

Chapter 8: Informal and illegal trade: dimensions, trends, composition, and the role of domestic indirect taxes

Ever since Bangladesh's independence there has been a substantial informal unrecorded trade across the India-Bangladesh land borders, and a number of studies both in Bangladesh and in India have dealt with different aspects of it.⁸² Much of this trade is quasi legal and is best characterized as "informal" rather than illegal, because there is wide participation by local people in the border areas, the trade generally bypasses Customs posts, and because –as S.K. Chaudhuri's classic study noted–"the field operators generally operate *in liaison* with the anti-smuggling enforcement agencies".⁸³ Informal trade of this kind usually involving large numbers of local people individually transporting small quantities-often just as head loads or by bicycle rickshaw-and in Bangladesh is sometimes called "bootleg" smuggling. At the other extreme there is trade which goes in larger quantities-mostly by truck-through the formal legal Customs and other channels, but which involves explicitly illegal practices such as underinvoicing, misclassification and bribery of Customs and other officials, and which in Bangladesh is sometimes called "technical" smuggling.

While these two types of smuggling are conceptually distinct, the various studies also recognise that there is continuum of smuggling activities between them, involving for example medium and larger scale operators using trucks or boats which may cross the border at Customs posts without being recorded, or in regions where there are no Customs posts. In addition, although the goods may be carried across the border in small quantities by large numbers of people, trucking to the border areas-often from distant parts of India-and storage there-is frequently organized by medium size and large traders who are also exporting to Bangladesh through formal channels. The inevitable absence of a clear demarcation between these kinds of smuggling has been a problem for the various studies which have attempted to quantify the level and composition of this trade through systematic interviews of "knowledgeable persons" in known smuggling centres. With the exception of some separate estimates of "technical smuggling" into Bangladesh in the study prepared as part of this project, all the past studies have focussed on "bootleg" smuggling and have reported accordingly, but it is unlikely that the "knowledgeable persons" responding were distinguishing between these two different smuggling routes. Hence, among the many other obvious difficulties of obtaining some rough quantification of this trade, the estimates of "bootleg" smuggling-especially in the region of the principal Petrapole-Benapole land border crossing-are likely to be picking up the results of "technical" smuggling as well. This in turn means that adding separate estimates of "technical" smuggling to estimates of "bootleg" smuggling will overstate the total value of unrecorded trade.

All the literature on the India-Bangladesh unrecorded trade confirms that this trade is essentially one-way, from India to Bangladesh. Omitting gold, silver and currency which is imported into India in part to pay for Indian goods, the 1994 NCAER survey estimated Bangladesh to India unrecorded trade at only about \$10 million⁸⁴, compared with an India to Bangladesh estimate of \$371 million. In order to update previous studies on the latter, under this project quick surveys were carried out during April-May 2002 in five smuggling-prone zones along Bangladesh's western borders with India, and in three zones in its north and eastern borders with India. Based on the opinions of police, security forces and others, and on earlier more complete surveys, these eight zones were considered to account for 77% of the total of

⁸² Seven of these studies are briefly reviewed in the project paper on informal trade. *India-Bangladesh Informal Trade: Findings on Bangladesh Imports from India*. Draft mimeo, January 2005.

⁸³ Chaudhuri, S.K. (NCAER) 1995. *Cross Border Trade Between India and Bangladesh*, p.27. Italics added. The report continues: "Once in a while, either due to a breach of the understanding or to demonstrate efficiency or agility of the law enforcing staff (to meet anti-smuggling targets, if any), some seizures are stage managed and the petty operators bear the consequences".

⁸⁴ Ibid p. 53, Table 3.5

bootleg imports. In addition, a separate study was made of “technical” smuggling, based on interviews with importers, Customs agents and officials and others at Benapole and Chittagong, as well as a sample of Bangladesh Customs intelligence inspections of shipments at Benapole between January and November 2002.

These estimates of “bootleg” smuggling were then compared with similar 1998 estimates for the same five western zones in a study by Rahman and Razzaque⁸⁵. For this synthesis, this comparison has been taken back further to include the results of the Chaudhuri (NCAER) study, which was based on field surveys in India during July and August 1994, and which also focussed on bootleg smuggling.⁸⁶ This is combined below with some findings from some of the other project consultant studies to comment on the total size of, and trends in this trade and its commodity composition. This is followed by a discussion of the role of domestic indirect taxes in the smuggling trade, which has largely been ignored in previous work, and finally by a summary of policy and other reforms which would affect smuggling and which would seem to be in the economic interests of both countries, whether or not they participate in an FTA.

