

CHAPTER 8

INDUSTRY

[The contribution of Industry sector to GDP is progressively increasing in Bangladesh. According to the BBS the contribution of the broad industry sector to GDP has been estimated at 31.54 percent in FY2015-16 which was 30.42 percent in FY2014-15. Among the fifteen sectors identified for computing national income the broad industry sector includes four sectors such as construction; mining and quarrying; manufacturing; electricity gas and water supply. Among these sectors the contribution of the manufacturing sector is the highest. According to the provisional GDP data of BBS in FY2015-16 the contribution of the manufacturing sector in real GDP is 21.01 percent which was 20.16 percent in FY2014-15. In fact Government is persistently taking comprehensive measures for the development and flourishing of all industrial sectors of the country such as manufacturing industry and fuel industry for energy security, agriculture and forestry sector industry, mineral extraction and processing industry, tourism and service industry, construction industry and ICT based industry. In order to accelerate the pace of industrialisation of the country formulation of the National Industrial Policy 2016 is under process. The important and underlying objectives of the Industrial Policy 2016 include sustainable and inclusive industrial growth through generation of productive employment to create new entrepreneurs, main-streaming women in the industrialisation process and international market linkage creation. The Government is continuing its efforts to achieve this goal by providing loans and other ancillary supports through banks and other financial institutions. As a result the volume of both distribution and recovery of industrial loan is on the increase. The EPZs are playing special role in the process of promoting rapid industrialisation and attracting foreign direct investment. Both investment and exports in the EPZs are increasing gradually. However, in FY2015-16 the total amount of investment in EPZs stood at US\$404.36 million which is 0.49 percent less than the investment made in the previous fiscal year. On the other hand EPZs exported goods worth of US\$6.67 billion in FY2015-16 which was US\$6.11 billion in FY2014-15]

The Industry sector plays an important role in socio-economic development of the country. According to BBS estimates the contribution of the broad industry sector to real GDP stood at 30.42 percent in FY2014-15 which increased to 31.54 percent in FY2015-16. Among the fifteen sectors of GDP the broad industry sector includes four sectors namely construction mining and quarrying; manufacturing; electricity gas and water supply. The contribution of the manufacturing sector is the highest in GDP. In FY2014-15 the contribution of manufacturing sector in GDP was 20.16 percent which increased to 21.01 percent in FY 2015-16. The volume and growth performance of the manufacturing sector from FY2007-08 to FY2015-16 is shown in Table 8.1.

Table 8.1: Volume and Growth Rate of Manufacturing Sector

(At constant prices of 2005-06)

(In Crore Tk.)

| Type of Industry | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|-------------------|-------------------|-------------------|-------------------|---------------------|--------------------|---------------------|--------------------|---------------------|---------------------|
| Small and Cottage | 17264.6 (7.15) | 18525.3 (7.30) | 20039.5 (8.17) | 21176.0 (5.67) | 22569.1 (6.58) | 24557.9 (8.81) | 26113.1 (6.33) | 28342.6 (8.54) | 30909.4 (9.06) |
| Medium-Large | 70331.2 (7.38) | 74933.6 (6.54) | 79631.4 (6.27) | 88475.3 (11.11) | 97998.3 (10.76) | 108436.2 (10.65) | 118540.3 (9.32) | 131225.4 (10.70) | 147313.5 (12.26) |
| Total | 87595.8 (7.33) | 93458.9 (6.69) | 99670.9 (6.65) | 109651.4 (10.01) | 120567.4 (9.96) | 132994.1 (10.31) | 144653.4 (8.77) | 159568.0 (10.31) | 178222.8 (11.69) |

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

Industrial Policy

Industrialisation is the prerequisite for sustainable economic development and achievement of social progress in a developing country like Bangladesh. Therefore the Government pledges to take initiatives to accelerate the environment-friendly sustainable industrial growth in the country. In order to accelerate the pace of industrialisation formulating of National Industrial Policy 2016 by Ministry of Industries is under process. The important and underlying objectives of the Industrial Policy 2016 include sustainable and inclusive industrial growth through generation of productive employment to create new entrepreneurs, mainstreaming women in the industrialisation process and international market linkage creation. To this end, special emphasis is being laid on SME development.

The key determinants of National Industrial Policy 2016 are infrastructural transformation, diversification of the economic base, accelerated economic growth, employment generation, increasing income level and development of livelihood of the people. The important and underlying objective of the policy is to reach to upper mid income country group by 2021. Proper strategies have been set out in the industrial policy to implement this objective. Combined efforts are being put into implement the policy and a time bound Action Plan has been framed in consultation with concerned ministries and other stakeholders to maintain desired growth.

Box 8.1: Special Feature of National Industrial Policy 2016

'The Seventh Five Year Plan (SFYP): 2016-2021' and 'Outline Perspective Plan of Bangladesh (2010-2021): Making Vision 2021 A Reality' pledge as basic document for the National Industrial Policy 2016 to build a potential industrial sector with the aim of reducing unemployment hunger and poverty. Indications of these documents have been followed to undertake short, medium and long term programmes to accelerate sustainable and inclusive economic growth of the country.

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 (2005-06=100) representing medium to large-scale industries rose to 239.11 in FY2014-15 from 117.50 in FY2007-08. In FY2015-16 the QIP average index stood at 268.11. Table 8.2 shows the index during FY2007-08 to FY2015-16.

Table 8.2: Quantum Index of Production for Medium to Large Scale Manufacturing Industries (Base:2005-06)

| Fiscal Year | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Medium to Large Scale Industries | 117.5 | 127.47 | 135.01 | 157.89 | 174.92 | 195.19 | 213.22 | 239.11 | 268.11 |

Source: Bangladesh Bureau of Statistics

A. Small and Medium Enterprises (SMEs)

Cottage, micro, small and medium industries are considered as a potential sector for new employment generation through encouraging and expanding the business activities. For the expansion and development of the sector Bangladesh Bank has been continuing its

refinancing facilities during FY2015-16 for Banks and NBFIs against their financing to SMEs. In this regard continuation of refinance facilities from Agro Based Product Processing Industries Fund, Bangladesh Bank Fund, JICA fund and Women Entrepreneur Fund are going on. Besides this, in order to provide startup capital for new entrepreneurs in cottage, micro and small sector a refinance scheme named New Entrepreneur Fund and refinancing facilities by the Islamic banking system under the Islamic *Shariah* have been introduced.

Banks and NBFIs have come forward for financing and development of SMEs sector under close monitoring and supervision of Bangladesh Bank. All Banks and NBFIs had disbursed a total of TK.1,10,288 crore in FY2014-15 against 7,09,024 SMEs which was 21.72 percent higher than that of FY2013-14. The amount of SME loans to women entrepreneurs during the same period was TK.3,967.92 crore against 1,93,987 women entrepreneur which was 8.92 percent higher than the previous fiscal year. On the other hand in FY2015-16, Banks and NBFIs altogether have disbursed an amount of TK.1,25,041 crore against 6,03,833 SMEs which recorded 13.38 percent growth compared to that of FY2014-15. Among this TK.5, 427.00 crore have been disbursed to 41,686 women entrepreneurs during the period.

SME Credit Distribution

A self-determined year wise lending target (calendar year basis) in SMEs sector for banks and NBFIs was first introduced in 2010. The success in SME loan disbursement is now considered as yardstick for approval of opening new branches and a criterion to determine CAMELS ratings of banks. In 2015 all banks and NBFIs altogether disbursed TK. 1,15,870.00 crore as SME credit which is 12 percent higher than the self-determined target of Tk.1,04,586.49 crore set for the year. During the first half of 2016 all banks and NBFIs altogether disbursed loans to SME sector amounting to Tk.69,669.68 crore which is 61 percent of annual target of Tk.1,13,503.00 crore. Table-8.3 reveals the disbursement of SME credit and its segregating in sub-categories: Trading, Manufacturing and Services.

