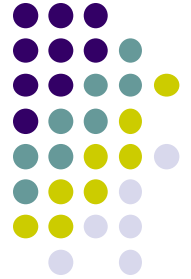


Business Process Analysis of Import of Wheat in Bangladesh



By

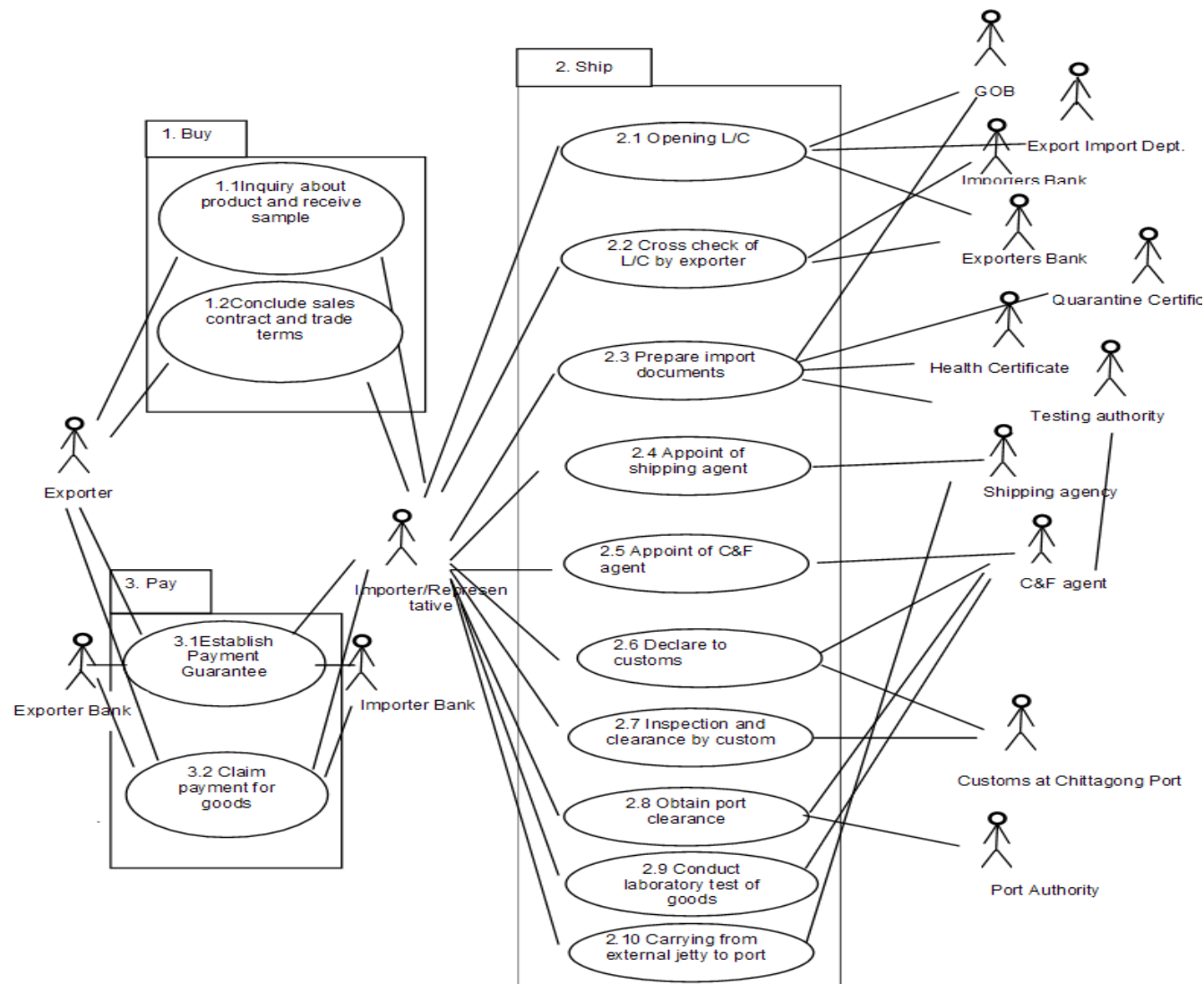
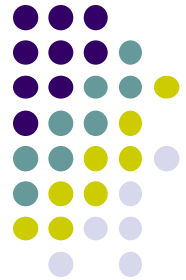
Mr. Mohammad Yunus

Presented at the National Stakeholder Consultation Meeting
Jointly Organized by

UN-ESCAP, and SATNET,

Dhaka, 14 March, 2013

Use Case Diagram of Wheat Import



BPA of Import of Wheat from India...