Size According to the 2002 surveys and some very approximate extrapolations from them, Bangladesh’s smuggled imports from India during 2002/03 were approximately \$500 million, or about 40% of recorded imports from India, and approximately 30% of total imports (recorded plus smuggled) from India (Table 8.1). The total value of goods imported by “technical” smuggling- underinvoicing, misdeclarations and other illegal practices at Customs- is estimated to exceed total “bootleg” smuggling by a substantial margin, and most of the “technical” smuggling occurs at the land border. Between them, ‘bootleg’ and “technical” smuggling at the land borders add about 70% to total land border imports (Table 8.2) but appear to be much less prevalent in the sea and air trade. Based on surveys at Chittagong which asked about underinvoicing and misdeclaration practices, total technical smuggling of imports from India by sea and air was about 17% of the total recorded value of this trade, compared to 32% of the total recorded value of imports by the land border. These shares would be somewhat lower if it were possible to allocate “back-to-back L/C” imports (i.e. duty free imports of inputs used by Bangladesh exporters) between the land border and the sea trade, but these imports are not recorded by NBR and the available estimates are from Bangladesh Bank statistics on letters of credit which do not distinguish these two routes.

For many reasons that are emphasized in the 2002 survey reports, the estimates of “bootleg” smuggling and even more so the estimates of “technical” smuggling are very rough approximations at best and subject to wide margins of error. Indications of the possible size of these errors is apparent from the project study on trade financing and the case study of the sugar industry. In the first study, a by-product of interviews with “knowledgeable persons” in India on India-Bangladesh trade financing gave estimates of the value of live animals and some major smuggled commodities which were much larger than the estimates based on the surveys in Bangladesh:

These estimates in the Goyal study were based on the opinions of relatively few people and may not be reliable, since the focus of the study was on financing and they were not systematically checked against the estimates of other informed people. However, Goyal’s estimate for sugar smuggling is roughly consistent with the sugar case study, which estimates sugar smuggling at between \$170 million and \$215 million in 2001/02 and from \$100 million to \$127 million in 2002/03. A partial explanation for these discrepancies may be that Goyal’s and the sugar study estimates were including “technical” as well as

⁸⁵ Rahman, A. and Razzaque. 1998. *Informal Border Trade between Bangladesh and India: An Empirical Study in Selected Areas*. The Asia Foundation.

⁸⁶ The 2002 study is the first documented attempt to estimate the size and scope of “technical” smuggling. There are a number of other estimates of the approximate total size of technical smuggling, but none of them explain in detail how the estimates are arrived at.

“bootleg” smuggling, whereas the Bangladesh surveys which distinguish individual products are in principle for “bootleg” smuggling only. Even so, the resulting discrepancy in the estimate of total land border smuggling is very large: for example, the total discrepancy of just these five commodities as reported in Goyal’s study, would about double the survey-based total (bootleg+technical) estimate for 2002/03 from \$422 million to \$831 million, and assuming a smaller discrepancy for sugar of \$100 million, still increases the total survey based estimate by about 40%, from \$422 million to \$708 million. These very large differences underline the importance of coordinated contemporaneous surveys on both sides of the border with iteration between the survey teams involved to explore and narrow down discrepancies. Unfortunately, all the studies which have aimed to quantify cross border smuggling—including the 2002 Bangladesh survey, the 1998 Bangladesh surveys reported by Rahman and Razzaque, and the 1994 NCAER survey –have all faced time and resource constraints which would have been needed for this kind of coordination, and therefore are based solely on the analysis of survey results dealing with imports in the case of the Bangladesh surveys, and on exports in the case of the 1994 NCAER survey in India⁸⁷.