Table 8.3: SME financing by Banks and NBFIs

| Year | Target | Subsectors | | | Total | Women Entrepreneur | Achievement against target (As %) |
|--------------------|-----------|------------|---------------|----------|-----------|--------------------|-----------------------------------|
| | | Trading | Manufacturing | Service | | | |
| 2010 | 38858.12 | 35040.53 | 15147.72 | 3355.68 | 53543.93 | 1804.98 | 138 |
| 2011 | 56940.13 | 34382.64 | 15805.95 | 3530.85 | 53719.44 | 2048.45 | 95 |
| 2012 | 59012.78 | 44225.19 | 21897.33 | 3630.90 | 69753.42 | 2244.01 | 118 |
| 2013 | 74186.87 | 56703.72 | 24016.64 | 4602.89 | 85323.25 | 3346.55 | 115 |
| 2014 | 89030.94 | 62767.18 | 30246.20 | 7896.77 | 100910.15 | 3938.75 | 113 |
| 2015 | 104586.49 | 73551.78 | 30462.02 | 11856.68 | 115870.48 | 4226.99 | 112 |
| 2016 (Jan-June) | 113503.00 | 43942.25 | 17730.41 | 7997.02 | 69669.68 | 3082.71 | 61 |

Source: Bangladesh Bank

Refinancing Scheme

In addition to regular financing by Banks and NBFIs to SME enterprises Bangladesh Bank is providing medium to long term finances to enterprises through its refinance schemes to Banks and NBFIs against their disbursed SME credit. Presently Bangladesh Bank with the help of Government and different development partners is operating five refinance facilities in SME sectors which are refinance scheme for Agro Product-processing Industries,

Bangladesh Bank Fund, JICA Fund, New Entrepreneurs Fund and Islamic Shariah based Fund. The disbursements from IDA Fund ADB-1 and ADB-2 Fund were completed. The overall status of these funds as on 30 June, 2016 has been presented in Table-8.4.

Table 8.4: Summary Information on SME Refinancing
(Up to June 2016)

| Sl. No. | Name of Fund | Amount Refinance (Tk. in Crore) | | | | No. of Beneficiary (sector wise) | | | |
|---------|--------------|---------------------------------|---------------|----------------|------------|----------------------------------|-------|---------|------------|
| | | Working Capital | Mid Term Loan | Long Term Loan | Total Loan | Industry | Trade | Service | Total Loan |
| 1 | Agro-based | 258.32 | 148.33 | 473.09 | 879.74 | 2312 | - | - | 2312 |
| 2 | BB Fund | 691.65 | 1495.31 | 609.61 | 2796.57 | 9857 | 14413 | 3886 | 28156 |
| 3 | IDA | 80.34 | 132.47 | 99.80 | 312.61 | 1368 | 1306 | 486 | 3160 |
| 4 | ADB-1 | 144.48 | 132.27 | 58.19 | 334.94 | 800 | 2096 | 368 | 3264 |
| 5 | ADB-2 | - | 568.39 | 178.56 | 746.95 | 3765 | 7435 | 2445 | 13645 |
| 6 | JICA | 20.99 | 85.38 | 347.14 | 453.51 | 416 | 9 | 129 | 554 |
| 7 | New Ent. | 0.10 | 6.93 | 1.13 | 8.16 | 88 | - | 118 | 206 |
| 8 | Islamic | 160.06 | 11.65 | 39.00 | 210.71 | 54 | 375 | 6 | 435 |
| Total | | 1355.94 | 2580.73 | 1806.52 | 5743.19 | 18660 | 25634 | 7438 | 51732 |

Source: Bangladesh Bank

1. Bangladesh Bank Fund (BB Fund)

| Sl. No . | Name of Fund | Amount Refinance (Tk. in Crore) | | | | No. of Beneficiary (sector wise) | | | |
|----------------------|--------------|---------------------------------|---------------------|----------------------|---------------|----------------------------------|-------|---------|---------------|
| | | Workin g Capital | Mid Term Loan | Long Term Loan | Total Loan | Industr y | Trade | Service | Total Loan |
| A. BB Fund-General | | | | | | | | | |
| 1 | Bank (20) | 348.61 | 291.44 | 70.48 | 710.53 | 3112 | 3956 | 818 | 7886 |
| 2 | Non-Bank(23) | 36.40 | 305.78 | 172.27 | 514.45 | 1910 | 1968 | 947 | 4825 |
| Sub-Total | | 385.01 | 597.22 | 242.75 | 1224.98 | 5022 | 5924 | 1765 | 12711 |
| B. BB-Women | | | | | | | | | |
| 1 | Bank (32) | 222.24 | 369.77 | 174.59 | 766.60 | 2814 | 5250 | 1415 | 9479 |
| 2 | Non-Bank(21) | 40.65 | 459.84 | 155.98 | 856.47 | 1761 | 2349 | 631 | 4741 |
| Sub-Total | | 262.89 | 829.61 | 330.57 | 1423.07 | 4575 | 7599 | 2046 | 14220 |
| C. BB Extension-2014 | | | | | | | | | |
| 1 | Bank (14) | 40.10 | 27.14 | 18.89 | 86.13 | 157 | 576 | 49 | 782 |
| 2 | Non-Bank(12) | 3.65 | 41.34 | 17.40 | 62.39 | 103 | 314 | 26 | 443 |
| Sub-Total | | 43.75 | 68.48 | 36.29 | 148.52 | 260 | 890 | 75 | 1225 |
| Total | | 691.65 | 1495.31 | 609.61 | 2332.94 | 9857 | 14413 | 3886 | 28156 |

Source: Bangladesh Bank

2. Enterprise Growth and Bank Modernisation Programme (EGBMP) Fund

| Sl. No. | Name of Fund | Amount Refinance (Tk. in Crore) | | | | No. of Beneficiary (sector wise) | | | |
|---------|--------------|---------------------------------|---------------|----------------|------------|----------------------------------|-------|---------|------------|
| | | Working Capital | Mid Term Loan | Long Term Loan | Total Loan | Industry | Trade | Service | Total Loan |
| 1 | Bank (17) | 73.07 | 75.73 | 28.51 | 177.31 | 973 | 1167 | 79 | 2219 |
| 2 | Non-Bank(15) | 7.26 | 56.74 | 71.30 | 135.30 | 395 | 139 | 407 | 941 |
| Total | | 80.34 | 132.47 | 99.80 | 312.61 | 1368 | 1306 | 486 | 3160 |

Source: Bangladesh Bank

3. ADB Fund-1

| Sl. No. | Name of Fund | Amount Refinance (Tk. in Crore) | | | | No. of Beneficiary (sector wise) | | | |
|---------|--------------|---------------------------------|---------------|----------------|------------|----------------------------------|-------|---------|------------|
| | | Working Capital | Mid Term Loan | Long Term Loan | Total Loan | Industry | Trade | Service | Total Loan |
| 1 | Bank (9) | 144.32 | 90.95 | 34.17 | 269.44 | 657 | 1893 | 155 | 2705 |
| 2 | Non-Bank(7) | 0.16 | 41.32 | 24.02 | 65.50 | 143 | 203 | 213 | 559 |
| Total | | 144.48 | 132.27 | 58.19 | 334.94 | 800 | 2096 | 368 | 3264 |

Source: Bangladesh Bank

4. ADB Fund-2

| Sl. No. | Banks/NBFIS | Amount Refinance (Tk. in Crore) | | | | No. of Beneficiary (sector wise) | | | |
|---------|---------------|---------------------------------|---------------|----------------|------------|----------------------------------|-------|---------|------------|
| | | Working Capital | Mid Term Loan | Long Term Loan | Total Loan | Industry | Trade | Service | Total Loan |
| 1 | Bank (19) | - | 300.88 | 86.83 | 387.70 | 2246 | 5319 | 1230 | 8795 |
| 2 | Non-Bank (13) | - | 267.51 | 91.73 | 359.25 | 1519 | 2116 | 1215 | 4850 |
| | Total | - | 568.39 | 178.56 | 746.95 | 3765 | 7435 | 2445 | 13645 |

Source: Bangladesh Bank

5. JICA Fund

| Sl. No. | Name of Fund | Amount Refinance (Tk. in Crore) | | | | No. of Beneficiary (sector wise) | | | |
|---------|---------------------------|---------------------------------|---------------|----------------|------------|----------------------------------|-------|---------|------------|
| | | Working Capital | Mid Term Loan | Long Term Loan | Total Loan | Industry | Trade | Service | Total Loan |
| 1 | Bank (25) + Non-Bank (21) | 20.99 | 85.38 | 347.14 | 453.51 | 416 | 9 | 129 | 554 |

Source: Bangladesh Bank

6. Refinance Scheme for Agro-based Product Processing Industries in Rural Area

In order to boost up agro product-processing industries Bangladesh Bank launched a refinance scheme of Tk.100 crore in 2001 and provided loans to the industries at preferential interest rate of 10 percent. The size of the fund was enhanced gradually to Tk.400 crores in 2015. An amount of Tk.879.74 crore has been disbursed under this scheme till the end of June, 2016 against 2,312 enterprises on revolving basis.