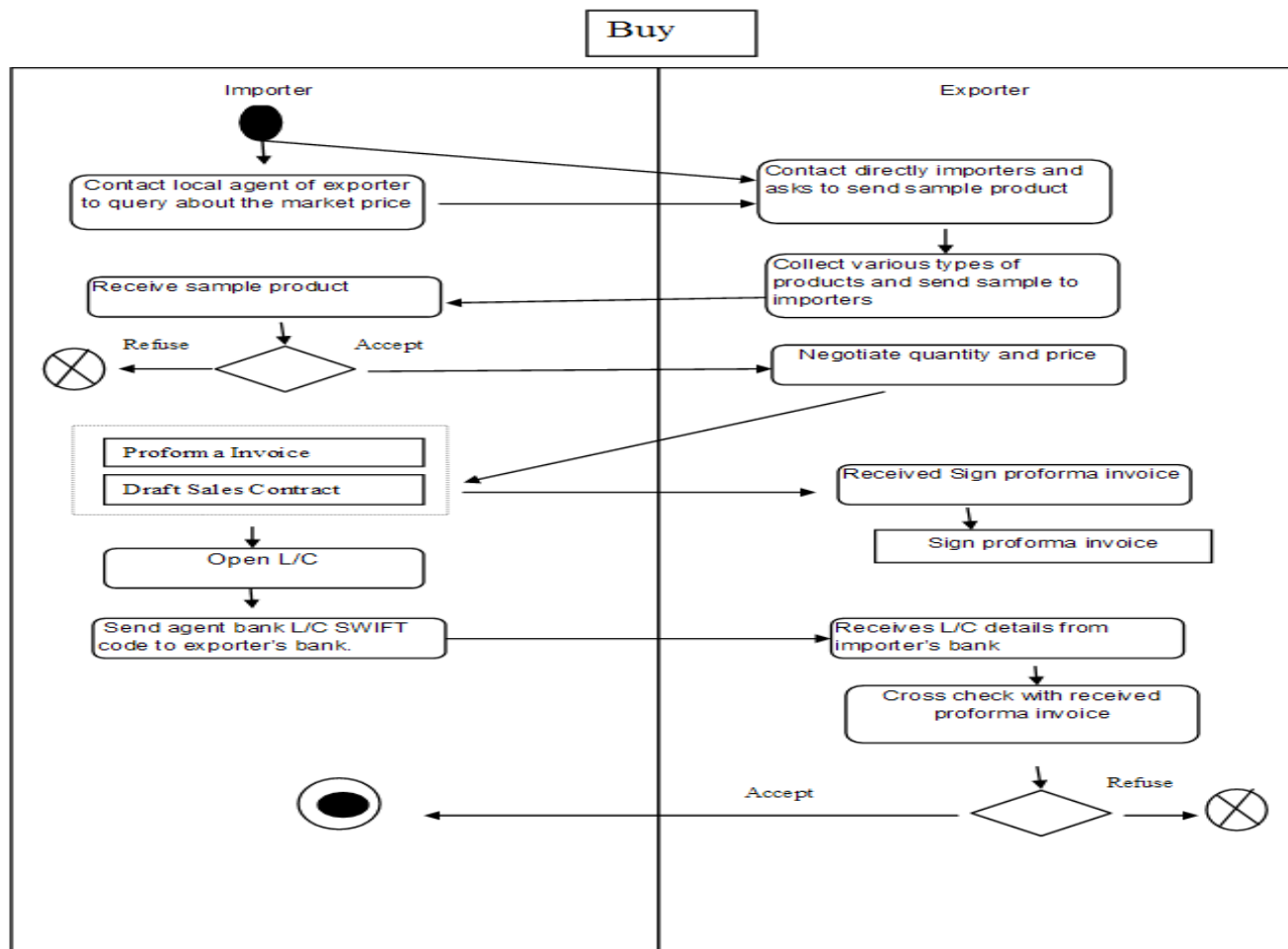
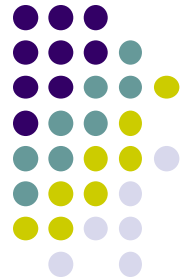
Profile of the Firm

- Data on import of wheat were collected from Yasir Group located in Khatunganj, Chittagong.
- The firm started import business since 1995. Among food items it imports wheat, chickpeas, and lentils.
- The following table shows the import of wheat by the firm during last three years.

