

CHAPTER 8

INDUSTRY

The contribution of the industry sector to the economy of Bangladesh has been increasing day by day. In FY1980-81, the contribution of the broad industry sector to real GDP was 17.31 percent which has increased to 29.73 percent in FY2008-09. For the purpose of national income accounting, Bangladesh Bureau of Statistics (BBS) divides the economy into fifteen sectors. The broad industry sector includes four sub-sectors –mining & quarrying, manufacturing, construction and electricity, gas & water supply. Among these sub-sectors, the contribution of the manufacturing sector is the highest. According to the provisional estimate of national income, in FY2008-09, the contribution of the manufacturing sector to GDP is 17.78 percent, which is marginally higher than that of the previous year. However, being affected by the global economic crisis, the growth rate of the manufacturing sector has declined to 5.92 percent (estimated) in FY2008-09, which is 1.29 percent lower than that of the previous fiscal year. The size and growth performance of the manufacturing sector in the country's GDP from FY2000-01 to FY2008-09 is shown in Table 8.1 below:

Table 8.1: Size and Growth Rate of Manufacturing Sector

(At constant prices of 1995-96)

(Taka in crore)

Type of Industry	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09 (Provisional)
Small & Cottage	9267.4 (6.6)	9980.1 (7.7)	10699.6 (7.2)	11496.5 (7.45)	12408.5 (7.9)	13551.5 (9.2)	14865.1 (9.7)	15920.0 (7.1)	16969.1 (6.6)
Medium-Large	23130.2 (7.0)	24194.1 (4.6)	25780.8 (6.6)	27572.3 (6.95)	29860.5 (8.3)	33268.2 (11.4)	36507.1 (9.7)	39157.2 (7.3)	41370.2 (5.7)
Total	32397.6 (6.7)	34174.2 (5.5)	36480.4 (6.8)	39068.8 (7.1)	42269.0 (8.2)	46819.7 (10.8)	51372.2 (9.7)	55077.2 (7.2)	58339.3 (5.9)

Source: Bangladesh Bureau of Statistics.

Note: Figures in parentheses indicate rate of growth.

The above table reveals that products of both 'Medium-Large Industry' as well as 'Small and Cottage Industry' are increasing gradually.

The vision of the draft Industrial Policy, 2009 is that Bangladesh will have, by 2021, a dominant industrial sector where manufacturing will account for at least 30 percent of the gross domestic product (GDP) with a capacity to absorb 20 percent of the workforce. The structure of the industrial sector will be consistent with the comparative advantage of the economy, which will make the sector globally competitive.

In the context of globalisation, the Government believes that private sector-led industrial development could be the appropriate strategy for promoting economic growth where public sector will play only a complementary role. Public-Private Partnership (PPP) will feature

prominently the industrial growth. In line with that strategy, the government has liberalized the trade regime by introducing a range of reforms to allow the entrepreneurs to set up industries and operate them profitably without any misgivings. As a result, contribution of private sector in overall economic activities has increased remarkably. Foreign Direct Investment (FDI) will have a competitive presence along with domestic investment and will act as a principal agent for skill and technology transfer and link with international supply chains. The Government has also taken initiatives to set up industrial zones and special economic zones to create huge employment opportunities.

The industrial sector of Bangladesh will have a dominant export orientation. Significant diversification of the export base will be achieved both with respect to product composition and market destination. There will be a complete graduation from resource based export to process based export and the skill and technology content of export will be markedly higher to ensure higher degree of value addition.

To further strengthen the process of industrialisation, the Government has identified the Small and Medium Enterprise (SME) as a priority sector. To attract foreign investment, facilities for the potential investors have been enhanced in the new industrial policy which is expected to be finalised by January, 2010. Cottage, small and medium industries will be an important component of the industrial landscape playing a critical role in decentralized employment generation, women's entrepreneurship development and poverty alleviation.

The industrial sector will be environment- friendly and compliant with health, safety and other standards required under the rules of the World Trade Organization.

Quantum Index of Production of Manufacturing Industries

The Quantum Index of Production (QIP) is an important tool for measuring the production performance of manufacturing industries. Data available from Bangladesh Bureau of Statistics (BBS) shows that QIP (1988-89=100), representing medium to large-scale industries, rose to 413.40 in FY2008-09 from 228.43 in FY2000-01. Table 8.2 shows the index during FY2000-01 to FY2008-09. Appendix 32 presents production index for the previous years, while Appendix 33 shows the actual production of principal industrial outputs for the last seven years.

Table 8.2: Quantum Index of Production for Medium to Large Scale Manufacturing Industries

FY2000-01 to FY2008-09 (1988-89=100)

Industry	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09 (Provisional)
Medium to Large Scale Industries	228.43	238.75	254.45	272.13	294.72	328.35	360.33	386.48	413.40

Source: Bangladesh Bureau of Statistics.

