CHAPTER 8
INDUSTRY

Industrialization is indispensable for rapid and sustainable economic development. Industry, therefore, is an important sector of the economy. The contribution of the industry sector to Bangladesh economy has been on the increase. In FY1980-81, the contribution of the broad industry sector to real GDP was17.31 percent which has increased to 29.88 percent in FY2009-10, according to BBS. Among the fifteen sectors identified for computing national income, the broad industry sector includes five sub-sectors such as mining and quarrying; manufacturing; construction; electricity and gas and water supply. Among these sub-sectors, the contribution of the manufacturing sector is the highest. According to the GDP data released by BBS, in FY2009-10, the contribution of the manufacturing sector to GDP is 17.86 percent, which was recorded 17.9 percent in FY2008-09. Again, according to BBS data the growth rate of the manufacturing sector is 5.73 in FY 2009-10. The size and growth performance of the manufacturing sector in the country's GDP from FY2002-03 to FY2009-10 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	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10 (Revised)
Small & Cottage	10699.6 (7.2)	11496.5 (7.45)	12408.5 (7.9)	13551.5 (9.2)	14865.1 (9.7)	15920.0 (7.1)	17018.9 (6.90)	18091.1 (6.30)
Medium-Large	25780.8 (6.6)	27572..3 (6.95)	29860.5 (8.3)	33268.2 (11.4)	36507.1 (9.7)	39157.2 (7.3)	41735.0 (6.58)	44030.3 (5.50)
Total	36480.4 (6.8)	39068.8 (7.1)	42269.0 (8.2)	46819.7 (10.8)	51372.2 (9.7)	55077.2 (7.2)	58753.9 (6.68)	62121.5 (5.73)

Source: Bangladesh Bureau of Statistics.
Note: Figures in parentheses indicate rate of growth.

As envisaged in Vision 2021, Bangladesh will have, by 2021, a dominant industrial sector where industrial sector will account for at least 40 percent of the gross domestic product (GDP) with a capacity to absorb 25 percent of the workforce. The goal of the development strategies of the government is to keep the contribution of the industrial sector to the GDP on increase gradually. 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 face of challenges of global competitive environment, the present government considers, instead of privatisation, it is important to make the running industries more production-oriented through a range of reforms. Then identify the sick industries and to allow them exit from the industrial sector. The Government also considers that establishment of labour-intensive industries instead of capital-intensive ones should be an overriding priority.

In order to reduce poverty and to generate employment opportunities, the present government is committed to bring about rapid industrialisation. It also aims at establishing a society where there will be increased management capacity, rapidly developing capital market, good law and order situation, no grafts and corruption, no bureaucratic complexity and political interference. Besides, the government is also committed to formulate and implement short, medium and long term policies and strategies consistent with the aim of ensuring investment-friendly environment, globally competitive domestic markets, innovative technologies, infrastructural facilities, congenial investment climate for the entrepreneurs and expansion of domestic market.

In order to accelerate the pace of industrialization, the draft "Industrial Policy, 2009" has been formulated. The draft policy has laid special emphasis on modernisation of the economy, infrastructural transformation, diversification of the economic base, accelerated economic growth by increasing productivity and technological development, employment generation, income generation and good living standard. The draft policy will be finalised by undertaking wider consultations with varied groups of stakeholders. The strategies mentioned in the draft industrial policy are expected to help ensuring planned expansion of industrialisation in the country and sustainable and continued growth of the industry sector. As a result, a vibrant and potential base of the economy will be established which will alleviate poverty, reduce unemployment, create employment opportunity, develop livelihood as well as accelerate the pace of achieving higher trajectory of economic growth.

A vibrant and dynamic private sector will be the principal actor in Bangladesh's industrial arena and the public sector will there to provide strategic guidance to ensure maximum efficiency and dynamism of the private sector. The prominent feature of Bangladesh's striving towards achieving higher trajectory of economic growth will be the Public-Private Partnership (PPP). Other prominent features of the industry sector of the country are - proper development of local industries; establishment of import-substitute industries, where possible and uninterrupted development of export industries. Steps have been taken to set up special economic zones in various regions to boost up exports and establish export-oriented industries. The economic zones will comprise: (1) export processing zone, (2) domestic processing zone, (3) commercial zone, (4) processing-free zone, (5) agro-based or service-based zone and (6) high-tech parks, ICT villages, software technology parks.