7. Cottage, Micro and Small Enterprise Sector Refinancing Fund

In order to provide start-up capital to new cottage, micro and small enterprises Bangladesh Bank has created a new fund worth Tk.100.00 crore from its own source. Under this fund the selected prospective entrepreneurs those are trained by recognised public and private training providers have the opportunity to get maximum of Tk.25 lakhs with collateral and Tk.10 lakh without collateral at 10 percent interest rate (bank rate:+5%). As of 30 June 2016, 206 new SMEs have been refinanced worth of Tk.8.16 crores.

8. Refinancing Fund in Contrast to the Islamic *Shariah*

With the objective of increasing the involvement of Islamic Banks and NBFIs in financing SMEs a special refinance fund under Islamic *Shariah* mode has been created in Bangladesh Bank. Under this fund Islamic Banks and NBFIs will get refinance against their financing to 'Agro-based Industries', 'Small Enterprises (including women led SMEs)' and 'New Entrepreneurs in Cottage, Micro and Small Sector'. At the end of June 2016, Tk.210.71 crore has been refinanced to banks and financial institutions against their financing to 435 enterprises.

Steps Taken for Development of SMEs

- The lower limit of SME credit for refinancing facilities is reduced to Tk.50,000.00.
- Financing to cluster based industries has been enhanced. Each bank and NBFIs have been instructed to take overall responsibility for at least one cluster development. At the same time one bank in each district has been asked to play lead role in this regard.
- Financing to agriculture based industries has been enhanced and expanded.

- Banks and NBFIs are advised to consider reasonable grace period on SME sector while formulating their SME credit policies.
- In addition to SME and Special Programmes Department an SME monitoring cell has been formed in every branches of Bangladesh Bank. Each Bank and NBFIs also have SME monitoring cell in operation.
- All persons with disabilities including visually impaired persons and persons involved in creative writing publication and marketing with entrepreneurship are offered opportunities for low interest rate (bank rate:+5%) financing from the Bangladesh Bank Fund under the small enterprise sector of the SME and Special Programmes Department of Bangladesh Bank.
- For allocating 15 percent of Bangladesh Bank refinance fund for women entrepreneurs. instructions were given to Banks and NBFIs to charge concessional interest rate of 10 percent (Bank rate: +5%) to women entrepreneurs on refinance schemes.
- Instructions have been given to all banks and NBFIs for establishing separate 'Women Entrepreneurs Dedicated Desk' and employing necessary and efficient manpower in the desk.
- In case of women industrial entrepreneurs or the credit seeking organisations having 51 percent share owned by women entrepreneurs Banks/NBFIs may sanction loan up to Tk.2.5 million without collateral but against personal guarantee from the refinancing fund.
- In order to include a large number of micro women entrepreneurs in the SME credit facilities a policy of group-based lending of Tk.50 thousand or above has been initiated.
- A programme has been undertaken named 'Skill for Employment Investment Programme by the Government with the financial support of ADB. At the first phase of this programme 2,30,000 persons will be provided market based training in next three years. Among them Bangladesh Bank will arrange job oriented training for 10,200 people. As of June 2016, 1340 trainee enrolled in different courses, 716 trainee received certificate after successful completion and 273 trained personnel have already been employed in different job sectors. It is expected that most of the trainee under Bangladesh Bank will be self-employed after receiving the training.

B. State Owned Enterprises (SOEs)

Bangladesh Small and Cottage Industries Corporation (BSCIC)

Small and cottage industries are basically spread to private sector. It is also an important sector for investment production and employment in non-agriculture sector. Bangladesh Small and Cottage Industries Corporation (BSCIC) is responsible for the expansion and development of small and cottage industries in the private sector. For these reasons BSCIC has been expanded security and incentives to the entrepreneurs.

During the FY2015-16 the number of small and cottage industrial units established with direct and indirect assistance from BSCIC are 1,979 and 4,231 respectively. Total investment

in these industrial units is Tk.1181.99 crore. Among these investments Tk.694.95 crore was provided from commercial banks as loan and Tk.2.23 crore from BSCIC's own programme. Besides entrepreneurs equity against loan was Tk.484.81 crore and Tk.503.93 crore was invested from entrepreneurs own fund. As an outcome of the above investments an employment opportunity for 50,605 persons has been created.

Table 8.5: Year-wise Investment Production and Employment at BSCIC Industrial Area

| FY | Investment (Cumulative) (in crore taka) | Annual Production (Cumulative) (in crore taka) | Employment (Cumulative) (in lakh) |
|---------|--|--|--------------------------------------|
| 2006-07 | 8090 | 19117 | 2.98 |
| 2007-08 | 10038 | 23418 | 3.40 |
| 2008-09 | 13585 | 24684 | 3.42 |
| 2009-10 | 14199 | 27361 | 3.93 |
| 2010-11 | 14790 | 29028 | 4.45 |
| 2011-12 | 15771 | 32203 | 4.56 |
| 2012-13 | 17411 | 36097 | 5.04 |
| 2013-14 | 18897 | 42509 | 5.26 |
| 2014-15 | 19380 | 43858 | 5.50 |
| 2015-16 | 20360 | 45040 | 6.01 |

Source: BSCIC Ministry of Industries

Contribution of BSCIC Industrial Estates

A total of 10,080 industrial plots have been allotted in favour of 5,816 industrial units in 74 Industrial Estates of BSCIC up to June 2016, throughout the country. Among them 4,415 units are presently under production. Total investment in these industrial estates up to June 2016, is Tk.20,178.17 crore. These units have produced goods worth of Tk.45,880.58 crore in FY2015-16 out of which product worth of Tk.24,930.91 crore have been exported. Most of the exported items are hosiery products. Investment, production, export and employment in these industrial estates have been increased in comparison to the previous year. Tk.3,739.42 crore has been paid as tax to the Government by these industrial units. The contribution made by the industrial estates is summarised below:

**Table 8.6: Summary of Industrial Estate Parameters
(Up to June 2016)**

| | | |
|-----|--|--------------------|
| 1. | Total no. of Industrial Estates | 74 |
| 2. | Total no. of Industrial plots | 10363 |
| 3. | Total no. of plots allotted | 10080 |
| 4. | Total no. of Industrial units allotted | 5816 |
| 5. | A) Total no. of units under production | 4415 |
| | B) No. of export oriented units | 946 |
| 6. | Total Investment | Tk.20178.17 crore |
| 7. | Employment | 563696 persons |
| 8. | Total production (FY2015-16) | Tk.45880.58 crore |
| 9. | Export(FY2015-16) | Tk. 24930.91 crore |
| 10. | Revenue paid to the Govt. (FY2015-16) | Tk.3739.42 crore |

Source: BSCIC Ministry of Industries

Bangladesh Chemical Industries Corporation (BCIC)

Bangladesh Chemical Industries Corporation (BCIC) is the largest public sector corporation of the country. BCIC is now being run with 13 large and medium size enterprises under its management including 8 fertiliser factories, 1 paper mill, 1 cement factory, 1 sheet glass

factory, 1 insulator and sanitary ware factory and 1 hardboard mill. Fertiliser factories constitute about 80 percent of the total volume of production of the corporation and play a vital role in national economy. Its 9 Joint Venture enterprises are in operation and 2 others are in the process of implementation.

In the FY2015-16, BCIC produced worth of Tk.1,996.11 crore products against the production target of Tk.2,230.60 crore which constitutes 89 percent of its target. During the same period of time the sales revenue was Tk.1,954.15 crore which constitutes 88 percent of its sales target. Tk.140.67 crore duties and taxes have been deposited to national exchequer. As per provisional accounts total profit for FY2015-16 is Tk.76.21 crore.

During FY2015-16, the operational factories under BCIC produced 10,07,498 MT Urea, 95,112 MT TSP, 10,1764 MT DAP, 10,576.29 MT Paper, 3,5405 MT Cement, 13.66 lakh Square Meter Sheet Glass, 1,066.58 M.T. Sanitary ware and 1,428.25 MT Insulator and Refractories.

To meet the existing deficit of urea fertiliser of the country an initiative was taken by the Government to set up a new fertiliser factory named *Shahjalal Fertiliser Project (SFP)* with an annual capacity of 5.80 lakh MT urea. A commercial contract of the project was signed between Government of Bangladesh and the Government of China to establish the project with an estimated cost of 580.19 million US\$. The implementation period of the project is 38 months (16 April, 2012 to 15 June 2015). In the revised DPP the total project cost stands at Tk.4,874.45 crore. The total physical progress and expenditure of the project is 99.69 percent and Tk.4,759.33 crore respectively up to 30 June, 2016.