Small and Medium Enterprises (SMEs)

Small and Medium Enterprises (SMEs), by producing exportable surpluses of commodities together with local value additions and creation of employment opportunities, can make significant contribution to the economy of Bangladesh. Although financing of SMEs in off-farm rural economic activities are largely dependent on equity financing from personal and family savings, currently banks and financial institutions are also coming forward to provide finance to this sector. As the large potential of employment generation by SMEs has attracted attention of the policy makers, a range of initiatives for channelling loans to SMEs are being taken.

The Government has taken up programmes to provide financial assistance to expand SMEs through commercial banks. Alongside the disbursement of loans, since FY2004-05, Bangladesh Bank has taken up a scheme of Tk.100 crore for refinancing the scheduled banks and financial institutions as revolving fund. Recently, the scheme has been widened with an enhanced allocation of Tk.600 crore. Up to June 2009, Tk.716.44 crore has been disbursed among different scheduled banks and financial institutions for refinancing potential entrepreneurs. In addition to this, IDA has provided US\$10 million and the Government of Bangladesh has provided Tk.112.32 crore through 'Enterprises Growth and Bank Modernisation Project (EGBMP)'. With the stipulated revolving fund of Tk.224.50 crore up to June 2009, refinancing facilities have been provided to different scheduled banks and financial institutions. Moreover, in an attempt to provide incentives to the sector, ADB has been providing an additional US\$30 million to Bangladesh Bank. These resources would contribute both in employment generation as well as in enhancing the purchasing power of the poor. Up to June 2009, Bangladesh Bank has disbursed Tk.334.25 crore for refinancing of this programme. Detailed refinancing of Bangladesh Bank to various financial institutions and banks is shown at Table 8.3.

Table 8.3 Summary Information on SME Refinancing (up to June 2009)

Refinancing Source	Amount Refinanced (in crore Taka)				No. of Beneficiary Enterprises			
	Working Capital	Mid Term Loan	Long Term Loan	Total Loan	Industrial Loan	Commercial Loan	Service	Total
(a) Bangladesh Bank	178.48	336.40	201.56	716.44	1724	4150	1127	7001
(b) IDA	61.51	96.40	66.59	224.50	899	1220	358	2477
(c) ADB	138.68	112.82	52.75	304.25	728	1864	331	2923
Total	378.68	545.62	320.90	1245.20	3351	7234	1816	12401

Table 8.3(a) Summary information on SME Refinancing from Bangladesh Bank (up to June 2009)

Name of Banks/FIs Refinanced	Amount Refinanced (in Crore)				No. of Beneficiary Enterprises			
	Working Capital	Mid Term Loan	Long Term Loan	Total Loan	Industrial Loan	Commercial Loan	Service	Total
(a) Banks								
1. NCC Bank Ltd.	8.72	14.33	2.53	25.57	16	366	8	390
2. Jamuna Bank Ltd.	22.45	5.07	1.15	28.67	160	184	47	391
3. National Bank Ltd.	1.86	2.07	0.40	4.33	35	25	58	118
4. One Bank Ltd.	9.42	5.60	0.00	15.02	31	231	8	270
5. The Premier Bank Ltd.	37.64	2.66	1.24	41.54	102	154	51	307

Name of Banks/FIs Refinanced	Amount Refinanced (in Crore)				No. of Beneficiary Enterprises			
	Working Capital	Mid Term Loan	Long Term Loan	Total Loan	Industrial Loan	Commercial Loan	Service	Total
6. BRAC Bank Ltd.	3.87	30.91	0.00	34.77	164	896	16	1076
7. Southeast Bank Ltd.	2.79	0.18	0.00	2.97	1	31	10	42
8. Dutch Bangla Bank Ltd.	5.78	0.00	0.00	5.78	11	24	0	35
9. Mercantile Bank Ltd.	1.04	36.12	2.10	39.26	61	734	88	883
10. Eastern Bank Ltd.	0.08	31.37	38.41	69.86	78	342	10	430
11. Dhaka Bank Ltd.	45.50	12.09	1.35	58.94	158	138	21	317
12. Comm. Bank of Ceylon	0.00	0.45	0.20	0.66	0	1	3	4
13. Uttara Bank Ltd.	10.36	0.04	0.00	10.40	1	82	1	84
14. Mutual Trust Bank Ltd.	1.52	5.25	0.43	7.20	41	93	3	137
15. Trust Bank Limited	0.73	0.00	0.00	0.73	1	4	3	8
16. The City Bank Ltd.	3.56	0.82	0.65	5.03	17	11	0	28
17. AB Bank Ltd.	2.69	0.34	0.00	3.03	4	14	0	18
Sub-Total (a)	158.02	147.28	48.45	353.75	881	3330	327	4538
(b) Non-Bank Financial Institutions								
1. Uttara Finance & Inv. Ltd.	0.78	11.21	23.67	35.65	1	2	186	189
2. Prime Finance & Inv. Ltd.	1.95	3.09	1.93	6.96	7	15	10	32
3. Midas Financing Ltd.	0.07	45.12	16.81	61.99	282	497	177	956
4. IDLC of Bangladesh	0.00	40.37	4.91	45.28	112	94	55	261
5. Phoenix Leasing Co. Ltd.	1.61	7.50	8.23	17.34	53	41	27	121
6. United Leasing Co. Ltd.	8.90	30.28	17.35	56.53	140	45	97	282
7. Vanik Bangladesh Ltd.	0.08	0.05	0.00	0.13	2	0	0	2
8. Bay-Leasing Co. Ltd.	0.25	0.52	0.47	1.24	7	0	1	8
9. Fidelity Assets & Securities Co. Ltd	0.00	1.47	25.14	26.61	22	14	99	135
10. Islamic Finance & Inv. Ltd.	0.36	12.74	0.95	14.04	47	45	29	121
11. Peoples Leasing & Fin.	0.40	19.59	21.08	41.07	60	40	50	150
12. Bangladesh Finance & Inv. Ltd.	0.50	3.62	8.35	12.47	4	7	18	29
13. IIDFC	3.88	6.87	13.08	23.82	83	6	9	98
14. GSP Financing	0.50	0.00	2.08	2.58	2	1	3	6
15. National Housing Ltd.	0.40	1.26	0.97	2.63	7	1	6	14
16. Oman Bangladesh Leasing	0.00	0.13	4.08	4.21	1	0	20	21
17. International Leasing	0.30	1.94	0.13	2.37	2	4	4	10
18. Premier Leasing & Finance Ltd.	0.00	1.67	0.81	2.48	6	4	0	10
19. Unian Capital Ltd.	0.50	1.05	2.16	3.71	2	4	6	12
20. BIFC	0.00	0.67	0.60	1.27	3	0	2	5
21. National Finance	0.00	0.00	0.30	0.30	0	0	1	1
Sub-Total (b)	20.47	189.11	153.11	362.70	843	820	800	2463
Total (a+b)	178.48	336.40	201.56	716.44	1724	4150	1127	7001