Special incentives both fiscal and non-fiscal will be made available to these economic zones. Government is committed to protect the domestic industries; attract potential Bangladeshi investors living abroad and to lay emphasis on running the jute industries profitably and alternate use of jute. Besides this, setting up of environment-friendly renewable energy and biogas-based industries is also a goal of the Government. In order to offer investors quick and hassle-free investment-related services, 'One Stop Services' will be equipped with modern IT equipment. This will attract the investors to the investment landscape of Bangladesh.

To further strengthen the process of industrialisation, the Government has identified the Small and Medium Enterprise (SME) as a priority sector. 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 254.45 in FY2002-03. In FY 2009-10 average QIP stood at 431.51, Table 8.2 shows the index during FY2000-01 to FY2009-10. 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 FY2002-03 to FY2009-10 (1988-89=100)

Industry	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10 (Provisional)
Medium to Large Scale Industries	254.45	272.13	294.72	328.35	360.33	386.48	413.40	431.51

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, 2010, Tk.1041.67 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.116 crore through 'Enterprises Growth and Bank Modernisation Project (EGBMP)'. With the revolving fund of 271.38 crore, up to June, 2010, 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 to both in terms of employment generation enhancing the purchasing power of the poor. Up to June, 2010, Bangladesh Bank has disbursed Tk.334.94 crore for refinancing of this programme. Detailed refinancing of Bangladesh Bank to various financial institutions and banks is shown in Table 8.3.

Table 8.3 Summary Information on SME Refinancing (up to June 2010)

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)Bangladesh Bank	235.00	555.83	250.85	1041.67	2804	6651	1743	11198
(b) IDA	64.74	112.80	93.84	271.38	981	1306	486	2773
(c) ADB*	144.48	132.27	58.19	334.94	800	2096	368	3264
Total	444.22	800.90	402.88	1648.00	4585	10053	2597	17235

Source: Bangladesh Bank

Table 8.3(a) Summary information on SME Refinancing from Bangladesh Bank (up to June 2010)

(a) Banks	Amount Refinanced (in Crore)				No. of Beneficiary Enterprises			
	Working Capital	Mid Term Loan	Long Term Loan	Total Loan	Industrial Loan	Commercial Loan	Service	Total
1. NCC Bank Ltd.	13.88	14.71	2.53	31.11	22	374	30	426
2. Jamuna Bank Ltd.	22.45	5.52	1.85	29.82	162	189	48	399
3. National Bank Ltd.	2.28	6.46	0.53	9.27	127	118	94	339
4. One Bank Ltd.	11.57	7.80	-	19.37	59	260	22	341
5. The Premier Bank Ltd.	53.62	7.60	1.24	62.46	125	253	80	458
6. BRAC Bank Ltd.	3.87	30.91	-	34.77	164	896	16	1076
7. Southeast Bank Ltd.	2.79	0.26	-	3.05	6	46	23	75
8. Dutch Bangla Bank Ltd.	5.78	-	-	5.78	11	24	-	35
9. Mercantile Bank Ltd.	2.68	69.66	3.98	76.32	201	1368	285	1854
10. Eastern Bank Ltd.	0.67	68.04	51.00	119.71	172	672	28	872
11. Dhaka Bank Ltd.	47.67	12.90	1.35	61.92	171	144	26	341
12. Commercial Bank of Ceylon	-	0.45	0.20	0.66	-	1	3	4
13. Uttara Bank Ltd.	18.85	1.59	-	20.44	8	159	2	169
14. Mutual Trust Bank Ltd.	3.20	15.21	1.63	20.04	99	197	12	308
15. Trust Bank Ltd.	3.55	1.63	-	5.18	31	82	16	129
16. The City Bank Ltd.	6.08	9.71	4.44	20.23	48	95	6	149
17. AB Bank Ltd.	12.35	1.36	0.10	13.80	13	107	6	126
18. Prime Bank Ltd.	-	11.44	0.08	11.52	4	110	13	127
19. Bank Asia	-	0.45	-	0.45	2	7	-	9
Sub-total (a)	211.29	265.69	68.92	545.90	1425	5102	710	7237
(b) Non-Bank Financial Institutions								
1. Uttara Finance & Investment Ltd.	1.04	12.38	27.37	40.79	1	2	218	221
2. Prime Finance & Investment Ltd.	1.95	3.29	1.93	7.17	7	17	11	35
3. Midas Financing Ltd.	0.18	67.70	22.32	90.20	470	895	240	1605
4. IDLC of Bangladesh	-	71.32	6.36	77.68	245	203	112	560
5. Phoenix Leasing Co. Ltd.	1.61	7.52	8.28	17.42	53	43	27	123
6. United Leasing Co. Ltd.	9.12	48.00	18.06	75.18	261	113	135	509
7. Vanik Bangladesh Ltd.	0.08	0.15	-	0.23	2	1	-	3
8. Bay-Leasing Co. Ltd.	0.25	0.52	.047	1.24	7	-	1	8
9. Fidelity Assets & Securities Co. Ltd	-	2.13	28.08	30.20	7	19	106	132