Bangladesh Sugar and Food Industries Corporation (BSFIC)

At present Bangladesh Sugar and Food Industries Corporation (BSFIC) controls fifteen sugar mills, one distillery, one engineering factory and three commercial institutions respectively. The annual sugar production capacity of these sugar mills is 2.10 lakh MT. In comparison with the actual demand of sugar of the country (14.00 lakh MT) it is needless to state that the Government controlled sugarcane based sugar mills produce insufficient amount of sugar. As a result the deficit of sugar demand of the country is fulfilled by the production of six private refinery institutions and imported sugar as well. In FY2015-16, BSFIC has produced 58.22 thousand MT sugar against its target of 80,000 lakh MT. During FY2015-16 the distillery unit has produced 38.58 lakh proof liter distillery goods against its target of 56 lakh proof litre. During the same period 975.27 MT of engineering goods have been produced against the target of 1,300 MT. Sugar production target and achievement from FY2009-10 to FY2015-16 are shown in Table 8.7.

Table 8.7: Target and Achievement of Sugar Production

| FY | Target | Achievement (MT) | Target Achievement (%) |
|-----------|---------------|-------------------------|-------------------------------|
| 2009-10 | 101525 | 62203 | 61 |
| 2010-11 | 118925 | 100962 | 85 |
| 2011-12 | 135376 | 69226 | 51 |
| 2012-13 | 129075 | 107123 | 83 |
| 2013-14 | 138150 | 128268 | 93 |
| 2014-15 | 127055 | 77450 | 61 |
| 2015-16 | 80000 | 58220 | 73 |

Source: BSFIC Ministry of Industries

Bangladesh Steel and Engineering Corporation (BSEC)

Enterprises under Bangladesh Steel and Engineering Corporation have been playing important role in the economic development of the country as they produce Electric Cables, Transformers, Tube Light and Super Enameled Copper Wire etc. and thereby contribute a lot to electrification of the country. BSEC has also a share in the road transport sector since it has been assembling Bus, Truck, Jeep, Motor Cycle etc. Enterprises of BSEC also produce MS/GI/API Pipe and Safety Razor Blade.

It is important to refer that the quality products of the Corporation contribute significantly towards over-all development of the country especially towards infrastructural development which is a vital pre-requisite for economic development. The products of BSEC are of high quality and international standard (according to ISO). As a result the acceptability of products will be increased in both local and foreign market. In the FY2015-16 enterprises under BSEC have produced goods worth Tk.579.70 crore and sold goods worth of Tk.697.71 crore while enables to earn net profit of Tk.82.71 crore (before tax) and contribute to national exchequer Tk.242.53 crore.

Bangladesh Forest Industries Development Corporation (BFIDC)

Bangladesh Forest Industries Development Corporation (BFIDC) was established in 1959. The activities of BFIDC are divided into two sectors namely industrial and agricultural (rubber) sector. BFIDC has 7 industrial units under its industrial sector. The industrial units collect timber from the Forest Department and rubber trees which lost their economic life cycle from the rubber garden of the corporation to scientifically process them and produce furniture to supply commercially in Government and private organisations. On the other hand under the agriculture (rubber) sector of BFIDC under its 17 rubber garden BFIDC expanded plantation to 32,635 acre of land for commercial production of rubber.

It is noted that 1,055 acre of new rubber plantation is being done on a self financed project at Rangunia, Chittagong. Rubber plantation contributes in prevention of soil erosion and helps maintain balance in the ecosystem by absorption of Carbon Di-Oxide. A large tree in the forest absorbs around 20 kg carbon per annum but 1 rubber tree absorbs around 144.50 kg of carbon per annum and is helping to maintain the natural environment. BFIDC earn Tk.70 crore by selling Rubber Sheet in home and abroad in the FY2015-16. BFIDC also achieved 405 thousand cubic feet furniture production against the target of 399.00 cubic feet furniture production in industrial sector and 5,726 MT rubbers against the target of 5,100 MT during FY2015-16. Besides this for the development in the forest industries sector different development projects are being undertaken by BFIDC.

C. Textile Industry

The textile industry is the largest labour intensive manufacturing sector of the country which employs about 5 million people (including apparel industry). In addition of meeting the major domestic demand for textile products the primary textile industry can now meet 85-90 percent of the knit fabrics required for export-oriented knitwear industry and 35-40 percent fabrics required for export-oriented woven RMG industries.

Production of Yarn and Fabrics

The industries under textile sector are basically managed and operated under the private sector. There are 429 cotton spinning mill (public sector 22 and private sector 407) in the country. The production capacities of these units are 2,106.00 million kg of which the private sector units' capacity is 2,100.00 million kg. Besides, about 787 weaving mills (yearly production capacity is 2800 million metres) and 38100 specialised textiles and power loom (production capacity is about 6500 million metre) units are in operation. In addition as many as 3,13,245 handlooms having annual production capacity of 830.00 million metres of fabrics are in operation. Besides there are about 3,000 knitting knit-dyeing units (including the export oriented 1,400) 236 dyeing-printing and finishing units (production capacity 2,600 million meter) are also in operation.

In FY2015-16 the total production of yarn stood at 1,718.24 million kg. of which the share of private sector mills was 1,716 million kg. During the same period the total production of fabrics was 7,420 million metres which was produced entirely in the private sector. The year-wise production of yarn and fabrics are shown in Table 8.8.

Table 8.8: Year-wise Production of Yarn and Fabrics in Public and Private Sectors

| FY | Yarn Production (Million kg.) | | | Fabric Production (Million Metre) | | |
|---------|-------------------------------|----------------|---------|-----------------------------------|----------------|---------|
| | Public sector | Private Sector | Total | Public sector | Private sector | Total |
| 2009-10 | 1.14 | 1000.00 | 1001.14 | - | 7200.00 | 7200.00 |
| 2010-11 | 2.40 | 1700.00 | 1702.40 | - | 7350.00 | 7350.00 |
| 2011-12 | 0.93 | 1640.00 | 1640.93 | - | 7200.00 | 7200.00 |
| 2012-13 | 1.66 | 1720.00 | 1721.66 | - | 7400.00 | 7400.00 |
| 2013-14 | 1.98 | 1680.00 | 1681.98 | - | 7414.00 | 7414.00 |
| 2014-15 | 2.05 | 1703.00 | 1705.05 | - | 7397.00 | 7397.00 |
| 2015-16 | 2.24 | 1716.00 | 1718.24 | - | 7420.00 | 7420.00 |

Source: Ministry of Textiles and Jute.

Bangladesh Textiles Mills Corporation (BTMC)

BTMC has been continuing its production activities by introducing Service Charge System since FY1996-97. In the Service Charge System the contracted yarn dealers/parties supply required raw materials to the mills for producing yarn and payment is made to BTMC on the basis of certain service charge rate per unit. At the end of FY2014-15, 22 Units of 18 Mills (running closed/laid-off) were under BTMC. At present, 6 mills are in operation under the service charge system, 1 mills are in rent and production activities has been suspended of 9 mills due to non availability of service charge parties. Process is in progress to set-up a Textile *Polli* in Khulna Textile Mills Ltd Khulna and The *Chittararanjan* Cotton Mills Ltd. *Narayanganj*. BTMC paid Tk.19.77 (up to june,16) crores to Government Exchequer in the form of Tax and VAT since the introduction of Service Charge System .

From FY1972-73 to FY2015-16 BTMC produced about 8,240.05 lakh Kg Yarn of which BTMC's own production are about 7,282.92 lakh Kg and 957.13 lakh Kg. are produced under service charge system. BTMC produced about 8,149.98 lakh MT of fabrics. It is worthwhile to mention that BTMC has discontinued producing fabrics since FY1997-98 and closed down all the weaving units since then. From FY1996-97 to FY2015-16 BTMC has earned revenue

amounting to Tk.472.41 crore as service charge. Table 8.9 shows a comparative picture of installed capacity and production of BTMC from FY2005-06 to FY2015-16.

Table 8.9: Year-wise Installed Capacity and Production of BTMC

| FY | Spindles (Installed Capacity) | | Yarn Production (Million kg) |
|---------|-------------------------------|-----------|---------------------------------|
| | Number | Usage (%) | |
| 2005-06 | 199840 | 60 | 7.99 |
| 2006-07 | 195088 | 52 | 8.87 |
| 2007-08 | 195088 | 36 | 7.95 |
| 2008-09 | 176512 | 19 | 2.33 |
| 2009-10 | 176512 | 11 | 1.14 |
| 2010-11 | 176512 | 43 | 2.40 |
| 2011-12 | 176512 | 20 | 0.93 |
| 2012-13 | 168968 | 18 | 1.67 |
| 2013-14 | 186264 | 20 | 1.98 |
| 2014-15 | 196608 | 20 | 2.04 |
| 2015-16 | 198792 | 23 | 2.24 |

Source: Bangladesh Textile Mills Corporation.