Table 8.3(b) Summary information on SME Refinancing from IDA (up to June 2009)

Name of Banks/FIs Refinanced	Amount Refinanced (in crore Taka)				No. of Beneficiary Enterprises			
	Working Capital	Mid Term Loan	Long Term Loan	Total Loan	Industrial Loan	Commercial Loan	Service	Total
(a) Banks								
1. NCC Bank Ltd.	4.21	5.59	4.13	13.93	2	259	5	266
2. BRAC Bank Ltd.	1.00	32.88	0.00	33.88	298	356	6	660
3. Southeast Bank Ltd.	5.33	0.17	0.35	5.85	6	36	3	45
4. The Premier Bank Ltd.	8.64	0.27	0.00	8.91	26	21	14	61
5. One Bank Ltd.	0.33	1.14	0.00	1.47	1	30	0	31
6. Dutch-Bangla Bank Ltd.	9.29	0.13	0.00	9.42	19	28	2	49
7. Jamuna Bank Ltd.	9.72	1.32	0.63	11.67	66	13	0	79
8. Dhaka Bank Ltd.	7.52	3.76	0.00	11.28	105	35	12	152
9. National Bank Ltd.	0.44	0.75	0.25	1.44	18	18	1	37

Name of Banks/FIs Refinanced	Amount Refinanced (in crore Taka)				No. of Beneficiary Enterprises			
	Working Capital	Mid Term Loan	Long Term Loan	Total Loan	Industrial Loan	Commercial Loan	Service	Total
10. Trust Bank Ltd.	4.95	0.58	0.24	5.76	31	32	7	70
11. Eastern Bank Ltd.	0.04	12.65	9.41	22.10	77	184	1	262
12. Mercantile Bank Ltd.	0.00	3.99	0.00	3.99	19	67	16	102
13. Mutual Trust Bank Ltd.	0.00	2.01	0.00	2.01	5	37	9	51
14. Uttara Bank Ltd.	4.00	0.00	0.00	4.00	0	24	0	24
Sub-Total (a)	55.46	65.23	15.01	135.70	673	1140	76	1889
(b) Non-Bank Financial Institutions								
1. Fidelity Assets & Securities Co. Ltd	0.00	0.94	7.02	7.96	6	9	28	43
2. IDLC of Bangladesh	0.78	8.67	1.14	10.59	52	16	19	87
3. Phoenix Leasing Co. Ltd.	0.25	1.89	7.17	9.32	22	9	15	46
4. Uttara Finance & Inv. Ltd.	0.10	2.75	19.62	22.47	0	0	114	114
5. Far East Finance & Inv. Ltd	0.00	0.13	0.00	0.13	1	0	1	2
6. United Leasing Co. Ltd.	3.27	2.64	1.74	7.65	25	2	40	67
7. Midas Finance Ltd. & Vanik Bangladesh Ltd.	0.00	5.31	2.58	7.89	65	17	28	110
8. Islamic Finance & Inv.Ltd	0.25	3.44	0.05	3.74	24	13	4	41
9. Prime Finance & Inv. Ltd.	0.30	0.10	0.00	0.40	1	0	1	2
10. IIDFC	1.11	3.48	3.90	8.48	20	9	6	35
11. Bangladesh Fin. & Inv.	0.00	0.71	2.54	3.25	2	3	15	20
12. International Leasing	0.00	0.10	0.45	0.55	0	0	3	3
13. BIFC	0.00	0.00	0.88	0.88	3	0	2	5
14. Peoples' Leasing	0.00	1.00	4.50	5.50	5	2	6	13
Sub-Total (b)	6.05	31.17	51.58	88.81	226	80	282	588
Total (a + b)	61.51	96.40	66.59	224.50	899	1220	358	2477