	<i>2002 Bangladesh survey \$ US million</i>	<i>Goyal: trade financing report \$US million</i>	<i>Difference \$US million</i>
Live animals (mainly cows & buffaloes)	100	222	+122
Sugar	27	250	+ 223
Rice	9	30	+ 21
Wheat	14	48	+ 34
Onions	1	10	+ 9
TOTAL	151	560	+ 409

Trends Table 8.3 compares the estimates of “bootleg” smuggling from the three surveys mentioned above and compares these with the Bangladesh statistics of recorded imports from India for the same years (for comparability excluding back- to- back LC imports in all years since they are not available for FY 1995). According to these estimates, during the 8 years total bootleg smuggling declined both in absolute terms and relative to total recorded imports from India, the latter from 58% of total imports in FY 1995 to 20% of total imports, and from 51% of total imports by the land border in FY 1998 to 41% of land border imports in FY 2003. It might be tempting to conclude from these statistics that smuggling from India has been declining and to link the apparent decline to import liberalization in Bangladesh, in particular to the steady reduction of Customs duties during the same period. However, for a number of reasons this would be a hazardous generalization:

- The discrepancies discussed above between the Bangladesh 2002 survey-based estimates of smuggled cattle and some major commodities, and alternative estimates from the Indian side, are very large and would need to be checked before generalizing about trends
- The 2002 Bangladesh survey is the only attempt to quantify “technical” smuggling, and without estimates for earlier years no generalizations about trends are possible. In this regard it is relevant

⁸⁷ This study used information provided by BIDS on smuggling centres in Bangladesh to help choose the outward smuggling centres in India to be surveyed, but the smuggling estimates were entirely based on interviews in India. The goods being smuggled were valued at prevailing prices in these regions, which were considerably lower than the prices at which the goods were sold on the Bangladesh side. Ideally, these valuations would need to be adjusted to compare the NCAER smuggling estimates with estimates made in Bangladesh. The NCAER study had a separate component dealing with underinvoicing through the comparison of the Indian and Bangladesh trade statistics, but concluded (p.99) that statistical errors and other factors (including especially overinvoicing on the Indian side to benefit from Indian export incentives) were too pervasive to allow realistic estimates. The study (pp 18-19) also did not attempt to deal with misclassification, understatement of weights and quantities and similar practices at Customs.

to note that trends in “technical” and “bootleg” smuggling are probably related. For example, if smuggling through underinvoicing and other means through the legal route becomes more difficult, it is likely that some smuggling will be diverted to “bootleg” routes, and vice versa. Despite the introduction of pre-shipment inspection in India for Indian exports to Bangladesh and other measures, the consultant studies do not indicate that the legal route has become markedly more rigorous, at least at the land borders.

- According to the sugar industry case study, sugar smuggling increased between FY 1995 and FY 2002 : it only declined sharply after imports via the land border were banned in 2003, suggesting that large quantities of sugar were previously being imported illegally under the cover of legal imports.
- Finally, as discussed previously, since the mid-1990s in some key respects Bangladesh’s import policies have become more, not less distortive. Changes in tariffs seem to be related to smuggling incentives in the following ways, and overall it is plausible that the net incentive to smuggle may have increased rather than decreased:
 - Including para-tariffs, Bangladesh’s protection rates on a wide range of locally produced consumer goods have gone up, many to very high levels, increasing the incentive to smuggle, especially at Customs by underinvoicing, misclassification and other practices
 - Although Bangladesh’s longstanding ban on the import of textile fabrics was recently removed, textile fabric protective import duties remain very high and continue to provide a strong motive for fabric smuggling from India
 - Tariffs on a few important products which are smuggled on a large scale have remained low during the period (e.g. rice and wheat) so this incentive to smuggle has not greatly changed.
 - Tariffs on most industrial raw materials, parts and components and machines have declined, reducing the incentive to smuggle them by both the “technical” and bootleg routes.
 - However, the increasing bifurcation of protection rates, with very high tariffs (including para-tariffs) on locally produced consumer goods and low tariffs on raw materials and intermediates, will have increased the incentive and potential for “technical” smuggling through false documentation i.e. falsifying the description of products so that they are misclassified as products subject to low rather than high tariffs
 - The incentives for “ technical” smuggling through under declaration of the quantities of duty free shipments of inputs for exporters—especially yarns, fabrics, dyes and other inputs for use by RMG exporters- has probably not greatly changed and remains considerable.