Year	Qty (M.Tons)	Value(Us \$)
2010	40,000	6,400,000
2011	70,000	15,400,000
2012	90,000	21,600,000

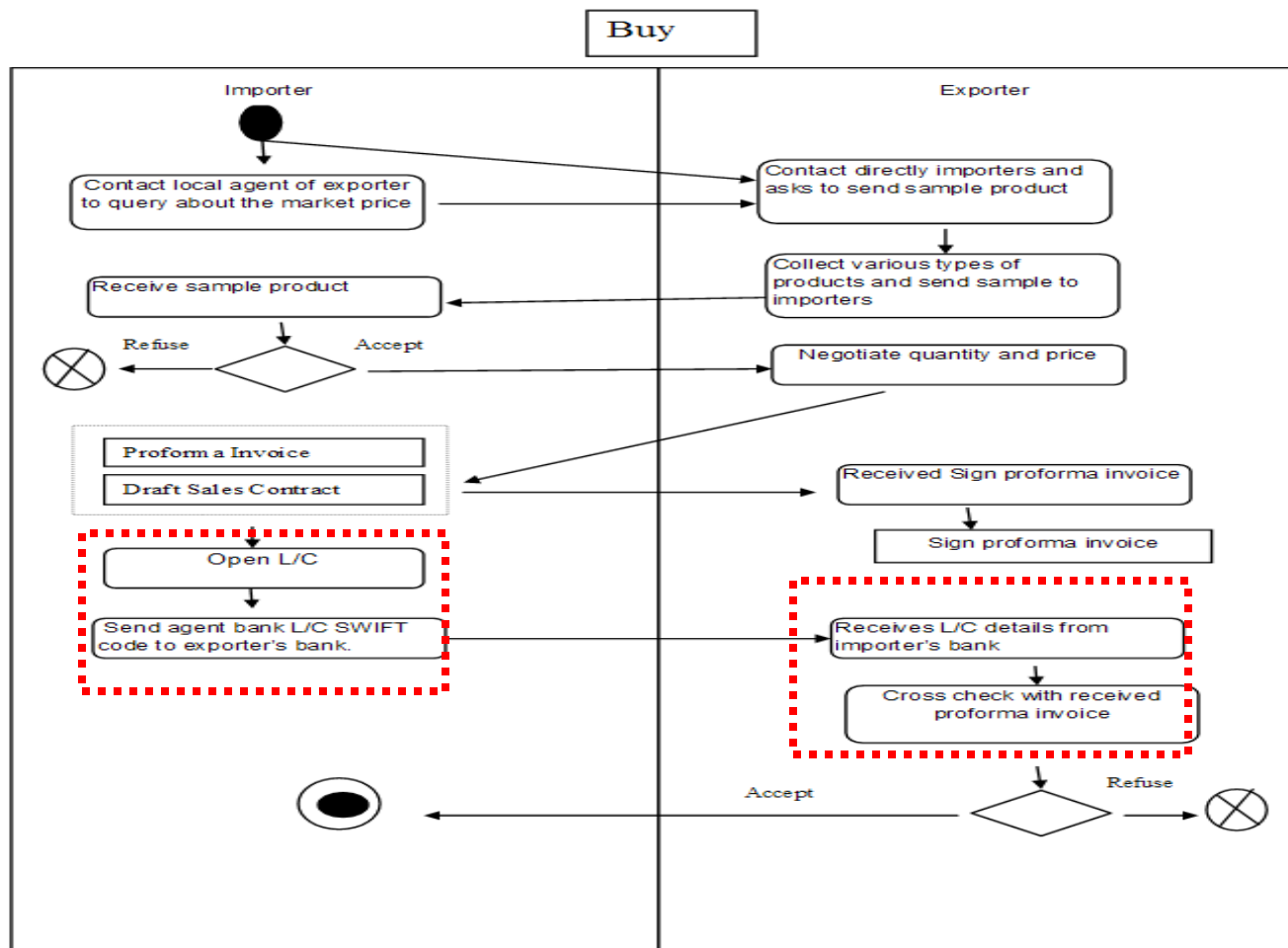
Business Process Analysis

Buying (Existing Process)



Business Process Analysis

L/C Opening (Existing Process)



BPA of Import of Wheat in Bangladesh ...