Source: Bangladesh Bank

Table 8.3(c) Summary Information on SME Refinancing from ADB (up to June 2009)

Name of Banks/FIs Refinanced	Amount Refinanced (in Crore)				No. of Beneficiary Enterprises			
	Working Capital	Mid Term Loan	Long Term Loan	Total Loan	Industrial Loan	Commercial Loan	Service	Total
(a) Banks								
1. One Bank Ltd.	23.90	11.51	1.49	36.90	43	347	12	402
2. Eastern Bank Ltd.	11.54	25.99	24.80	62.33	117	440	13	570
3. Prime Bank Ltd.	39.65	3.40	1.41	44.45	81	342	25	448
4. Dhaka Bank Ltd.	44.96	19.66	0.00	64.62	262	280	83	625
5. NCC Bank Ltd.	0.16	0.22	0.19	0.57	3	11	0	14
6. Bank Asia Ltd	8.75	2.95	1.36	13.06	36	76	5	117
7. Trust Bank Ltd	0.03	10.51	1.67	12.21	35	124	4	163
8. Trust Bank Limited	4.41	0.19	0.14	4.74	11	20	6	37
9. AB Bank Ltd.	5.13	0.00	0.00	5.13	3	39	3	45
Sub Total (a)	138.52	74.43	31.05	244.00	591	1679	151	2421
(b) Non-Bank Financial Institutions								
1. People's Leasing Co.Ltd	0.00	1.61	5.98	7.59	0	0	66	66
2. Midas Financing Ltd.	0.00	4.84	1.41	6.25	6	16	17	39
3. IDLC of Bangladesh	0.00	2.63	1.90	4.53	24	22	14	60
4. Islamic Finance & Inv.Ltd	0.00	24.63	3.94	28.56	93	125	62	280
5. Uttara Finance & Inv.Ltd	0.00	2.50	5.87	8.37	7	18	9	34
6. International Leasing	0.16	1.25	2.30	3.71	2	4	10	16
7. Premier Leasing	0.00	0.94	0.30	1.24	5	0	2	7
Sub- Total (b)	0.16	38.39	21.69	60.25	137	185	180	502
Total (a+b)	138.68	112.82	52.75	304.25	728	1864	331	2923

Source: Bangladesh Bank

Table 8.3 shows that up to June 2009, Bangladesh Bank and IDA have distributed Tk.940.94 crore as refinancing to 17 banks and 22 non-bank financial institutions. It may be mentioned that the fund has been disbursed (by the mentioned banks and financial institutions) to a total of 9478 SMEs earlier as loan. Out of the total loan, Tk.239.99 crore has been provided as working capital, Tk.432.79 crore as medium-term loan and Tk.268.15 crore as long-term loan.

Bangladesh Small and Cottage Industries Corporation (BSCIC)

Bangladesh Small and Cottage Industries Corporation (BSCIC) promotes small and cottage industries in the private sector as well as provides necessary services and facilities to the private entrepreneurs.

In FY2008-09, the number of small and cottage industrial units established under direct and indirect assistance of BSCIC are 6,020 and 4,691 respectively. The total amount of investment made in these units is Tk.2,445.99 crore. Of the total investment, Tk.1,544.68 crore has been financed as loan assistance by bank, BSCIC and other financial institutions, Tk.675.44 crore came as entrepreneurs' equity and the rest Tk.225.87 crore has been invested from entrepreneur's own fund.

BSCIC has 74 industrial estates throughout the country to provide infrastructural facilities to establish industrial units. A total of 9,168 industrial units have so far been established in these industrial estates and the amount invested in these units is Tk.11,999.25 crore. These units have produced products worth of Tk.24,683.67 crore in FY2008-09 of which, products worth of Tk.13,325.80 crore have been exported. During this period, industrial units of these industrial estates have paid Tk.1,781.69 crore as revenue to the Government.

BSCIC has completed most of the infrastructural works for establishing a new tannery industrial state on 200 acres of land on the border of Savar and Keraniganj to transfer the tannery industries from the capital city. All of the plots of the industrial estate have been allotted in favour of 154 tannery units. This industrial estate is expected to create employment opportunity of nearly 1 lakh people.