Composition According to the 2002 surveys, the value of “bootleg” smuggling was divided as follows:

	<i>% of total</i>	
Cows and buffaloes	43	
Agricultural products	14	Of which 90% rice, wheat, pulses & timber
Processed foods	17	Of which 88% sugar
Textiles	16	Of which sarees 63%
All other	10	43 products

These shares were roughly the same as in the 1998 survey, except for an increase in the share of processed foods (nearly all sugar) and a smaller share of textiles. The products being smuggled

correspond fairly closely to the products mentioned in NCAER’s survey of exporters in Kolkata⁸⁸. In this survey, for products which were the same or similar to those they were exporting, the exporters were asked whether the “source of entry” into Bangladesh was (1) legal only (2) illegal only or (3) both legal and illegal. For 52 products, the responses divided as follows⁸⁹:

Type of product	“Source of entry”	
	Legal only (no. of products)	Both legal and illegal (no. of products)
Agricultural	4	10
Processed foods	1	3
Manufactured	20	13
Mineral (bauxite)	1	0
TOTAL	26	26

Since the question just referred to the entry channel, “illegal” is best interpreted as bootleg smuggling i.e. exports that were going over the border and bypassing the Customs posts. However, underinvoicing and similar practices could have been going on when the products were exported by the legal route.

There is very limited information on the commodity composition of “technical” smuggling. Some indication is provided by the diverse set of agricultural and industrial products included in 52 shipments that were inspected by Bangladesh Customs Intelligence at Benapole during January –November 2002 and found to have under-declared the weight or the number of items in the shipment (Table 8.4). Most of these shipments were of industrial products-only 8 of the 42 (4 of rice, 2 of spices, one each of coconuts and lentils) were agricultural products. Judged by the number of separate shipments, false declarations were most common for paper board and paper products, followed by sanitary ware. Under-declarations of weight or quantity varied from 10% to 67% and averaged about 30%, but values were not provided in the data set, so it is not possible to infer anything about the ranking of different commodities in terms of the value of technical smuggling.

The third column of Table 8.4 shows the import duty rates to which these products were (or should have been) subject during FY 2003. The first rate is the protective tariff including the protection of the para-tariffs, and the second is the total rate the importer would have had to pay inclusive of VAT. In two cases (rice and lentils) the import duty rate was very low by Bangladesh standards (7.5%) and both were exempt from VAT, but the import duty saving was probably substantial due to the fairly large quantities involved, in the case of rice (four consignments) 734 tons declared as 410 tons, and in the case of lentils 130 tons declared as 100 tons. However all the other tariffs were much higher: mostly 35.5% before VAT and 55.9% with VAT included. Tariffs at these levels combined with under declaration of quantities (e.g. a shipment of stainless steel kitchen ware- declared quantity 12 tons, assessed quantity 16 tons) provide large financial savings if they are not prevented. Another example is sanitary ware which accounts for 5 of the 52 consignments in the data set, with a total of 7333 pieces declared as 4100 pieces, and very high tariffs in 2002/03 –inclusive of VAT 71.1% (plastic sanitary ware) and 132.1% (ceramic sanitary ware). Sanitary ware products (see Fig 8.5) are a few of many mostly final consumer goods for which protective tariffs were sharply increased after 1998/99, in order to encourage and protect local producers, and this example demonstrates one of the consequences of these policies at Customs and on smuggling incentives and the volumes of goods being smuggled.

⁸⁸ 17 products mentioned as being smuggled by the exporters were also on the list of smuggled products turned up by the Bangladesh survey. 9 products were not, however: 3 agricultural, 1 processed food, and 5 manufactures. The NCAER survey did not attempt to estimate quantities or values of the smuggled goods.

⁸⁹ Das, Samantak et al, op.cit Table A.2

Smuggling and domestic indirect taxes. The various past studies of informal and illegal trade between India and Bangladesh, pay little or no attention to domestic indirect taxes i.e. in India, the central excise tax and the central and state sales taxes (the latter recently replaced in most states by a state VAT), and the VAT in Bangladesh. Yet these are very important for understanding the nature and modalities of the trade and its economic impact. In both countries agricultural products, livestock and fish are exempt from these taxes, and this is presumably one of a number of reasons why they dominate the estimates of “bootleg” smuggling. But manufactured products in India, including most processed foods, are subject to indirect taxes which are generally at least 20% (the 16% central excise tax plus sales tax or state VAT). If these products are purchased in India at retail, wholesale or even from the producing factories, the purchase prices will (or should in principle) include these taxes. Hence, if the goods are then smuggled over the border by the bootleg route, the indirect taxes are a kind of *de facto* export tax under which the Indian central government and an Indian state government (e.g. West Bengal) in effect taxes the eventual buyers in Bangladesh. Alternatively, since the smuggled goods presumably escape paying the VAT in Bangladesh, this amounts to a transfer from the Bangladesh government to the central and state government in India, insofar as the smuggled goods substitute for locally produced or legitimately imported goods that would have been subject to the Bangladesh VAT.