Bangladesh Handloom

About 68.70 crore metres of cloth are produced in the handloom sector which shares more than 40 percent of the total domestic production of cloth in the country. Approximately 9 lakh people are directly and another 6 lakh are indirectly engaged in this sector over the years. There are 5.06 lakh handlooms in the country. Out of the total looms about 3.13 lakh looms are operational and the rest 1.92 lakh looms are idle. It has been singled out that lack of working capital is the main reason for remaining looms sitting in idle. The total value addition of the sector is more than Tk.1,227 crore yearly.

Bangladesh Handloom Board (BHB) has been performing various activities in order to promote and develop handloom sector and provide welfare and services for the people concerned. Bangladesh Handloom Board was set up in 1977. An amount of Tk. 65.77 (cumulative credit) crore has been disbursed till June, 2016 as working capital among the weavers under the “Micro credit programme for the weavers” of Bangladesh Handloom Board. The recovery rate is 67.91 percent. Estimate of distribution of credit target of recovery, actual recovery and recovery rate are given Table 8.10.

Table 8.10: Distribution of Loan, Recovery and Recovery Percentage by Bangladesh Handloom Board

(In Million Taka)

| FY | Distribution | Target of recovery | Recovery | Rate of Recovery (%) |
|------------------------------|--------------|--------------------|----------|----------------------|
| Cumulative up to (June 2005) | 388.1 | 275.4 | 137.50 | 49.93 |
| 2005-06 | 46.8 | 65.2 | 36.00 | 55.11 |
| 2006-07 | 33.1 | 70.4 | 40.80 | 57.95 |
| 2007-08 | 6.0 | 53.9 | 23.40 | 43.41 |
| 2008-09 | 7.0 | 30.2 | 24.66 | 81.65 |
| 2009-10 | 15.9 | 20.4 | 20.83 | 54.93 |
| 2010-11 | 13.6 | 31.9 | 19.70 | 56.08 |
| 2011-12 | 21.4 | 10.5 | 19.70 | 58.22 |
| 2012-13 | 18.4 | 14.2 | 28.90 | 123.43 |
| 2013-14 | 26.6 | 18.7 | 23.90 | 128.00 |
| 2014-15 | 40.4 | 21.9 | 31.66 | 144.75 |
| 2015-16 | 34.2 | 23.0 | 34.30 | 149.13 |

Source: Bangladesh Handloom Board Ministry of Textiles and Jute.

On the other hand the Board is also implementing different development projects for the overall development of the handloom industry. Presently, Bangladesh Handloom Board (BHB) is establishing training institutes and fabric processing center and also implementing three development projects.

Sericulture and Silk Industry

In the case of sericulture and silk industry Bangladesh Sericulture Development Board (BSDB) has been established by merging the three sericulture relevant bodies namely Bangladesh Sericulture Board (BSB), Bangladesh Sericulture Research and Training Institute (BSRTI) and Bangladesh Silk Foundation (BSF) under the 'Bangladesh Sericulture Board Law 2013'. For the overall development of sericulture and silk industry various development programmes are being implemented jointly by BSDB or independently by the above three bodies. Production of Disease Free Laying (DFLs) Cocoon Silk Yarn Training and Microcredit Disbursement under Government patronage is given in the Table 8.11.

Table 8.11: Production of Disease Free Laying (DFLs) Cocoon Silk Yarn Training and Microcredit Disbursement

| FY | DFLs (No. in Lakh) | Cocoon (Lakh Kg.) | Silk Yarn (Thousand Kg.) | Training (Persons.) | Microcredit Disbursement (In Lakh) | |
|-----------|-----------------------------------|------------------------------|---|--------------------------------|---|--------------------------------------|
| 2005-06 | 3.66 | 1.60 | 1.30 | - | Farmers | Wivers |
| 2006-07 | 3.73 | 1.63 | 1.05 | - | - | - |
| 2007-08 | 3.46 | 1.44 | 0.36 | - | - | - |
| 2008-09 | 4.03 | 1.56 | 0.75 | 1280 | - | - |
| 2009-10 | 5.50 | 1.47 | 1.29 | 2360 | - | - |
| 2010-11 | 4.67 | 1.76 | 2.16 | 1536 | - | - |
| 2011-12 | 4.43 | 1.80 | 2.67 | 857 | - | - |
| 2012-13 | 4.45 | 1.22 | 1.64 | 641 | - | - |
| 2013-14 | 4.17 | 0.98 | 0.66 | 522 | Disburse: 231.30 Recovery: 205.40 | Disburse: 272.58 Recovery: 241.58 |
| 2014-15 | 3.79 | 1.30 | 1.29 | 610 | Disburse: 231.30 Recovery: 208.63 | Disburse: 41.27 Recovery: 36.48 |
| 2015-16 | 3.80 | 1.46 | 1.15 | 1155 | Disburse: 231.30 Recovery: 210.20 | Disburse: 41.27 Recovery: 36.82 |

Source: Bangladesh Sericulture development Board

D. Jute Industry

The jute industries are environment friendly. Despite introduction of artificial and synthetic fiber and their easy availability the demand and price of jute products has declined but because of the environmentally friendly nature of jute and jute products the demand and interest for jute and jute products in the international market are increasing again. In recent years diversified commodities produced by jute are also increasing along with the traditional jute products. In order to make the jute sector of Bangladesh competitive in the global market the Government declared jute goods as the 'Thrust Sector' in the 'Industrial Policy Order 2010' and for integrated development of this sector 'Jute Policy 2011' has been approved. The share of foreign exchange earnings from jute and jute products is 3 percent of the total export earnings.

The production of jute and jute goods mainly depends on internal and on international demand and price. For this reason production of jute and jute goods, export and prices

fluctuate widely. A statement showing jute and jute goods production, export and export earnings from FY2005-06 to FY2015-16 are shown in Table 8.12 and Table 8.13 respectively.

Table 8.12: Raw Jute Production Consumption and Export

| FY | Production | Export | (Quantity in Lakh Bale) |
|---------|------------|--------|-----------------------------------|
| | | | Export Value (In Million Taka) |
| 2005-06 | 50.00 | 24.47 | 9772.70 |
| 2006-07 | 65.91 | 24.43 | 10162.00 |
| 2007-08 | 68.71 | 28.71 | 10334.00 |
| 2008-09 | 51.72 | 17.50 | 9210.00 |
| 2009-10 | 59.45 | 15.99 | 11308.40 |
| 2010-11 | 78.02 | 21.12 | 19067.60 |
| 2011-12 | 78.05 | 22.85 | 15406.60 |
| 2012-13 | 75.72 | 20.55 | 14364.60 |
| 2013-14 | 67.85 | 9.84 | 7060.40 |
| 2014-15 | 75.01 | 10.01 | 8167.40 |
| 2015-16 | 75.56 | 11.37 | 10544.00 |

Source: Department of Jute.

Table 8.13: Production Local Consumption Export and Export Earning of Jute Goods

| FY | Production | Export | (Quantity in lakh MT) |
|---------|------------|--------|--------------------------------------|
| | | | Export earning (In million Taka.) |
| 2005-06 | 6.75 | 4.95 | 202410 |
| 2006-07 | 5.84 | 4.71 | 221530 |
| 2007-08 | 6.51 | 5.34 | 25267 |
| 2008-09 | 5.89 | 4.82 | 205000 |
| 2009-10 | 6.95 | 5.77 | 396354 |
| 2010-11 | 6.88 | 4.79 | 456942 |
| 2011-12 | 7.14 | 6.69 | 517400 |
| 2012-13 | 9.77 | 8.68 | 616262 |
| 2013-14 | 9.83 | 8.08 | 522421 |
| 2014-15 | 8.65 | 8.18 | 5602.16 |
| 2015-16 | 9.63 | 7.42 | 5061.46 |

Source: Department of Jute.

Bangladesh Jute Mills Corporation (BJMC)

The jute mills under BJMC generally produce hessian sacking and carpet backing cloth etc. Some of the jute mills produce high quality jute, twine/yarn, geo-jute, cotton bagging, nursery pot, file cover etc. BJMC at present has 26 different categories of mills (including 1 jute mill closed and 3 non jute mills). In FY2015-16 the actual production of these mills was 1.11 lakh MT which was 0.95 lakh MT in FY2014-15.