BSCIC has taken an initiative to establish a pharmaceutical industrial park to set up industrial units which will produce ingredients for pharmaceutical industries. For this purpose, a memorandum of understanding has been signed between BSCIC and Bangladesh Association of Pharmaceutical Industries. This industrial park will be set up at Gazaria upazila under Munsiganj district at a cost of Tk.213.00 crore. The production units of this industrial park are expected to provide employment of about 25,000 people.

Production Performance of State Owned Enterprises (SOEs)

a. Bangladesh Chemical Industries Corporation (BCIC)

BCIC is currently managing thirteen enterprises under its control. Among these enterprises, there are six urea fertilizer factories, one TSP fertilizer factory, one DAP fertilizer factory, one paper mill, one cement factory, one glass sheet factory, one insulator and sanitary-ware factory and one hardboard mill. It may be mentioned that as per the government decision, ten enterprises of BCIC were included in the privatisation list. Of which, four enterprises have recently been privatised and handed over to the private entrepreneurs by the privatisation commission. Out of the six remaining enterprises,

- Khulna Hardboard Mills Ltd. resumed its operation in September 2005 and Caustic Chlorine plant of Karnaphuli Rayon and Chemicals Ltd. in June 2005 through merger with KPM.
- The Chittagong Chemical Complex Ltd. has recently been inaugurated for re-start.
- Privatisation decision will be taken after getting feasibility report about the rest 4 closed factories; namely: Dhaka Leather Co. Ltd., North Bengal Paper Mills Ltd., Khulna Newsprint Mills Ltd. and Karnaphuli Rayons Ltd.

During FY2008-09, thirteen enterprises of BCIC have produced goods worth Tk.2013.90 crore which is higher by Tk.499.41 crore than the production of FY2007-08. However, the production is only 75 percent of the target. Total sale of BCIC enterprises during FY2008-09 was Tk.2098.10 crore which is 78 percent of the target. However, the sale proceeds are higher by Tk.437.08 crore than those of FY2007-08. The contribution of BCIC to the national exchequer in FY2008-09 was Tk.136.23 crore. A provisional calculation shows that BCIC enterprises incurred a total loss of Tk.49.94 crore during FY2008-09.

Thirteen factories under BCIC produce Urea, TSP, SSP, Ammonium Sulphate, DAP, paper, hard board, cement, glass sheet, sanitary ware and insulator. During FY2008-09, the running factories under BCIC produced 12,80,294 metric tonnes of Urea, 24,144 metric tonnes of TSP, 36,756 metric tonnes of SSP, 2,072 metric tonnes of ASP, 24,200 metric tonnes of paper, 14,00,200 metric tonnes of cement, 21.14 L/Sqm of glass sheet, 2,493 metric tonnes of sanitary ware, 102 metric tonnes of insulator and 95.48 L/Sqm of hard board. Due to an increase in the Urea price by the Government in June, 2008, from Tk.4,800 to Tk.10,000 at factory site and from Tk.5,300 to Tk.10,700 at buffer site, the Urea fertilizer factories under BCIC are expected to become profitable.

With a view of attaining self-sufficiency in Phosphatic fertilizer and to reduce dependence on Triple-Super-phosphate (TSP), Di-Ammonium Phosphate (DAP) plant-1 was constructed at a cost of Tk.510.64 crore and Di-Ammonium Phosphate (DAP) plant-2 was constructed, at a cost of Tk.519.64 crore at the premises of Chittagong Urea Fertilizer Limited. The production capacity of

each plant is 800 metric tons per day. Since inception of these two plants, a total of 1,88,678.00 metric tons Di-Ammonium Phosphate was produced up-to June, 2009.

b. Bangladesh Textile Mills Corporation (BTMC): The textile industry is the largest labour intensive manufacturing sector of the country, which employs about 5.0 million people (including apparel industry). This sub-sector accounts for 82 percent of the country's foreign exchange earnings. In addition to meeting the major domestic demand for textile products, the primary textile industry can now meet more than 85 percent of the knit fabrics required for export-oriented knit-wear industry and 26 percent of the fabrics required for the export-oriented woven RMG industry of the country. As of December 2008, there are 376 cotton and synthetic spinning mills in the country of which 352 units belong to the private sector. Moreover, there are 1098 units of weaving (large, medium and small weaving units), 148342 units of handlooms, 1200 units of knitting and dyeing, 310 units of dyeing-finishing and about 2000 units of local hosiery in the country. Majority of the textile industry of the country belongs to the private sector. Only twenty-four old textile mills are now under the public sector (BTMC); some of which have been put into operation by the private entrepreneurs under the service charge system. The total production level of yarn and fabrics in FY1996-97 was 193.69 million kg., which has increased to 879.33 million kg in FY2008-09. On the other hand, the fabric production in FY1996-97 was 135.09 million metres, which has increased to 6380.00 million metres in FY2008-09.