10. Islamic Finance & Investment Ltd.	0.36	21.17	1.76	23.29	74	97	40	211
11. Peoples Leasing & Finance	0.40	19.59	22.08	42.07	60	51	51	162
12. Bangladesh Finance & Investment Ltd.	0.50	4.27	8.75	13.52	4	14	18	36
13. IIDFC	6.53	14.70	19.51	40.73	139	14	18	171
14 GSP Financing	0.50	-	2.08	2.58	2	1	3	6
15. National Housing Ltd.	0.40	2.67	1.49	4.56	14	12	7	33
16. Oman Bangladesh Leasing	0.00	0.13	4.08	4.21	1	-	20	21
17. International Leasing	0.30	1.94	0.13	2.37	2	4	4	10
18. Premier Leasing & Finance Ltd.	-	6.96	2.61	9.57	9	52	1	62
19.Unian Capital Ltd.	0.50	1.05	2.16	3.71	2	4	6	12
20. BIFC	-	3.17	4.10	7.27	19	6	9	34
21. National Finance	-	1.50	0.30	1.80	-	1	6	7
Sub-Total (b)	23.71	290.14	181.93	495.78	1379	1549	1033	3961
Total (a + b)	235.00	555.83	250.85	1041.67	2804	6651	1743	11198

Source: Bangladesh Bank

Table 8.3(b) Summary information on SME Refinancing from IDA (up to June 2010)

(a) Banks	Amount Refinanced (in Crore)				No. of Beneficiary Enterprises			
	Working Capital	Mid Term Loan	Long Term Loan	Total Loan	Industrial Loan	Commercial Loan	Service	Total
1. NCC Bank Ltd.	4.21	5.59	4.13	13.93	2	259	5	266
2. BRAC Bank Ltd.	1.00	32.88	-	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	-	8.91	26	21	14	61
5. One Bank Ltd.	1.16	1.28	-	2.44	5	34	2	41
6. Dutch-Bangla Bank Ltd.	9.29	0.13	-	9.42	19	28	2	49
7. Jamuna Bank Ltd.	9.72	1.32	0.63	11.67	66	13	-	79
8. Dhaka Bank Ltd.	7.52	3.76	-	11.28	105	35	12	152
9. National Bank Ltd.	0.44	0.75	0.25	1.44	18	18	1	37
10. Trust Bank Ltd.	6.14	0.58	0.24	6.95	35	34	8	77
11. Eastern Bank Ltd.	0.04	14.35	14.57	28.96	84	193	1	278
12. Mercantile Bank Ltd.	-	3.99	-	3.99	19	67	16	102
13. Mutual Trust Bank Ltd.	-	2.01	-	2.01	5	37	9	51
14. Uttara Bank Ltd.	4.00	-	-	4.00	-	24	-	24
15. The City Bank Ltd.	-	-	4.56	4.56	-	12	-	12
Sub-Total (a)	57.48	67.07	24.73	149.27	688	1167	79	1934
(b) Non-Bank Financial Institutions	Amount Refinanced (in Crore)				No. of Beneficiary Enterprises			
1. Fidelity Assets & Securities Co. Ltd	-	1.50	8.45	9.95	10	11	29	50
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 & Investment Ltd.	0.55	5.14	27.83	33.51	-	-	205	205
5. Far East Finance & Investment Ltd.	-	0.13	-	0.13	1	-	1	2
6. United Leasing Co. Ltd.	4.00	8.49	2.95	15.44	64	27	51	142
7. Midas Finance Ltd.	-	5.31	2.58	7.89	65	17	28	110