However, as noted above, if Indian manufactured goods are exported to Bangladesh by the legal route, the cost of the goods to the exporter does not include these domestic indirect taxes, which means that the cost to (say) an exporting trader will be at least 17% less than the cost of the same goods purchased domestically, in addition to which the cost of the goods is further reduced by duty drawback, DEPB or one of the other mechanisms by which exporters are either exempted from, or compensated for, import duties which increase the costs of their raw material inputs. On the other hand, from the perspective of a Bangladesh importer choosing between the formal legal route and the bootleg route, the formal route involves Bangladesh Customs duties including the Bangladesh VAT and the associated transport and transaction costs. Hence preferences for the formal route will be influenced by:

- The level of Bangladesh protective tariffs. If these are low or the products exported are exempt (as is the case for inputs and equipment used by Bangladesh exporters) the formal route is obviously preferable, but if the tariffs are high –as is the case for most Bangladesh manufactured consumer goods–there will be a strong incentive to ship by bootleg routes
- The rigor of Customs administration, especially on the Bangladesh side. If high import duties can be reduced or evaded by misclassification, underinvoicing and similar practices and if the bribes and other side payments and the risk of penalties do not absorb too much of the perceived benefits, the attractiveness of the bootleg route will be reduced and will be substituted by “technical” smuggling in the legal route.
- The nature of the goods and VAT administration in Bangladesh. The VAT charged on imported goods would not be a deterrent to importing if VAT administration in Bangladesh were rigorous and if it covered all products and all stages of production and distribution. In that case the VAT charged on importing could be offset against VAT liabilities at subsequent points in the production or distribution chain and would not be a disadvantage for Bangladesh importers using the formal route as against importing by the bootleg route, where there would be no documented VAT payment to credit against subsequent transactions. In practice the Bangladesh VAT is reported to effectively cover formal manufacturing activities but does not effectively extend to wholesale and retail distribution. In that case the VAT would not constitute a disadvantage (or at least not a substantial disadvantage) for importing intermediate raw materials and components from India by the formal route, but is likely to be a substantial disadvantage for the import of final consumer goods (including replacement parts of consumer durables) by the formal route. Hence evasion of the Bangladesh VAT on imports of consumer goods is an independent extra motive to either smuggle by the bootleg route or participate in underinvoicing and other evasion practices using the legal route. This is even more the case if the Bangladesh “supplementary

duty” is used to raise Bangladesh protection rates, since both duties are included in the base for the VAT⁹⁰.

- The state of the infrastructure (roads, storage, technical and administrative capabilities etc) on both the Indian side and the Bangladesh side at the border Customs posts, and the resulting time and transaction costs associated with the use of these formal routes. It is widely recognized, both in India and Bangladesh, that there are serious deficiencies on all of these counts at the land Customs posts, most importantly at the Petrapole-Benapole crossing. As already noted, a major problem on the Bangladesh side is that all except a few of its Customs posts are restricted to clearing a very limited set of products. This means that exporters or potential Indian exporters of the many products not on this list in most areas along the land borders have to choose between shipping the goods over long distances to the few places where legal imports are authorized by Bangladesh, or organizing for them to be shipped across the border by the illegal bootleg route

Some conclusions The above discussion suggests a number of policy and other reforms that would serve the economic interests of both India and Bangladesh by channelling trade away from the bootleg routes to the formal routes and by reducing the incentives and scope for corrupt practices in the formal routes

- Bangladesh would bring down its presently very high tariffs protecting import substitution industries by reversing the policies under which protection rates have been drastically increased over the past 6 or 7 years by the use of para-tariffs on top of Customs duties
- Both countries would improve the infrastructure –physical and administrative-at their land border Customs posts. This would need to be done in a coordinated way-there would no point if the infrastructure were improved on one side of the border but bottlenecks were to remain or even increase on the other side of the border.
- Both countries would continue and accelerate efforts to streamline and improve the administrative structures that affect land border trade, especially Customs administration. For Customs the purposes would be to speed up and simplify Customs clearance and to reduce the incentives for, and scope of corrupt practices. The present pre-shipment inspection system at present operating in India on behalf of Bangladesh Customs would be part of this effort
- The administrative reforms would include expanding the facilities and the Customs clearance powers available at Bangladesh’s smaller land border Customs posts
- Bangladesh would continue to expand the effective coverage and improve the administration of its VAT system

For Bangladesh these reforms would reduce the incentives for imports from India to come by the bootleg route, under which a substantial share of the economic rents are collected on the Indian side, both in the form of smugglers’ margins and Indian indirect taxes included in the purchase prices of the goods in India. The trade diverted to the formal channel would provide Customs revenue, and this would be higher if administrative and other reforms reduce the scope for corrupt practices. Better infrastructure, faster clearance times and reduced transaction costs would also improve the prospects of Bangladesh exporters finding market niches in India, especially if they rely on importing inputs from India since in that case two border crossings are involved.