c. Bangladesh Sugar and Food Industries Corporation (BSFIC): At present, there are fifteen sugar mills, one molasses-based distillery producing exportable industrial alcohol and one engineering unit operating under the control of BSFIC. Annual sugar production capacity of the sugar mills is 2.10 lakh metric tonnes while present demand for sugar in the country is about 13.30 lakh metric tonnes. Considering the population growth rate and the change of food habit due to rapid urbanization, the demand of sugar is expected to increase to 15.63 lakh metric tonnes in FY2015 and 18.30 lakh metric tonnes in FY2019-20. In FY2008-09, BSFIC produced 79,922 metric tons of sugar against the target of 1,73,100 metric tonnes which is only 46 percent of the target. However, actual sale of sugar was 1,12,323 metric tonnes. The contribution of BSFIC to the national exchequer in FY2008-09 was Tk.61.35 crore. To keep the market of sugar stable as per sugar distribution policy, sugar is marketed in the form of monthly quota basis through whole sale dealers throughout the country. BSFIC faces problems in selling sugar due to fluctuating sugar price in both the domestic and international markets.

d. Bangladesh Jute Mills Corporation: In FY2008-09, Bangladesh Jute Mills Corporation (BJMC) has produced 1,10,000 metric tonnes and exported 89,000 metric tonnes of jute goods worth of Tk.431.3 crore. It has also sold 19,000 metric tonnes of jute products locally, worth of Tk.81.3 crore. The contribution to national exchequer towards the payment of duties and fees by the BJMC mills in FY2006-07, FY2007-08 and FY2008-09 were Tk.2.66, 2.39 and 1.36 crore respectively.

e. Bangladesh Steel and Engineering Corporation: Enterprises under the control of Bangladesh Steel and Engineering Corporation (BSEC) are playing a vital role in electrification, communication and infrastructural development of the country. Presently, nine industrial units are operational under BSEC, of which seven enterprises are profitable while the remaining two are losing. However, 49 percent shares of three units viz. Atlas Bangladesh Ltd., National Tubes Ltd. and Eastern Cables Ltd. had been off-loaded to public. Nine operating units of BSEC produced goods worth of Tk.728.80 crore in FY2008-09 against production worth of Tk.692.05 crore in FY2007-08. In FY2008-09, BSEC earned foreign currency worth of Tk.3.50 crore by selling 42 metric tons of electric cables produced by Eastern Cables Ltd, Tk.1.32 crore by Chittagong Dry Dock Ltd. and Tk.9.72 crore by General Electric Manufacturing Co. Ltd. Total export sales is worth of Tk.14.54 crore. BSEC has earned highest net profit of Tk.55.29 crore in FY2008-09 as against the target of Tk.46.08 crore, implying an achievement of 120 percent. In FY2008-09, total contribution to national exchequer by the nine enterprises of BSEC is Tk.276.96 crore, which is the highest.

Bangladesh Standards and Testing Institution (BSTI)

Bangladesh Standard and Testing Institution (BSTI) came into being in 1985 through an Ordinance titled ‘The Bangladesh Standard and Testing Institution Ordinance 37 of 1985’ with the merger of Bangladesh Standards Institution and The Central Testing Laboratories. In 1995, the department of Agricultural Grading and Marketing Concern of the Ministry of Trade and Commerce was also merged with BSTI. The main functions of BSTI include

- formulation of national standards of industrial, food and chemical products
- quality control of the products which are ensured as per specific national standards made by the technical committees
- introduction and implementation of metric system of weight and measures in the country

BSTI performs its function through its six wings and six regional offices. Legal actions are taken under the Bangladesh Standard and Testing Institution (Amendment) Act, 2003 against sale and distribution of illegal and sub-standard products. During FY 2008-09, around 1059 mobile courts and surveillances have been carried out with 3,700 cases filed. Fine to the tune of Tk.1.75 crore have been realised from the offenders under "The weights and measures ordinance, 1982" and "The weights & measures (amendment) act, 2001". During the same period, a total of 3181 licenses have been issued/renewed in favour of different manufacturers and importers.

A project titled “Quality Management System and Conformity Assessment Activity for Bangladesh Quality Support Programme (Post MFA)” has been taken up to develop Central Metrology Laboratories of BSTI up to the international standards. This project, with a total cost of Tk.36.32 crore, is being implemented with the financial assistance of UNIDO and the Government of Bangladesh. Another project, namely “Establishment, Modernization and Development of

Bangladesh Standards and Testing Institution (BSTI) Regional Office at Sylhet and Barisal”, financed by the Government of Bangladesh, is also being implemented at a total cost of Tk.21.18 crore.

On going Reform Programmes in State Owned Industrial Sector

The Privatisation Commission has been revamping the sick, closed and non-profitable state-owned enterprises through privatisation process with a view to turning them into profitable entities. As many as 74 enterprises have so far been privatised since the establishment of the Privatisation Board in 1993 and subsequently the Privatisation Commission. Out of those, 54 enterprises were privatized through direct sale and 20 enterprises/companies were privatised by offloading shares. About Tk.707.0 crore has been deposited into the government exchequer as sale proceeds of these enterprises.