8. Islamic Finance & Investment Ltd.	0.25	5.55	0.05	5.85	31	29	7	67
9. Prime Finance & Investment Ltd.	0.30	0.10	-	0.40	1	-	1	2
10. IIDFC	1.15	3.48	3.90	8.52	20	9	6	35
11. Bangladesh Finance & Investment	-	1.48	2.54	4.02	3	4	16	23
12. International Leasing	-	0.10	0.45	0.55	-	-	3	3
13. BIFC	-	1.52	4.52	6.04	16	7	15	38
14. Peoples Leasing	-	1.85	7.34	9.19	5	6	11	22
15. National Housing Finance	-	0.52	0.20	0.72	3	4	-	7
Sub-Total (b)	7.26	45.73	69.12	122.11	293	139	407	839
Total (a + b)	64.74	112.80	93.84	271.38	981	1306	486	2773

Source: Bangladesh Bank

Table 8.3(c) Summary Information on SME Refinancing from ADB (up to June 2010)

(a) Banks	Amount Refinanced (in Crore)				No. of Beneficiary Enterprises			
	Working Capital	Mid Term Loan	Long Term Loan	Total Loan	Industrial Loan	Commercial Loan	Service	Total
1. One Bank Ltd.	24.94	12.74	1.64	39.31	51	367	13	431
2. Eastern Bank Ltd.	11.54	33.45	25.00	69.99	131	528	13	672
3. Prime Bank Ltd.	39.65	3.40	1.41	44.45	81	342	25	448
4. Dhaka Bank Ltd.	44.96	19.66	-	64.62	262	280	83	625
5. NCC Bank Ltd.	0.16	0.22	0.19	0.57	3	11	0	14
6. City Bank Ltd.	12.10	10.08	4.13	26.31	63	175	8	246
7. Bank Asia Ltd	0.03	10.51	1.67	12.21	35	124	4	163
8. Trust Bank Ltd	5.81	0.90	0.14	6.85	28	27	6	61
9. AB Bank Ltd	5.13	-	-	5.13	3	39	3	45
Sub Total (a)	144.32	90.95	34.17	269.44	657	1893	155	2705
(b) Non-Bank Financial Institutions	Amount Refinanced (in Crore)				No. of Beneficiary Enterprises			
1. . Uttara Finance & Investment Ltd	-	2.32	8.30	10.63	0	0	95	95
2. Islamic Finance & Investment Ltd..	-	4.84	1.41	6.25	6	16	17	39
3. Midas Financing Ltd.	-	2.63	1.90	4.53	24	22	14	60
4. IDLC	-	26.84	3.94	30.78	99	143	66	308
5. . People's Leasing Co. Ltd	-	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	-	0.94	0.30	1.24	5	0	2	7
Sub- Total (b)	0.16	41.32	24.02	65.50	143	203	213	559
Total (a+b)	144.48	132.27	58.19	334.94	800	2096	368	3264

Source: Bangladesh Bank

Table 8.3 shows that up to June, 2010, Bangladesh Bank and IDA have distributed Tk.1,313.05 crore as refinancing to 19 banks and 21 non-bank financial institutions. It may be mentioned that the fund has been disbursed to a total of 13,971 SMEs earlier as loan. Out of the total loan, Tk.299.74 crore has been provided as working capital, Tk.668.63 crore as medium-term loan and Tk.344.69 crore as long-term loan.

Bangladesh Small and Cottage Industries Corporation (BSCIC)

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

In FY2009-10, the number of small and cottage industrial units established under direct and indirect assistance of BSCIC stood at 6,480 and 4,530 respectively. The total amount of investment made in these units was Tk.2,790.7 crore. Of the total investment, Tk.2,035.31 crore was financed as loan assistance by bank, BSCIC and other financial institutions, Tk.490.57 crore came as entrepreneurs' equity and the rest Tk.264.82 crore was invested from entrepreneur's own fund.