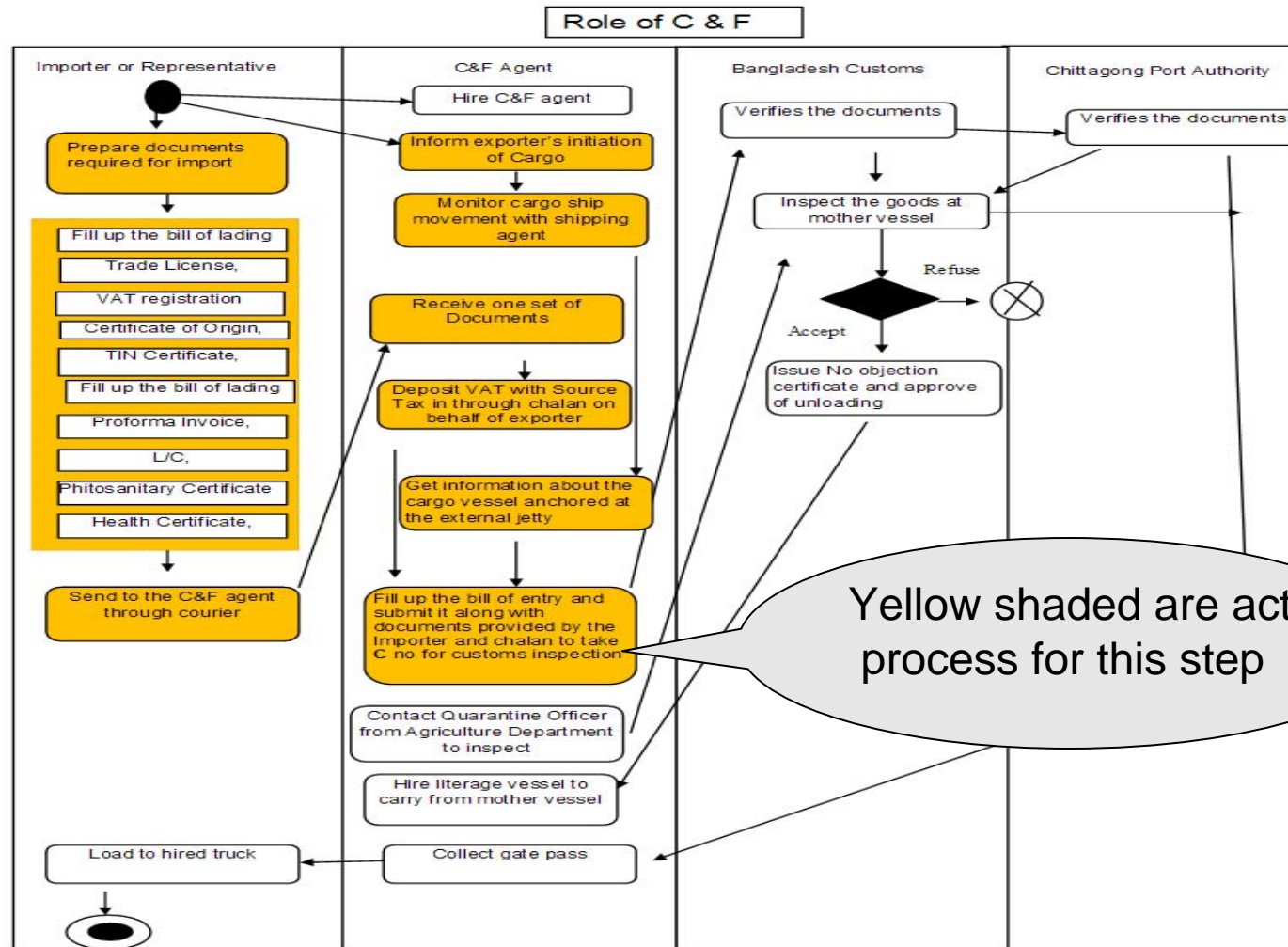
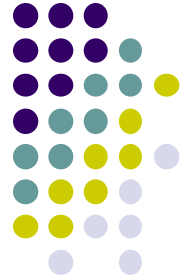


Step 2.1: Importer Opens L/C

- ❑ Importers opens L/C to initiate the delivery after receiving the proforma invoice.
- ❑ For opening of L/C he submits several documents including trade license, TIN certificate, VAT license, import registration certificate to the bank.
- ❑ The margin of the L/C depends on the quantity of wheat to be imported. Usually the importer has to pay 10%-15% of total consignment value in advance for L/C opening.
- ❑ usually takes 2-3 business days to complete L/C opening process.