BJMC plays a vital role in export of jute goods to many countries. In FY2015-16 all the jute mills under BJMC exported jute products of 0.85 lakh MT and received export earnings of Tk.6,590.30 million. In FY2014-15 the export of jute products and export earnings were 1.18 lakh MT and Tk.7,951.30 million respectively. Besides, during FY2015-16 BJMC sold 0.44 lakh MT of jute goods as local sales worth of Tk.4,961.90 million which was 0.26 lakh MT and Tk.2,778.50 million in FY2014-15.

Bangladesh Jute Mills Association (BJMA)

At present there are 146 mills under Bangladesh Jute Mills Association (BJMA) including 38 privatised and 108 mills newly established by the members of BJMA. Among the new mills 89 are Composite, 4 are Carpet and 15 are non-conventional jute goods producing mills. Currently numbers of handlooms of BJMA member mills are 14,223. Among these hessians are 6,028 sacking-7,026 CBC-687 carpet-42 and others 440 in number.

Bangladesh Jute Spinners Association (BJSa)

The Jute Spinners Association represents the Jute Spinning Industry in Bangladesh comprising 96 jute spinning mills under private sector. This industry produces heavy, medium and finer quality of jute yarn and twine. There are 2,40,908.00 spindles in these mills and yearly production capacity is 10,78,632 MT. During FY2015-16 the production of jute yarn and twine in the mills under BJSa was 4.76 lakh MT which was 5.53 lakh MT in FY 2014-15. Besides in FY2015-16 the mills under BJMA exported jute yarn and twine of 4.25 lakh MT at the value of Tk.31,805.00 million compared to the export of 5.43 lakh MT and export earnings of Tk.36,750.50 million during FY2014-15.

Jute Diversification Promotion Centre (JDPC)

To support the private sector through extending financial and technical support to set up industries for the diversification of jute products and their extensive usage the Government has established Jute Diversification Promotion Center (JDPC). JDPC has continued to organize workshops and seminars to increase awareness and skills, market expansion through market research, feasibility study, demonstration programs and fair design workshop, buyer-seller interaction counseling etc. With the support of JDPC 25 medium scale industries, 100 small scale jute and 400 cottage industries were established. Due to the above activities the demand for diversified jute products are increasing day by day. In the current year the export of diversified jute products stands at around US\$56 million.

E. Investment Status in the Export Processing Zones

To boost up industrialization, export and employment generation and to eliminate poverty to achieve rapid economic emancipation of the people of Bangladesh with a view to growing need of attracting FDI, Local Investment and industrialisation the Government took initiative to set up Export Processing Zones (EPZs) in the different parts of the country. Accordingly the Bangladesh Export Processing Zones Authority Act was passed in the Parliament. As on June 2016, 461 industries are in operation in the EPZs under BEPZA. Among them 171 industrial units in Chittagong EPZ, 106 industrial units in Dhaka EPZ, 47 industrial units in *Adamjee* EPZ, 40 industrial units in *Comilla* EPZ, 46 industrial units in *Karnaphuli* EPZ, 13 industrial units in *Uttara* EPZ, 16 industrial units in *Ishwardi* EPZ and 22 industrial units in *Mongla* EPZ. Apart from that 121 industrial units are at different stages of implementation.

As on June, 2016 the total actual amount of investment in BEPZA stands at US\$3,998.78 million. In FY2015-16 the actual investment stands at US\$404.36 Million which is 0.49 percent less than the investment made (406.35 million) in previous financial year. There has been a 9.21 percent growth in export in FY2015-16 compared to that of FY2014-15. The industries in the EPZs exported goods worth US\$6.67 billion in FY2015-16 which was US\$

6.11 billion in FY2014-15. As on June 2016 products worth of US\$ 37.79 billion were exported from the EPZs of Bangladesh. In FY2015-16 employment opportunity for 4,53,652 Bangladeshi nationals has been created of which 64 percent is female. The enterprises of the EPZs have employed 33,551 Bangladeshi nationals in FY2015-16. In FY2014-15 31,084 Bangladeshi nationals were employed in the EPZs. So there is an astounding growth of 7.94 percent in terms of local employment in the EPZs in FY2015-16 compared to employment in FY2014-15.

Table 8.14: Zone wise Statistics of Industries Investment Export and Employment of EPZs

| Zone Wise Statistics (As on June 2016) | | | | | |
|---|-----------------------|------------------------------|--------------------------------|----------------------------|---------------------|
| Name of EPZs | Industry | | Investment (Million Dollar) | Export (Million Dollar) | Employment (No.) |
| | In Operation (No.) | Under Implementation(No.) | | | |
| Chittagong EPZ | 171 | 12 | 1466.25 | 24222.81 | 196969 |
| Dhaka EPZ | 106 | 9 | 1222.00 | 20484.03 | 89968 |
| Adamjee EPZ | 47 | 18 | 371.18 | 2251.19 | 46459 |
| Comilla EPZ | 40 | 29 | 254.68 | 1681.61 | 24343 |
| Karnaphuli EPZ | 46 | 18 | 433.04 | 2928.50 | 63118 |
| Ishwardi EPZ | 16 | 15 | 96.53 | 454.76 | 8055 |
| Mongla EPZ | 22 | 15 | 41.08 | 439.07 | 1613 |
| Uttara EPZ | 13 | 5 | 114.02 | 355.50 | 23127 |
| Total | 461 | 121 | 3998.78 | 52817.48 | 453652 |

Source: BEPZA.

Product wise enterprises investment and employment in EPZs are shown in Table 8.15

Table 8.15: Product wise Enterprises Investment and Employment in EPZs

| Sl | Product | Enterprise (Nos.) | Investment (Million Dollar) | Employment (Nos.) |
|----|----------------------------------|----------------------|--------------------------------|----------------------|
| 1 | Garments | 115 | 1341.32 | 262902 |
| 2 | Garment Accessories | 89 | 227.20 | 33119 |
| 3 | Textile | 40 | 470.73 | 23337 |
| 4 | Knitting and other Textile pdt. | 35 | 297.76 | 30926 |
| 5 | Footwear and Leather goods | 33 | 592.28 | 25931 |
| 6 | Terry towel | 18 | 53.68 | 3771 |
| 7 | Electronics and Electrical goods | 17 | 101.34 | 21412 |
| 8 | Plastic goods | 15 | 5.42 | 315 |
| 9 | Metal Products | 13 | 49.41 | 2601 |
| 10 | Agro Products | 10 | 35.62 | 2089 |
| 11 | Tent | 10 | 83.88 | 8485 |
| 12 | Service Oriented Industries | 9 | 21.03 | 192 |
| 13 | Caps | 6 | 146.13 | 4342 |
| 14 | Chemical and Fertilizer | 6 | 9.35 | 501 |
| 15 | Furniture | 3 | 2.04 | 101 |
| 16 | Paper Products | 2 | 78.24 | 10843 |
| 17 | Power Industry | 2 | 99.19 | 132 |
| 18 | Ropes | 2 | 57.66 | 8273 |
| 19 | Fishing Reel and Golf Equipment | 1 | 41.56 | 896 |
| 20 | Sports goods | 2 | 40.45 | 975 |
| 21 | Toys | 1 | 7.20 | 449 |
| | Miscellaneous | 31 | 16.44 | 2899 |
| | Gr. Total : | 460 | 3778.82 | 444491 |

Source: BEPZA.

Table 8.16 shows EPZ wise investment and exports during the period from FY2006-07 to FY2015-16.

Table 8.16: EPZ wise Investment and Export

(In Million Dollar)