BSCIC has 74 industrial estates throughout the country to provide infrastructural facilities to establish industrial units. These industrial estates are contributing remarkably to the economy. A total of 9,409 industrial units have so far been established in these industrial estates and the amount invested in these units stands at Tk.14,199.49 crore. These units have produced products worth of Tk.27,360.54 crore in FY2009-10 of which, products worth of Tk.15,203.57 crore have been exported. During this period, industrial units of these industrial estates have paid Tk.1,849.18 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. Establishment of Waste Recycling Plants and Dumping Yards are underway. The industrial estate is expected to create employment opportunity of nearly 1 lakh people.

BSCIC used to assist the salt growers with improved technology and provide advice for improvement and extension of salt production. About 17.07 lakh metric tons of salt has been produced in FY 2009-10 with the direct and indirect assistance from BSCIC. On the other hand, BSCIC with the help of UNICEF has provided 267 Salt Iodization Plants (SIP) to the equal number of salt mills. Besides this, salt millers have installed another 39 SIP in their salt mills with their own investment. Through these activities; the iodine deficiency has been reduced from 68.90 percent in 1993 to 33.60 percent in 2004-05. Besides these, cases of goiter have reduced from 47.10 percent to 6.2 percent during the same period. It is worth mentioning that according to Mixed Indicator Cluster Survey (MICS) conducted in 2006, the percentage of use of iodized salt at the hous holds level is 84 percent.

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 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. Among them, four

enterprises have recently been privatised and handed over to the private entrepreneurs by the privatisation commission. BCIC has a rich heritage of joint venture collaboration with both local and overseas partners and now nine joint venture enterprises are in operation.

During FY2009-10, thirteen enterprises of BCIC have produced goods worth Tk.1,585.81 crore against the production target worth Tk.2,494.63 crore which is 64 percent of the target. Total sale of BCIC enterprises during FY2009-10 was Tk.1,806.59 crore which is 72 percent of the target. The contribution of BCIC to the national exchequer in FY2009-10 was Tk.109.63 crore.

Thirteen factories under BCIC produce urea, TSP, SSP, Ammonium Sulphate, DAP, paper, hard board, cement, glass sheet, sanitary ware and insulator. During FY2009-10, the running factories under BCIC produced 1,056,102 metric tonnes of urea, 76,618 metric tonnes of TSP, 32,490 metric tonnes of DAP, 17,796 metric tonnes of paper; 1,05,110 metric tonnes of cement, 19.61 L/Sqm of glass sheet; 2,464 metric tonnes of sanitary ware, 459 metric tonnes of insulator and 94.29 L/Sqm of hard board.

To meet the acute shortage of urea fertilizer, the government has decided to set up Shahjalal Fertilizer Factory with a capacity of 5.77 lakh metric tonnes of urea annually. In this connection a Framework Agreement has already been signed between the Government of Bangladesh and the Government of China.

b. Bangladesh Textile Mills Corporation (BTMC) : The textile industry is the largest labour-intensive manufacturing sector of the country, which employs about 5 million people (including apparel industry). Majority of the textile industry of the country belongs to the private sector. 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 June 2010, there are 375 cotton spinning mills in private sector. Moreover, there are 1,100 units of weaving (large, medium and small weaving units), 14,8342 units of handlooms, 1,200 units of knitting and dyeing, 320 units of dyeing-finishing and about 2,000 units of local hosiery in the country. Only twenty-three old textile mills are now under the public sector (BTMC); two 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 951.14 million kg in FY2009-10. On the other hand, the fabric production in FY1996-97 was 135.09 million metres, which has increased to 7200 million metres in FY2009-10.

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 2.1 lakh metric tonnes while present demand for sugar in the country is about 13.3 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 FY2014-15 and 18.3 lakh metric tonnes in FY2019-

20. In FY2009-10, BSFIC produced 62,203 metric tonnes of sugar against the target of 1,01,525 metric tonnes which is 61 percent of the target. According to the provisional estimate of BSFIC, the contribution of BSFIC to the national exchequer in FY2009-10 was Tk.63.53 crore. To keep the market of sugar stable as per sugar distribution policy, sugar is marketed on 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:** Jute industry has long been playing a significant role in the national economy. The jute sub-sector has been making considerable contribution to the national economy by exporting jute and jute goods production. In FY2009-10, total jute production in all sub-sectors stood at 6,95,000 metric tonnes and jute goods export stood at 5,77,000 metric tonnes worth of Tk.3,963.54 crore. In FY2009-10, Bangladesh Jute Mills Corporation (BJMC) produced 1,43,630 metric tonnes and exported 1,06,200 metric tonnes of jute goods worth of Tk.654.69 crore.