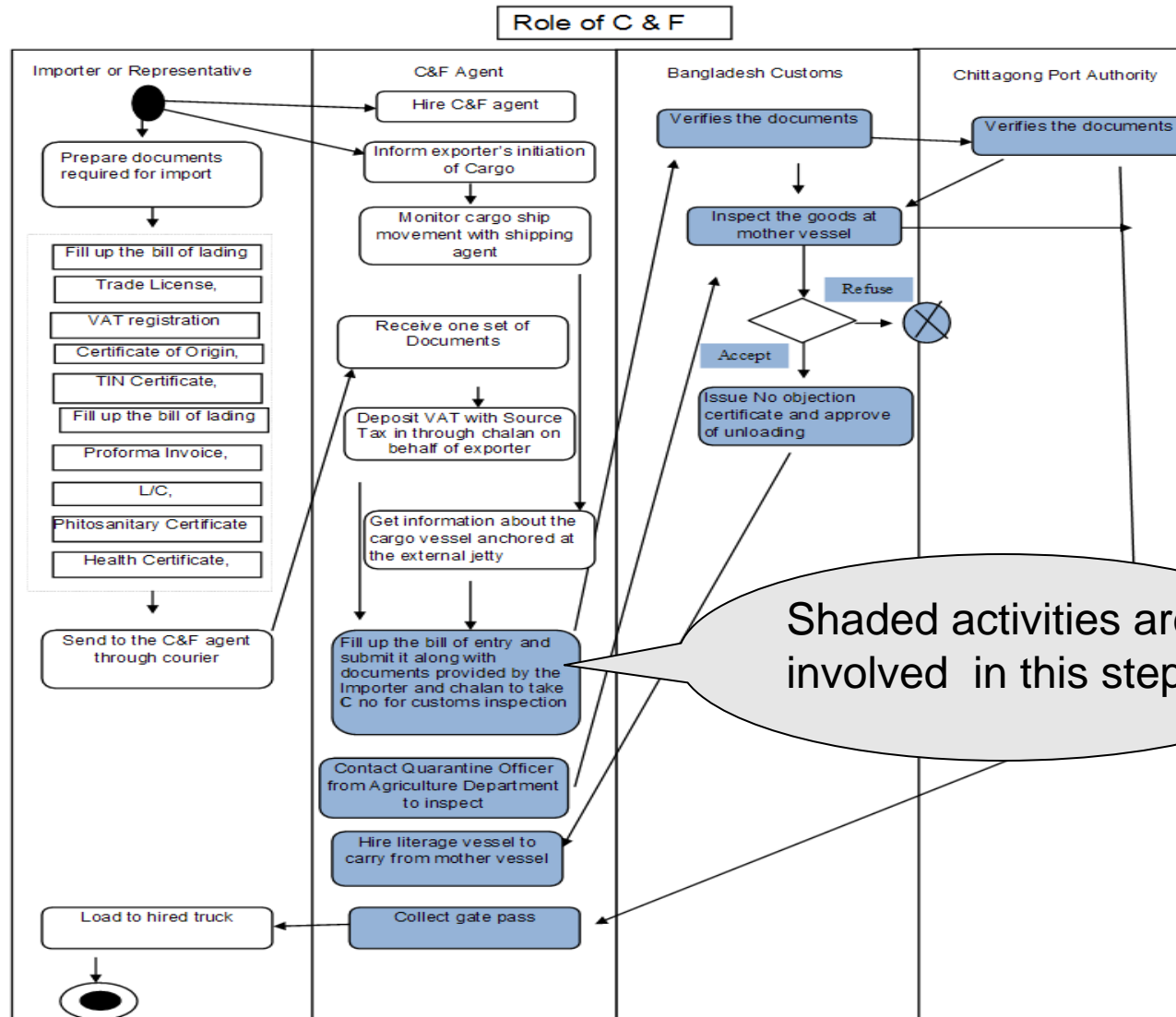
Business Process Analysis

Customs Declaration(Existing Process)