These reforms would also benefit India, first by reducing “black economy” activities in India associated with the bootleg border trade and the organization of “technical” through Bangladesh Customs, and secondly by improving the access of Indian exporters to the Bangladesh market.

⁹⁰ For example, with a 25% Customs duty alone the 15% VAT is 18.8% of the cif price, but if a supplementary duty of 25% is also imposed, the VAT becomes 23.4% of the cif price.

Table 8.1: Bangladesh imports from India 2002/03: recorded plus survey-based estimates of smuggled imports

	\$US million	% of total
Recorded: land border	580	34
Recorded: sea and air	535	31
Recorded: back to back LC	95	6
Total recorded imports	1210	70
Bootleg: land border	237	14
"Technical" smuggling (land)	185	11
"Technical" smuggling (sea)	90	5
Total unrecorded imports	512	30
Total imports	1722	100

Sources: recorded imports from NBR trade database, back to back LC imports from Bangladesh Bank, estimated smuggled imports from surveys during 2002.

Table 8.2: Bangladesh land border imports from India 2002/03: recorded plus survey-based estimates of smuggled imports

	\$US million	% of total
Recorded: land border	580	58
Bootleg: land border	237	24
"Technical" smuggling (land)	185	18
Total land border imports	1002	100

Sources: as for Fig 8.1

Table 8.3: Trends in estimated "bootleg" smuggled exports from India to Bangladesh

FY	Recorded	Recorded	Estimated	Estimated bootleg as	
	land	total	bootleg	% of land	% of total
	\$ million	\$ million	\$ million		
1995	n.a.	645	371	n.a.	58
1998	603	786	309	51	39
2003	580	1176	237	41	20

Notes: Back to back LC imports from India n.a. in FY 1995 & have been excluded from the FY 1998 and FY 2003 imports for consistency. Land border imports also n.a. for FY 1995." Bootleg" imports from studies mentioned in the text.

Table 8.4: Some examples of "technical smuggling": sample of consignments inspected at Benapole (January-November 2002) and found to have declared quantities less than assessed quantities

	No of consignments	Import duty rates %(Before VAT/after VAT)
Paper board and paper products	15	25.5/44.4
Sanitary ware	6	48.8/71.1 or 92.2/132.1
Marble & granite	5	25.5/44.4 or 35.5/55.9
Rice	4	7.5/7.5
Magnesium sulphide	3	35.5/55.9
Spices	2	35.5/55.9
Methi (?)	2	
Motor parts	2	25.5/44.4 or 35.5/55.9
Vushi (?)	1	
Leaf springs	1	
Acetic acid	1	35.5/55.9
Coconut	1	26/26
Stainles steel kitchen ware	1	35.5/55.9
Lentils	1	7.5/7.5
Chips (?)	1	
Plywood	1	35.5/55.9
Poultry feed	1	
Synthetic sarees	1	52.1/52.1
Medicinal herbs	1	
Assorted goods	1	
Insulator/electrical arrestor	1	
Total number of consignments	52	

Notes: The product descriptions are not precise and the HS codes and tariffs are not reported in the original data from which this table is compiled. Consequently the 2002/03 tariffs indicated in the third column may not be the same as the actual tariff rates. Blanks indicate that the product description is not sufficiently detailed to attribute a tariff. The two sets of rates for sanitary ware are respectively for plastic and ceramic sanitary ware. The inspections were undertaken by Bangladesh Customs Intelligence

Fig 8.5: Bangladesh sanitary ware tariffs FY 98 and FY 2003-2005

FY	Ceramic HS 6910		Plastic HS 3922	
	Protective rate %	Incl VAT %	Protective rate %	Incl VAT %
1998	47.2	68.9	47.2	68.9
2003	92.2	132.1	48.8	71.1
2004	89.0	128.3	66.0	90.9
2005	64.0	98.1	59.7	83.7