e. Bangladesh Steel and Engineering Corporation: Presently nine industrial units are in operation under the control of Bangladesh Steel and Engineering Corporation. Of these, 49 percent shares of 3 three units such as Atlas Bangladesh Ltd., National Tubes Ltd. and Eastern Cables Ltd. had been off-loaded to private shareholders. Currently out of nine operating enterprises, seven enterprises are making net profit and remaining two are making operating profit only. Enterprises under the control of BSEC are playing a vital role in the development of electrification, communication and infrastructural development of the country.

Nine operating units of BSEC produced goods worth of Tk. 557.19 crore crore in FY2009-10. In FY 2008-09 product worth Tk. 728.8 crore were produced in the above enterprises.

Total contribution to national exchequer as duties and taxes by BSEC in FY2009-10 stood at Tk. 208.32 crore. There are plans to manufacture ocean going vessels under public private partnership by 2012' assemble Sedan Car and manufacture environment-friendly three-wheeler vehicles.

Bangladesh Standards and Testing Institution (BSTI)

The principal objectives of Bangladesh Standards and Testing Institution (BSTI) are to ensure quality of products and make sure that the quality of products is competitive in the present open market economy. The main functions of BSTI are as follows:

- As the national standard setting body, BSTI is entrusted to develop, disseminate and harmonize standards for industrial, food, agricultural and chemical products, their processes and their testing.
- BSTI is responsible for implementing the national standards by implementing Certification Marks scheme.
- As the apex national metrology organization BSTI is entrusted to act as the custodian of the national material standards at the highest level, to disseminate the traceability in measurements up to SI units and to implement metric system and enforce the legal metrology to protect consumer in trade and commerce.

Recently, the extent of activities of BSTI has increased substantially. BSTI performs its function through its six wings and six regional offices. According to its citizen's charter, it is to deliver timely services to the consumer and the exporters by receiving samples of produced/exported/imported and marketed products carry out testing of those samples, and issue quality certificate in time. BSTI has launched its one stop service centre in the fulfilment of its commitment for delivering better services.

Legal action are being taken under "The Bangladesh Standards and Testing Institution (Amendment) Act.2003" to stop sale and distribution of illegal and sub-standard products. Many such products have already been seized and criminal cases have been filed against the offenders. In FY2009-10 around 1,898 mobile courts and surveillance teams have been conducted and 2169 cases were filed. Fine to the tune of Tk. 4.65 crore has been realized from the offenders and the amount has been deposited with Government exchequer. As many as 2743 licenses have been issued/renewed in favour of different manufacturers and importers during the period.

Fines to the tune of Tk. 1.26 crore were imposed on the offenders under "The Weights and Measures Ordinance 1982" and "The Weights and Measures (Amendment) Act, 2001" and deposited with the Government treasury.

The construction of The National Metrology Laboratory of BSTI and the installation of equipment have been completed under a project named 'Quality Management System and Conformity Assessment Activity for Bangladesh Quality Support Programme (BQSP)'. The project aimed at improving the quality management system of the country to be up to an international level, increase awareness on international quality standards to strengthen legal framework for standards, metrology and testing in line with the accepted international practices. Another project named Market Access and Trade Facilitation Support for South Asian LDCs, through Strengthening Institutional and National Capacities Related to Standards, Metrology, Testing and Quality (SMTQ) – Phase II is being implemented under the financial assistance of GoB, EU and UNIDO. The cost of the project is Tk.5.36 crore .

With a view to strengthening the BSTI regional offices at Sylhet and Barisal in the field of testing, CM and metrology services a project named 'Establishment, Modernization & Development of Bangladesh Standards and Testing Institution (BSTI) Regional Offices at Sylhet & Barisal' is being implemented at a cost of Tk. 21.8 crore . Besides, under the financial assistance of Japan Debt Cancellation Fund (JDCF) BSTI has been implementing a project named 'Modernization of BSTI through Procurement of Sophisticated Equipment and Infrastructure Development of Laboratories for Accreditation' with an estimated cost of Tk. 22.95 crore. Under this project a laboratory building with modern facilities at BSTI Head office is being constructed. Moreover, Management System Certification Scheme (MSCS) of BSTI has begun with the financial assistance of UNIDO.