| Name of EPZ | | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|----------------|------------|---------|---------|---------|---------|---------|---------|----------|---------|---------|---------|
| DEPZ | Investment | 87.46 | 110.34 | 30.39 | 64.38 | 72.38 | 77.17 | 68.45 | 68.45 | 84.02 | 80.63 |
| | Export | 1033.03 | 1146.50 | 1190.36 | 1216.49 | 1521.78 | 1614.45 | 1780.73 | 1937.52 | 1997.50 | 2183.90 |
| CEPZ | Investment | 32.62 | 126.46 | 47.22 | 57.52 | 85.84 | 101.74 | 133.84 | 133.84 | 152.02 | 110.71 |
| | Export | 971.54 | 1117.17 | 1188.15 | 1333.53 | 1666.88 | 1883.81 | 2095.121 | 2261.61 | 2383.76 | 2419.71 |
| MEPZ | Investment | 0.43 | 2.03 | 0.96 | 0.01 | 0.77 | 0.08 | 3.52 | 3.52 | 8.27 | 18.98 |
| | Export | 1.31 | 8.26 | 7.06 | 7.29 | 27.93 | 54.24 | 74.10 | 77.28 | 84.26 | 74.65 |
| Com EPZ | Investment | 21.02 | 9.72 | 8.20 | 20.44 | 36.26 | 20.07 | 21.06 | 21.06 | 23.41 | 30.18 |
| | Export | 46.01 | 131.38 | 95.85 | 95.34 | 145.46 | 148.36 | 176.93 | 209.41 | 274.63 | 308.33 |
| UEPZ | Investment | 1.24 | 0.15 | 0.17 | 1.69 | 11.98 | 5.97 | 20.62 | 20.62 | 19.89 | 33.53 |
| | Export | 0.08 | 0.095 | 0.24 | 1.90 | 6.77 | 16.03 | 20.38 | 33.22 | 87.99 | 188.80 |
| IEPZ | Investment | 0.00 | 1.43 | 14.04 | 12.21 | 21.40 | 17.85 | 5.12 | 5.12 | 5.42 | 15.11 |
| | Export | 2.23 | 1.21 | 0.79 | 7.54 | 25.96 | 41.53 | 55.71 | 93.16 | 108.26 | 114.73 |
| AEPZ | Investment | 7.68 | 33.71 | 21.07 | 26.17 | 37.05 | 34.55 | 29.99 | 29.99 | 48.51 | 54.70 |
| | Export | 9.47 | 15.10 | 60.13 | 103.65 | 164.68 | 207.32 | 274.10 | 386.23 | 467.40 | 562.91 |
| KEPZ | Investment | - | 1.91 | 18.34 | 27.90 | 39.58 | 47.56 | 81.83 | 45.93 | 64.81 | 60.51 |
| | Export | - | 0.00 | 9.86 | 39.13 | 56.81 | 138.16 | 245.05 | 379.61 | 709.74 | 823.28 |

Source: BEPZA

Up to June 2016, 37 countries including Japan, S. Korea, China, Taiwan, Malaysia , Indonesia, Singapore, U.S.A, U.K, Germany, France, Italy, Sweden, Netherlands, U.A.E, India, Panama, Pakistan, Australia, Ireland, Turkey, Ukraine, Denmark, Kuwait, Rumania, Marshal, Island, Sri Lanka, Belgium, Mauritius, British Virgin, Island, Canada, Spain, Malta and Bangladesh have already invested in the EPZs of Bangladesh.

In addition to promotion of FDI exports and employment generation EPZs have been making special contribution to the development of backward linkage and supportive industries of the country. For this raw materials are being procured from the industries located outside the EPZs and also 100 percent export oriented enterprises in local market to supply their products to EPZ enterprises.

In the last six years wages of the EPZ workers' have been increased twice in 2010 and 2013 respectively. Now minimum starting basic wage for helper is US\$70. Workers of EPZs are getting their wages almost 30 percent more in comparison with outside of EPZs. Government has enacted "The EPZ Workers Welfare Association and Industrial Relations Act, 2010 (Act No.43 of 2010)" to ensure the rights and welfare of the workers of EPZs industries. Besides the Cabinet has already approved the separate EPZ Labour Law-2016 which will be placed in the parliament very soon.

At present buyers are placing utmost importance on social compliance issues and EPZs are also encouraging its investors to comply with the code of conducts and conditions. Necessary steps have been taken to enhance EPZ workers rights and remuneration facilities. BEPZA has

deployed 60 counsellors to monitor workers grievances and address their issues. BEPZA also appointed Conciliator & Arbitrator for solving the dispute of the workers.

BEPZA is aware about the environmental issues related to manufacturing industries. The Authority has already taken steps to introduce 3 Central Effluent Treatment Plants (CETP) in Chittagong, Dhaka and Comilla EPZ in order to ensure maximum protection for the environment. Moreover, the process of approval of projects for setting up of Central Effluent Treatment Plants (CETPs) in other EPZs is also under process. BEPZA deployed 30 Environmental Counsellors to ensure the pollution free environment in the EPZs. Moreover, the authority has set up environment lab for testing the treated water air quality of the zone etc.

F. Other Industries

Pharmaceutical Industry

Bangladesh in spite of being a least developed country of Asia has achieved commendable success in the pharmaceutical sector. About 98 percent of total domestic requirement of medicine is fulfilled by the local production. At present only a few hi-tech products (blood products, bio-similar products, anti-cancer drug and vaccine) are imported. Meanwhile Bangladesh has been transformed into an exporting country for pharmaceutical product. In addition different brands of medicine and raw materials are exported to 113 countries of the world including UK and USA. Currently 278 pharmaceutical manufacturing units are producing 26,412 brands of medicine of worth Tk. 15,619 crore annually. Table 8.17 shows the statistics of export of drugs and raw materials locally.

Table 8.17: Export of Drugs and Raw Materials

(In Crore Taka)

| Year | Finished Products | Raw materials | Total Export | No of countries |
|-------------|--------------------------|----------------------|---------------------|------------------------|
| 2005 | 142.10 | 14.76 | 156.85 | 67 |
| 2006 | 251.99 | 14.34 | 266.33 | 61 |
| 2007 | 234.71 | 13.03 | 247.74 | 67 |
| 2008 | 313.11 | 14.61 | 327.72 | 71 |
| 2009 | 335.21 | 11.96 | 347.17 | 73 |
| 2010 | 327.43 | 5.12 | 332.55 | 83 |
| 2011 | 421.23 | 4.93 | 426.15 | 87 |
| 2012 | 539.62 | 11.60 | 551.22 | 87 |
| 2013 | 603.87 | 16.06 | 629.93 | 87 |
| 2014 | 714.20 | 19.07 | 733.27 | 92 |
| 2015 | 695.33 | 16.80 | 712.13 | 113 |

Source: Directorate General of Drug Administration.

G. Industry Related Activities

Bangladesh Standards and Testing Institution (BSTI)

Bangladesh Standards and Testing Institution (BSTI) is the lone national standards body of the country. The main responsibilities of BSTI are to develop the national standards of Products testing and certification for quality of products as per Bangladesh Standards and to provide metrology and calibration services throughout the country. BSTI is also issuing the Management System Certificates.

For strengthening the organisation 136 nos. of new posts have been created under BSTI at the tenure of the present Government. Recently another 6 nos. of new post have been approved. During that time 193 nos. of personnel have been recruited under the revenue budget. Among those personnel 10 nos. in 2009, 67 nos. in 2010, 10 nos. in 2011, 48 nos. in 2012 & 58 nos. in 2015 were recruited.

During FY2015-16 as many as 956 mobile courts and 790 surveillance teams were conducted and 1,874 cases were filed against the offenders by BSTI to stop the sales and distribution of illegal and sub-standard products. During this time 617 nos. of mobile courts and 303 nos. of surveillance team were conducted and 1,753 cases were filed against the user of the illegal weights measures and deceive. Fine of Tk.6 core 85 lakh 92 thousand was realised from the offenders and the amount was deposited to the Government exchequer.

Different laboratories of BSTI have already been awarded accreditation from National Accreditation Board for Testing Laboratories (NABL), India. The duration of accreditation has been extended to 14th of June, 2017 based on the satisfactory performance of the laboratories. Furthermore 20 new parameters have also been accredited. As a result a total sum of 163 no's of parameters has got accreditation by NABL till date. On October, 2014 BSTI has got accreditation for 14 products from National Accreditation Board for Certification Body (NABCB), India. 6 nos. of laboratories of National Metrology Laboratories (NML) of BSTI have been awarded accreditation jointly by Norwegian Accreditation and Bangladesh Accreditation Board (BAB) on 26 November, 2013.

Management System Certification (MSC) is an important addition to BSTI. This System Certification scheme for ISO 9001, ISO 14001 and ISO 22000 former has been accredited by Norwegian Accreditation body for 5 years from 2009. Now it has been accredited by Bangladesh Accreditation Board (BAB). In the meantime BSTI has issued 33 nos. of different system certificates. A good number of applications for different system certificates now are in the process.

Government has taken steps to expand the activities of BSTI throughout the country. At the first phase in 5 districts i.e. *Faridpur Camilla Mymensingh Cox's Bazar and Rangpur* full-fledged BSTI office-cum-laboratory would be set up under a GoB project titled Expansion and Strengthening of Bangladesh Standards and Testing Institution (at 5 districts). A modern Energy Efficient Testing laboratory has been established in the BSTI Head office under the technical and financial assistance of GTZ (now giz), Germany.

Department of Patents Designs and Trademarks (DPDT)

The Department of Patents Designs and Trademarks (DPDT) is a specialised Government organization solely dealing with the Industrial Property related matters in Bangladesh. The department is entrusted to grant the new and novel inventions and innovations, registration of new and original industrial designs registration of trademarks and service marks and registration of goods of geographical indications (GI).