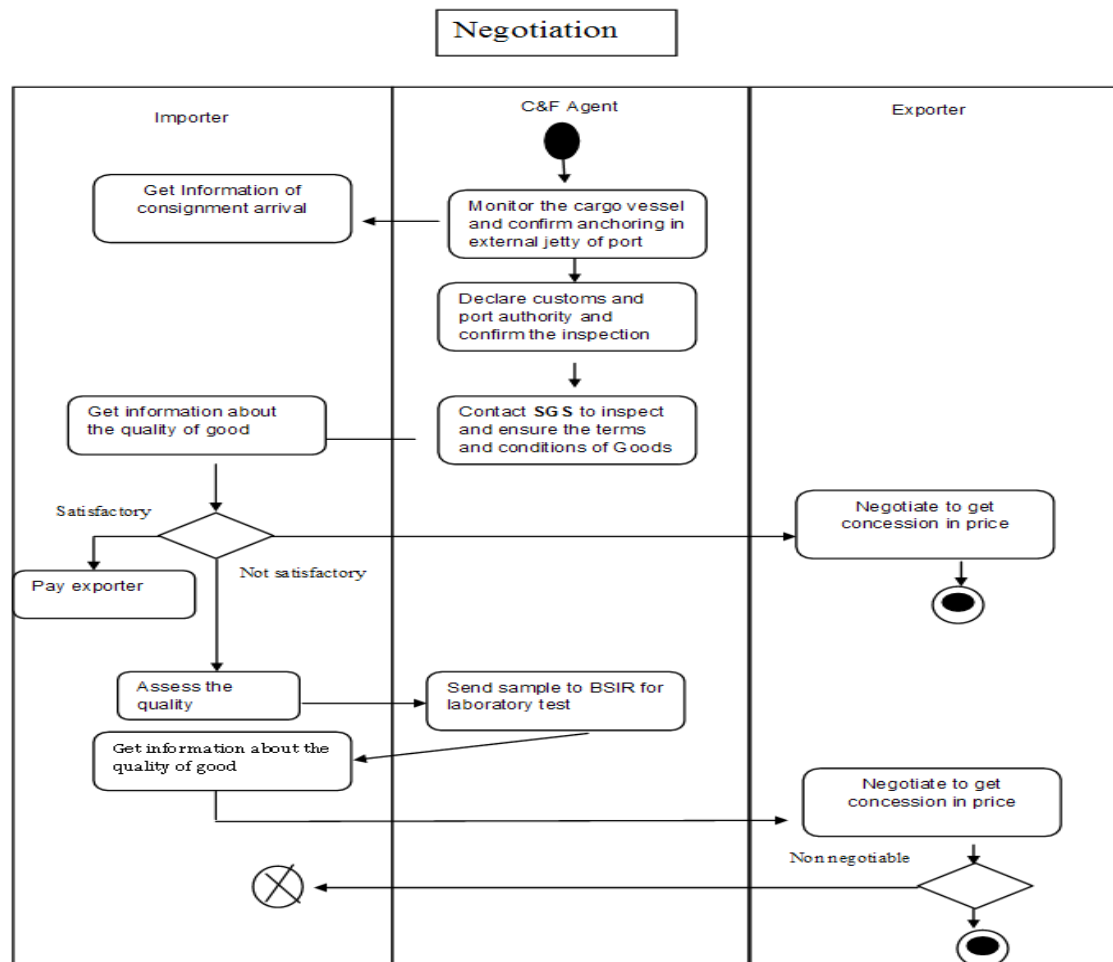
Business Process Analysis

Customs & Port Clearance (Existing Process)



Business Process Analysis

Payment Negotiation (Existing Process)



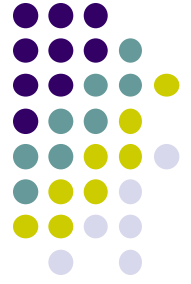
BPA of Import of Wheat in Bangladesh ...

A Few Key Observations



- Most of the processes involved are private sector initiatives while customs procedures and formalities at the port are conducted by the public sector. (Table 9)
- Even though 23 individual documents are required to complete the Import process of wheat from India, the traders need to make multiple copies of them. (Table 10)
- The ultimate result is that 48 copies are currently required to complete the whole process.
- On an average 32 days are required to complete the process of one consignment (Figure xx)

BPA of Import of Wheat in Bangladesh ...