Bangladesh Industrial Technical Assistance Center (BITAC)

Bangladesh Industrial Technical Assistance Center (BITAC) plays an important role in the industrialization of the country by creating skilled manpower through technical training, acquiring and

disseminating modern industrial technologies and designing, manufacturing and repairing import substitute machinery and machine parts used in local industries. BITAC also implements projects in technical field to build a society to be able to meet the objectives of the Digital Bangladesh within 2021.

Designing and manufacturing world class machine components and import substitute machinery part helps local Industries to continue their operation unabated and at the same time saves substantial amount of foreign currency. BITAC generated revenue amounting to. Tk 14.94 crores with a 17.36 percent rise from FY 2008-09 though this activity in FY 2009-10 which is 17.36 percent higher than what earned in FY 2008-09.

Under a project titled 'Self Employment and Poverty Alleviation through expansion of BITAC' a total of 5400 men and 4500 women from all over the country will be trained during five year period of 2009-14 in technical trades making them suitable for employment. A total of 1970 people have already been trained in FY 2009-10.

A project for local manufacture of CNG driven autorickshaw by BITAC is at the preliminary stage. As part of the activities project, steps are being taken to locally design, develop and manufacture CNG driven autorickshaw through development of indigenous technology and involvement of local small and medium mechanical industries. Success of this project will provide significant boost to local small and medium mechanical industries and simultaneously save substantial amount of foreign currency. Moreover, research and development activities by BITAC for integrated salt processing machine are nearing completion. This is being done with an aim to enable local industries to compete in international market as well as assisting the government's efforts to make iodized edible salt available to the consumers at large.

On going Reform Programmes in State Owned Industrial Sector.

In order to bring about improvement in the management system of state owned industrial sector, the following programmes have been undertaken:

- Reduction of losses through reduction of additional manpower and curtailment of non-essential expenditure
- Ensuring record keeping of assets and liabilities and annual audit
- Enhancement of reward/punishment scheme for ensuring accountability at every stage;

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. As a

result, the volume of industrial loan is increasing gradually. The table below shows year wise disbursement and recovery of loan during FY2000-01 to FY2009-10.

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
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
2009-10	59171.95	25875.66	85047.61	45231.75	18982.70	64214.45

Source: Bangladesh Bank.

From the above Table, it would be seen that since FY 2000-01 disbursement and recovery of industrial loan has been increasing gradually. In FY FY 2009-10 disbursement and recovery of industrial loan stood at Tk. 85,047.61 crore and Tk. 64,214.45 crore respectively which were 30.84 percent and 21.39 percent higher than the credit disbursement and recovery of the previous fiscal year. Recovery of working capital and term loan also increased by 23.59 percent and 16.44 percent respectively as compared to the previous year. It is expected that this overall growth of the industrial loan disbursement and recovery will make remarkable contribution to the sustainable growth of the economy.

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. In FY 2009-10, the enterprises of EPZs made an export of US$ 21,737.28 million. Upto June, 2010 an employment opportunity for 2,62,757 Bangladeshi Nationals has been created in the EPZs in a permanent payroll out of which 64 percent are female.

Presently, 333 industries are in operation in the EPZs. out of which 157 in Chittagong EPZ, 96 in Dhaka EPZ, 23 in Comilla EPZ, 6 in Uttara EPZ, 8 in Mongla EPZ, 7 in Ishwardi EPZ, 17 in Adamjee EPZ and 19 in Karnaphuli EPZ. In addition, about 82 industrial units are now at various stages of implementation. Of those, 17 belong to Chittagong EPZ, 7 to Dhaka EPZ, 6 to Comilla EPZ, 01 to Mongla EPZ, 1to Uttara EPZ, 5 to Ishwardi EPZ, 16 to Adamjee EPZ and 29 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

Zone Wise Statistics (upto June - 2010)					
Name of EPZs	Industry		Investment (US$ in M)	Export (US$ in M)	Employment (No.)
	In operation	Under Implementation			
Chittagong	157	17	772.64	11,511.91	1,50,783
Dhaka	96	7	713.55	9,488.22	74,624
Comilla	23	6	100.31	418.48	6,964
Mongla	8	1	4.36	46.58	352
Uttara	6	1	4.75	2.31	3,543
Ishwardi	7	5	28.49	15.39	3,028
Adamjee	17	16	92.63	188.57	11,789
Karnaphuli	19	29	87.73	105.80	11,674
Total	333	82	1,804.46	21,737.28	2,62,757

Source : BEPZA.