Recently twenty-one industrial enterprises were taken up for privatization. Of them, one enterprise has already been handed over to the private sector and after finalizing the sale proposal of two enterprises, proposals for signing agreements have been sent to the concerned ministry. On the other hand, tender has been invited for privatisation of one enterprise and steps have been taken to privatise two other enterprises through an alternative process instead of direct sale process.

Privatisation Commission has also set up its information management centre and updated its web-site in order to attract investors from home and abroad. Meanwhile, the Commission has sent books containing privatisation policy, privatisation process, and present privatisation activities and necessary co-operation extended to, incentive and future strategy regarding privatisation to different foreign High Commissions/Embassies in Bangladesh and Bangladesh High Commission/Embassies abroad.

Major initiatives taken for strengthening the State Owned Enterprises (SOEs) are as follows:

- a. Strengthening the SOEs to stabilize the price of essentials.
- b. Gradual privatisation of the SOEs along with the arrangement for alternative employment for retrenched workers;
- c. Creation of Special Economic Zones in various parts of the country, to enhance the domestic and overseas markets;
- d. Formation of Jute Commission to develop the jute sector through coordination among SOEs and private jute industries; and
- e. Formulation of projects and programmes for production and supply of HYV and quality seeds, developed through agricultural research.

Industrial Investment Status

Industrial Loan

Rapid industrialisation is a sine qua non for achieving desired level of economic development of an agro-based developing country. For this purpose, the Government continued its efforts to

achieve this goal by providing loans and other ancillary supports to promote SMEs alongside the large-scale industries. The disbursement and recovery of the industrial loan was Tk.65,001 crore and Tk.52,900 crore respectively in FY2008-09 which is 8.13 percent and 24.55 percent higher respectively than those of the previous fiscal year. The table below shows year wise disbursement and recovery of loan during FY1995-96 to FY2008-09.

Table: 8.4: Year wise Disbursement and Recovery of Industrial Loans

(Taka in crore)

Fiscal Year	Disbursement			Recovery		
	Working Capital	Term Loan	Total	Working Capital	Term Loan	Total
1995-96	3675.69	1230.44	4906.13	3402.88	519.69	3922.57
1996-97	6979.75	1200.00	8179.75	5692.70	887.19	6579.89
1997-98	6599.03	1120.34	7711.37	5409.72	859.43	6269.15
1998-99	7905.49	1330.10	9235.59	5281.65	1093.39	6374.96
1999-00	10681.74	1627.26	12309.00	7200.13	1653.34	8853.47
2000-01	13382.19	3057.07	16439.46	9777.47	2795.10	12572.57
2001-02	13765.12	3505.15	17270.27	9638.34	3212.97	12851.31
2002-03	15671.46	3961.99	19633.45	12283.21	3835.12	16118.33
2003-04	18,703.10	6,675.99	25,379.09	15,435.00	4,963.44	20,398.44
2004-05	22,175.78	8704.52	30880.30	18189.65	8546.98	26736.63
2005-06	28448.53	9650.02	38098.55	22975.95	6759.52	29735.47
2006-07	31651.32	12394.78	44046.10	23790.54	9068.45	32858.99
2007-08	39963.49	20150.82	60114.31	28849.60	13624.20	42473.80
2008-09	45028.28	19972.69	65000.97	36597.89	16302.48	52900.37

Source: Bangladesh Bank.

Bangladesh Export Processing Zones (EPZs)

There are eight EPZs in Bangladesh namely Chittagong EPZ, Dhaka EPZ, Mongla EPZ, Comilla EPZ, Ishwardi EPZ, Uttara EPZ, Adamjee EPZ and Karnaphuli EPZ. Total investment in these EPZs stood at US\$1582.47 million up to June 2009. In FY2008-09, total investment in the EPZs was US\$148.03 million. BEPZA's export proceeds stood at US\$2.58 billion, as against the target of US\$2.83 billion set for the fiscal year.

Presently, 300 industries are in operation in the EPZs of Bangladesh. Of these, 146 are in Chittagong EPZ, 97 in Dhaka EPZ, 21 in Comilla EPZ, 8 in Mongla EPZ, 4 in Uttara EPZ, 5 in Ishwardi EPZ, 8 in Adamjee EPZ and 11 in Karnaphuli EPZ. In addition, about 212 industrial units are now at various stages of implementation. Of those, 38 belong to Chittagong EPZ, 23 to Dhaka EPZ, 22 to Comilla EPZ, 8 to Mongla EPZ, 1 to Uttara EPZ, 20 to Ishwardi EPZ, 39 to Adamjee EPZ and 61 to Karnaphuli EPZ.

EPZ wise statistics of industries, investment, employment and exports are shown in table 8.5.