Granting of patents for new and novel inventions and innovations as well as registration of new and original industrial designs is accomplished by the Patents and Designs Act, 1911 and the Patents and Designs Rules, 1933. Registration of trademarks and service marks are

carried out by the Trademarks Act, 2009 (Trademarks Amended Act, 2015) and the Trademarks Rules, 2015. Registration of geographical indications (GI) of goods is done through the Geographical Indications of Goods (Registration and Protections) Act, 2013 and Rules there under in 2015 respectively. The department also enjoys the responsibility to have encouraged the inventions and innovations i.e. industrial property as a whole. Applications of patents, industrial designs, trademarks and service marks were received from July, 2015 to July, 2016 are 3,23,852 and 13,700 respectively and disposed of those applications during the same period are 1,17,600 and 13,700 respectively. The only application for GI was submitted during the same period and its registration process is in progress. Updated enactment of Patents Act and Industrial Designs Act and Rules there under are in progress.

Provided the assigned services the department earned around Tk.16.67 crore, Tk.14.24 crore and Tk.10.59 crore in the FY2015-16, FY2014-15 and FY2013-14 respectively as non-tax revenue which is gradually increasing that depicts the gradual increase in IP awareness in the country.

Office of the Chief Inspector of Boilers Bangladesh

Boilers are used in almost all types of industries such as power generating plant, chemical and fertilizer factory, paper and sugar mills, food and beverage industries, pharmaceuticals, jute and textile mills, garments factories and rice mills etc. Office of the Chief Inspector of Boilers is a technical department under the Ministry of Industries. The main responsibility of this Inspectorate is to inspect each and every Boiler installed in different mills and factories all over the country and issue certificates and also to give necessary instructions to ensure safety of the persons and properties associated with the Boilers. During FY2015-16 the department inspected and issued operating of 5,035 boilers and provided registration of 578 new boilers inspected and certification of 263 local made boilers holding of 997 boilers attendant examination. It is mentioned that during FY2015-16. Tk.407.94 lakh has been collected as revenue under this office.

Bangladesh Accreditation Board (BAB)

Bangladesh Accreditation Board has been established to make provisions for issuance accreditation certificate to different laboratories, Certification Bodies, Inspection Bodies, and Training Institutions or Persons. BAB is working for the improvement of country's economy through quality development of products and services, consumer rights and trade facilitation. It promotes the quality infrastructure development and Conformity Assessment System of the country.

BAB already accredited different types of testing and calibration laboratories system certifications of National and Multinational Organizations/Companies. Of them 30 are testing labs, 4 calibration labs, 1 Medical lab and 2 are system certifications. Accreditation is awarded through adequacy, doc reviews, and assessments, Technical Review Panel, Technical Committee passing with complying international, national standards, regulations and guidelines. BAB has some applications on processing to grant accreditation. As a result the range and capacity of testing is increasing that boosts up the experts of the country. BAB

organizes workshops, seminars, symposium and training to create efficient manpower for quality infrastructure development of the country.

BAB is the signatory to Asia Pacific Laboratory Accreditation Cooperation (APLAC), MRA in January 2015 and International Laboratory Accreditation Cooperation (ILAC), MRA since June 2015. As becoming the signatory the test result of BAB's accredited labs will be accepted among the member countries (74 economics). BAB is full member of ILAC and APLAC. BAB is affiliated member of Pacific Accreditation Cooperation (PAC) and applied membership for International Accreditation Forum (IAF). It also works closely with Standards and Metrology Institute for Islamic Countries (SMIIC), SAARC Expert Group on Accreditation (SEGA), HALAL scheme etc.

Bangladesh Industrial Technical Assistance Centre (BITAC)

Bangladesh Industrial Technical Assistance Centre (BITAC) plays an important role in the field of 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 machinery parts used in local industries. BITAC also implements projects in technical field for national and international development activities to build a poverty free society to meet the objectives of Digital Bangladesh.

BITAC is engaged in designing and manufacturing world class machine components and import substitute machinery parts of local industries to continue their operation and at the same time saves substantial amount of foreign currency. BITAC generated revenue income amounting to Tk.19.03 crore in the FY2015-16. During FY2015-16, BITAC conducted training for 1,230 women and 1,706 men out of which 469 women and 260 men got job directly.

National Productivity Organisation (NPO)

National Productivity Organisation (NPO) is a Government department under the Ministry of Industries established in 1989. It is a national level specialized organisation to promote productivity and thereby accelerates pace of economic development through its multidimensional activities like creation of productivity awareness development of productivity infrastructure and implementation of productivity improvement programme. NPO is the only organisation responsible for formulation and implementation of productivity policy of the Government. NPO also implements the plans and programs of the Tokyo based Asian Productivity Organization (APO) which is an inter-governmental body for productivity promotion in the Asia and the Pacific region.

To accelerate national economic development during FY2015-16 NPO arranged 33 training courses where 1,806 participants were trained. Besides 6 workshops were organised with 180 participants and 08 research reports has been published. 5s committee and QC circle has been formed in 14 enterprises. 14 enterprises formed productivity improvement cell and data has been collected from 81 enterprises to prepare research report. Around 21, 900 awareness materials have been distributed. Moreover 20 awareness campaigns were conducted. NPO arranged discussion meeting with 19 private sector leading enterprises. Around 77

participants from different organisations were sent abroad to attend in different APO program. One APO programme with 18 overseas participants was implemented in Dhaka. Moreover, 5 distance learning programmes supported by World Bank and APO have been implemented on different subject related to productivity. The 4th National Productivity Day was observed in 2nd October, 2015 in a very befitting manner.

Bangladesh Institute of Management (BIM)

Bangladesh Institute of Management (BIM) is engaged in developing managers increasing productivity and improving management system through training research and consultancy. It is regarded as one of the main specialist training institute at the national level which caters the need of human resource development of industrial and commercial fields at both public and private sectors.

BIM conducts short training programmes of various types: 1-year long post-graduate, diploma courses and 6 month long diploma programmes along with its specialised training and consultancy projects. Since its inception in 1961, BIM has trained about 58,000 people in different disciplines of management. In the FY2015-16 BIM has imparted training to 1,890 people in 112 short training programmes. In addition to that 654 trainees were graduated in 2015 academic session and 888 participants enrolled in the current academic session in 5 diploma courses of one year duration. Besides 63 persons are taking part in 6-month long Diploma in Social Compliance and Diploma in Quality and Productivity during first semester of 2016. Finally a total of 193 tailor made courses were held at the request of client organisations where 6,290 persons participated in the FY2015-16.

H. Industrial Credit

Rapid industrialisation is required to achieve a desired level of economic growth of an agro-based developing country like Bangladesh. In this context the role of industrial sector is very crucial. To promote SMEs along with the large-scale industries the Government of Bangladesh has been providing industrial loans and other ancillary supports through banks and financial institutions in last couple of years. As a result the volume of industrial loan disbursement and recovery has been increasing gradually. Year-wise disbursement and recovery of industrial loans from FY2005-06 to FY2015-16 is presented in Table 8.18.

Table 8.18: Year wise Disbursement and Recovery of Industrial Credit

(In Crore Taka)

| Fiscal Year | Disbursement | | | Recovery | | |
|-------------|-----------------|-----------|-----------|-----------------|-----------|-----------|
| | Working Capital | Term Loan | Total | Working Capital | Term Loan | Total |
| 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 |
| 2010-11 | 71300.35 | 32163.20 | 103463.55 | 56694.99 | 25015.89 | 81710.88 |
| 2011-12 | 76674.98 | 35278.10 | 111953.08 | 64400.27 | 30236.74 | 94637.01 |
| 2012-13 | 103165.56 | 42528.31 | 145693.87 | 85496.14 | 36549.41 | 122045.55 |
| 2013-14 | 126102.59 | 42311.32 | 168413.91 | 113291.25 | 41806.69 | 155097.94 |
| 2014-15 | 155746.72 | 59783.70 | 215530.42 | 117959.98 | 47540.81 | 165500.59 |
| 2015-16 | 199349.21 | 65538.69 | 264887.90 | 149762.72 | 48225.29 | 197988.01 |

Source: Bangladesh Bank

It is observed from the credit disbursement and recovery trends during FY2005-06 to FY2015-16 that the credit disbursement and recovery in the industrial sector increased gradually over this period. In FY2015-16 the amount of credit disbursement and recovery stood at TK.2,64,887.90 crore and TK.1,97,988.01crore respectively. It is expected that this will contribute significantly towards maintaining the growth of the industrial sector of the country and will ensure a sustainable economic development as well.