In FY2009-10 goods worth US$ 21,737.28 million have been exported from the EPZs. Zone wise contribution to export is: from Chittagong EPZ US$ 11,511.91 million, from Dhaka EPZ US$ 9,488.22 million, from Mongla EPZ US$ 46.58 million, from Comilla EPZ US$ 418.48 million, from Ishwardi EPZ US$ 15.39 million, from Adamjee EPZ US$ 188.57 million, from Uttara EPZ US$ 25.31 million and from Karnaphuli EPZ US$ 105.8 million.

It is to be noted that by the end of FY2009-10, 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

PRODUCT WISE ENTERPRISES (UPTO June, 2010)				
SL	**PRODUCT**	**UNIT**	**INVEST. (M US$)**	**EMPLOY. (NOS.)**
01.	Garments	78	510.446	146,770
02.	Textile	34	390.694	20,324
03.	Terry Towel	17	57.119	7,142
04.	Knit & other Textile	35	178.608	32,007
05.	Garments Accessories	58	209.613	11,361
06.	Caps	6	41.339	6,496
07.	Tent	7	37.381	7,075
08.	Elect. & Electronics	15	77.744	3,195
09.	Footwear & Leather	16	95.285	13,999
10.	Metal Product	12	26.012	1,267
11.	Plastic Goods	12	23.667	2,597
12.	Paper Product	2	1.286	105
13.	Fishing Real & Golf	1	32.072	447
14.	Rope	2	6.376	509
15.	Service Oriented Industries	4	12.176	688
16.	Agro Product	6	2.746	210
17.	Furniture	1	14.438	127
18.	Power Industry	2	43.210	108
19.	Chemical	1	2.866	14
20.	Miscellaneous	23	38.423	8057
	Grand Total	333	1804.46	262757

Source: BEPZA.

EPZ wise investment and exports from FY2001-02 to FY2009-10 are shown in Table 8.7.

Table 8.7 EPZ wise Investment and Export

Name of EPZ		2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Dhaka	Investment	32.01	59.14	49.36	51.35	61.57	87.46	110.34	30.39	64.38
	Export	466.76	554.79	667.60	757.73	918.30	1033.03	1146.50	1190.36	1216.49
Chittagong	Investment	22.37	42.14	55.43	45.31	35.95	32.62	126.46	47.22	57.52
	Export	680.70	641.28	679.01	772.39	873.03	971.54	1117.17	1188.15	1333.53
Mongla	Investment	0.43	0.11	0.80	1.49	0	0.43	2.03	0.00	0.01
	Export	1.55	3.00	3.21	7.83	7.09	1.31	8.26	7.06	7.29
Comilla	Investment	0.64	1.05	9.03	19.01	10.62	21.02	9.72	8.20	20.44
	Export	0.01	1.15	4.10	9.66	34.99	46.01	131.38	95.85	95.34
Uttara	Investment	0.16	0.20	0.42	0.72	0.00	1.24	0.15	0.17	1.69
	Export	00	0.00	0.00	0.00	0.00	0.08	0.095	0.24	1.90
Ishwardi	Investment	0.01	0.50	0.00	0.05	0.76	0.00	1.43	14.04	12.21
	Export	0.00	0.00	0.00	1.09	2.54	2.23	1.21	0.79	7.54
Adamjee	Investment	0.00	0.00	0.00	0.00	4.00	7.68	33.71	21.07	26.17
	Export	0.00	0.00	0.00	0.00	0.23	9.47	15.10	60.13	103.65
Karnaphuli	Investment	0.00	0.00	0.00	0.00	0.00	1.91	18.34	27.90	39.58
	Export	0.00	0.00	0.00	0.00	0.00	0.00	9.86	39.13	56.81

Source: BEPZA.

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.