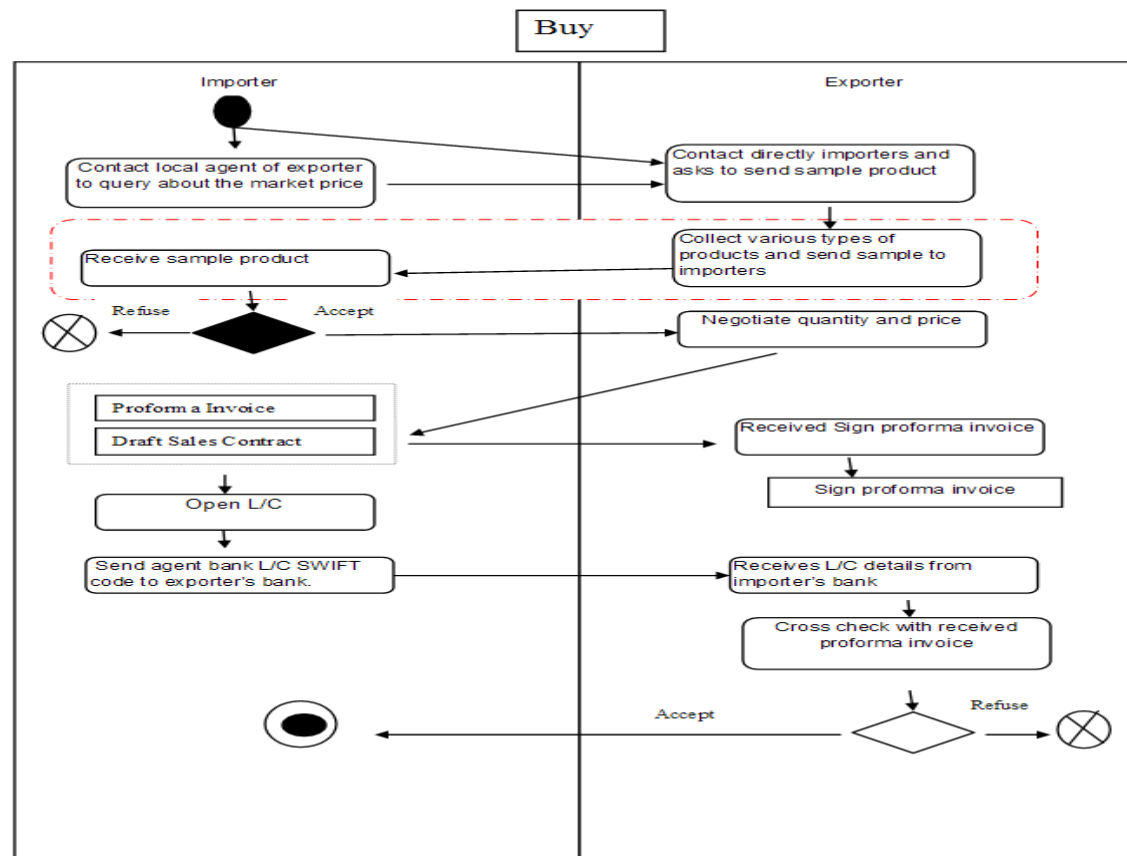


A Few Key Observations

- Of these 32 days, 22 days are for preparing documents for opening of L/C and customs clearance.
- Acceptance of scanned version could minimize this time requirement
- Sending the sample by the exporter takes more than 3 days, which seems to be quite long and may be reduced by online observation of the sample and doing business with long time suppliers.

Process Analysis

Wheat Sample Exchange (Existing Process)

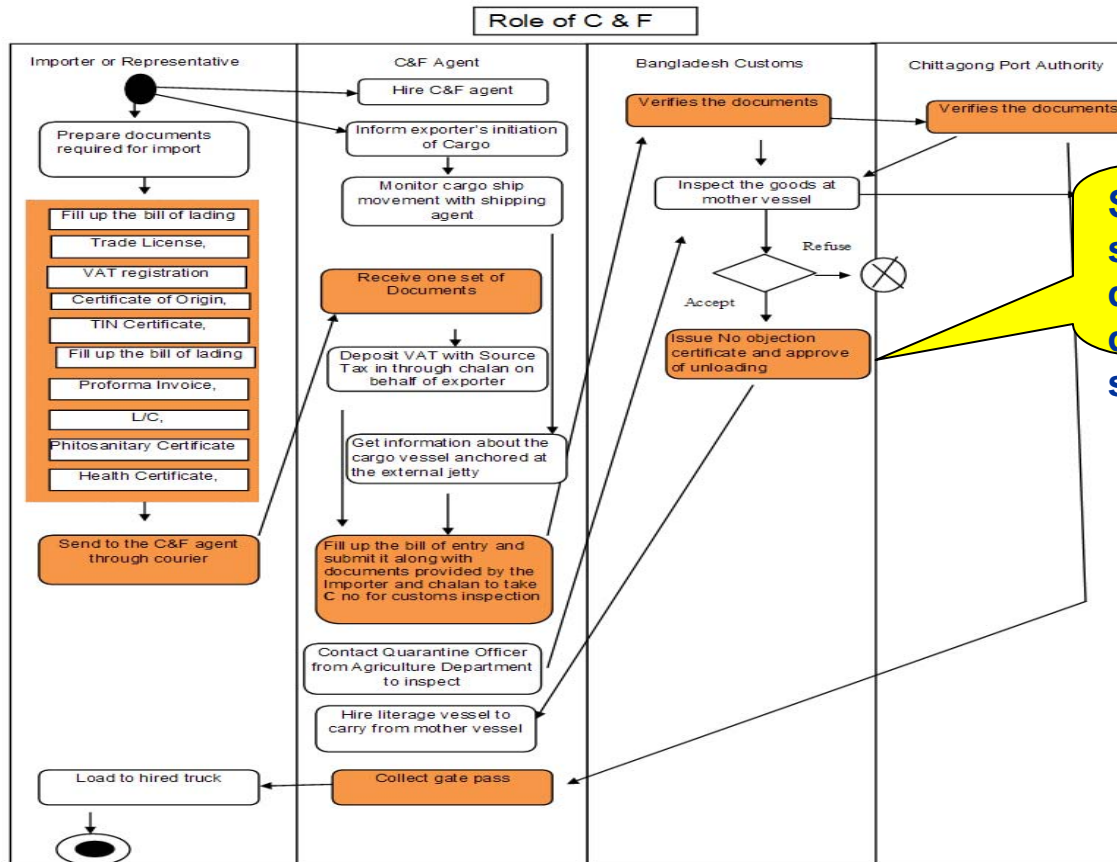


Problems :

