior Secretary of the Legislative and Parliamentary Affairs Division Md. Shahidul Haque who was also the chief guest of the event said one law or regulation should not come into conflict with other laws or regulations.

It was also observed at the meet that discretionary enforcement by government officials can be addressed by periodic review of regulations while lack of grievance mechanism can be addressed by enacting a law.

The round table discussion was chaired by former advisor to the Caretaker Government, Dr. Mirza Azizul Islam. The former adviser of the caretaker government stressed a more effective role of judicial system in addressing the issue of effective grievance mechanism, noting that inordinate delays in dismissal of cases create lot of uncertainties. Concluding the programme, Azizul Islam added: “Without addressing these serious issues, it would be difficult for us to achieve the country’s aspiration of becoming a middle-income country within 2021.”