Table 8.5 Number of Industries, Investment, Export and Employment of EPZs

Name of EPZs	Number of Industries		Investment (million US\$)	Export (million US\$)	Employment (Nos)
	Operational	Implementation(?)			
Chittagong	146	38	715.12	10,178.38	1,38,612
Dhaka	97	23	649.17	8,231.73	71,459
Comilla	21	22	79.87	323.14	7,712
Mongla	08	08	4.37	39.30	253
Uttara	04	01	3.06	0.41	1,945
Ishwardi	05	20	16.27	7.86	1,537
Adamjee	08	39	66.46	84.92	7,772
Karnaphuli	11	61	48.15	48.99	5,403
Total	300	212	1582.47	18914.74	2,34,693

EPZs have already employed about 2,34,693 Bangladeshi nationals in their attempt to contribute to the national poverty alleviation efforts. Among them 64 percent are female. Out of the total work force, 1,38,612 are employed in Chittagong EPZ, 71,459 in Dhaka EPZ, 7,712 in Comilla EPZ, 253 in Mongla EPZ, 1,945 in Uttara EPZ, 1,537 in Ishwardi EPZ, 7,772 in Adamjee EPZ and 5,403 in Karnaphuli EPZ. It is to be noted that by the end of FY2008-09, a total of 33 Countries have invested in these EPZ's. Product wise enterprises, investment and employment in EPZs are shown in Table 8.6.

Table 8.6 Product wise Enterprises, Investment and Employment in EPZs

Sl. No.	Products Name	Number of Industries	Investment (million US\$)	Employment
1.	Garments	70	449.790	132,512
2.	Textile	33	359.147	19,017
3.	Terry towel	16	54.524	6,878
4.	Knitting & other Textile products	33	159.957	29,146
5.	Garments Accessories	43	171.516	10,414
6.	Caps	07	43.476	6,475
7.	Tent	06	34.873	5,847
8.	Electronics & Electrical goods	15	66.508	2,617
9.	Footwear & Leather goods	13	63.290	9,548
10.	Metal Products	12	24.162	1,427
11.	Plastic goods	14	22.554	2,245
12.	Cover Items	02	0.849	116
13.	Fishing Reel & Golf Equipment	01	32.028	411
14.	Ropes	02	6.256	468
15.	Service Oriented Industries	03	6.947	652
16.	Agro Products	07	2.720	219
17.	Miscellaneous	23	83.873	6,701
Total		300	1582.47	2,34,693

In FY2008-09, goods worth of US\$2581.71 million have been exported from the EPZs. Zone wise contribution to export is- Chittagong EPZ-US\$ 1188.15 million, Dhaka EPZ-US\$ 1190.36 million, Mongla EPZ-US\$ 7.06 million, Comilla EPZ-US\$ 95.85 million, Ishwardi EPZ-US\$ 0.79 million, Adamjee EPZ- US\$ 60.13 million, Uttara EPZ US\$0.24 million and Karnaphuli EPZ-US\$ 39.13 million. The contribution to the national export from the EPZs in FY2008-09 is about 17 percent.

EPZ wise investment and exports from FY2000-01 to FY2008-09 are shown in Table 8.7.

Table 8.7 EPZ wise Investment and Export

Name of EPZs		2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Dhaka	Investment	24.05	32.01	59.14	49.36	51.35	61.57	87.64	110.34	30.39
	Export	447.51	466.76	554.79	667.60	757.73	918.30	1033.03	1146.50	1190.36
Chittagong	Investment	24.30	22.37	42.14	55.43	45.31	35.95	32.62	126.46	47.22
	Export	620.35	680.70	641.28	679.01	772.39	873.03	971.54	1117.17	1188.15
Mongla	Investment	0.04	0.43	0.11	0.80	1.49	0.00	0.43	2.03	-0.96
	Export	0.00	1.55	3.00	3.11	7.83	7.09	1.31	8.26	7.06
Comilla	Investment	0.00	0.64	1.05	9.03	19.01	10.62	21.02	9.72	8.20
	Export	0.00	0.01	0.20	4.10	9.66	34.99	46.01	131.38	95.85
Uttara	Investment	0.00	0.16	0.00	0.42	0.72	0.00	1.24	0.15	0.17
	Export	0.00	0.00	0.50	0.00	0.00	0.00	0.08	0.095	0.24
Ishwardi	Investment	0.00	0.01	0.00	0.00	0.05	0.76	0.00	1.43	14.04
	Export	0.00	0.00	0.00	0.00	1.09	2.54	2.23	1.21	0.79
Adamjee	Investment	0.00	0.00	0.00	0.00	0.00	4.00	7.68	33.71	21.07
	Export	0.00	0.00	0.00	0.00	0.00	0.23	9.47	15.10	60.13
Karnaphuli	Investment	0.00	0.00	0.00	0.00	0.00	0.00	1.91	18.34	27.90
	Export	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.86	39.13
Total	Investment	48.39	55.62	103.14	115.04	117.93	112.90	152.54	302.19	148.03
	Export	1067.86	1149.02	1200.22	1350.82	1548.70	1836.18	2063.67	2429.58	2581.71

In addition to FDI promotion, export development and employment generation, Bangladeshi EPZs have also been making special contribution to the development of backward linkage and supportive industries of the country. This is because the enterprises within EPZs are required to procure raw materials from the local market and also 100 percent export oriented enterprises in local market supply their products to EPZ enterprises.