- Manual and time consuming process
- High cost for sending and receiving sample

Process Analysis

Duplication of Documents in Business (Existing Process)



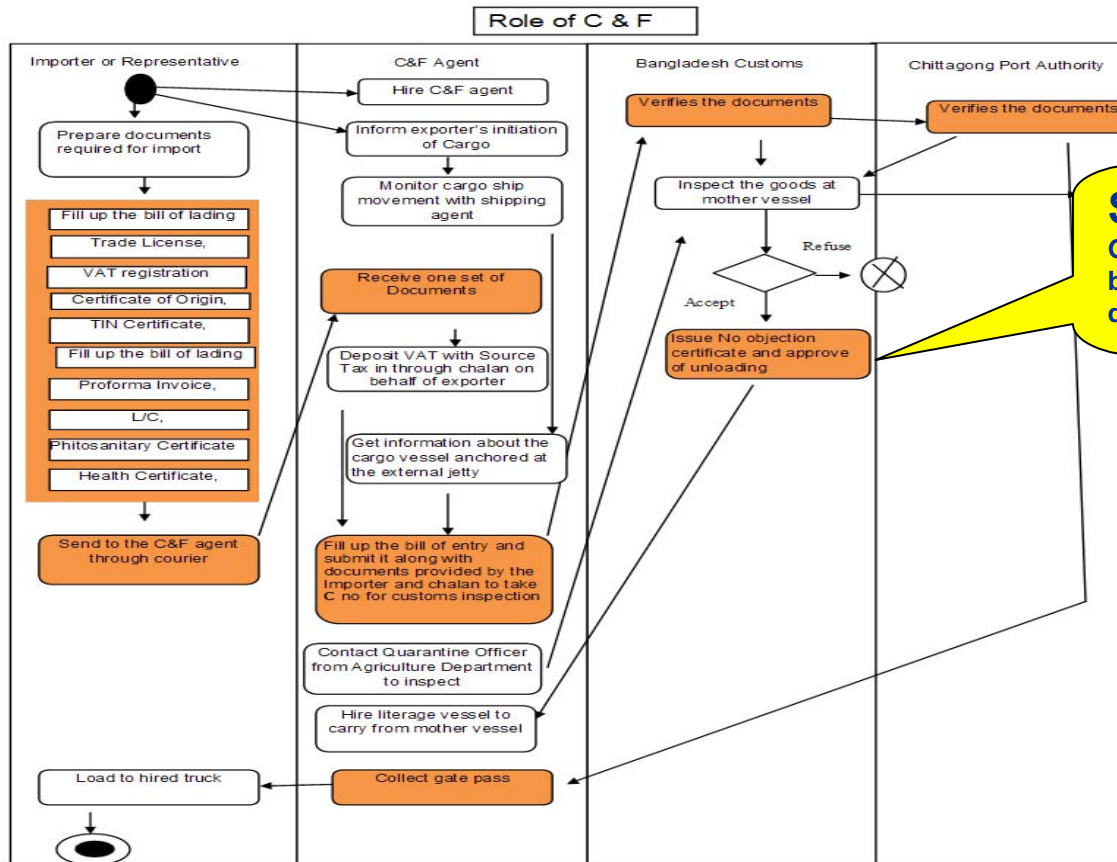
Shaded activities show the duplication of documents in several areas

Problems :

- Manual and time consuming
- Involves informal cost

Process Analysis

Duplication of Documents in Business (Existing Process)

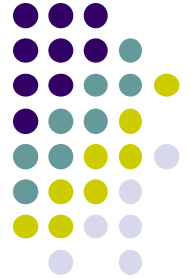


Simplification:
Grey shaded activities can be reform and introduce digitalization of process

Simplification :

- electronically transmitted and online submission

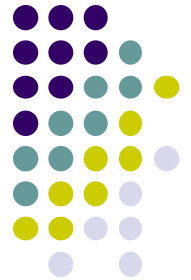
Tables and chart



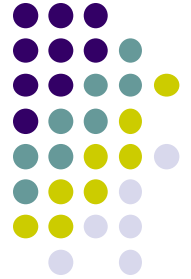
BPA of Import of Wheat in Bangladesh ...

A Few Key Observations

- ❑ Similar set of documents are required for customs declaration, customs inspection and clearance, and for crossing border checkpoints.
- ❑ Should these three agencies coordinate among themselves, only one set would suffice and would drastically reduce the process costs
- ❑ Further, instead of manually submitting these documents, one can submit them electronically.
- ❑ While formal costs amount to US\$ 13 per consignment, the informal is 6 times higher at US\$ 81 per consignment.



BPA of Import of Wheat in Bangladesh ...



Thank You for Your Patience!