CHAPTER 8
INDUSTRY

The contribution of the industry sector to Bangladesh economy is on the increase. In FY 1880-81, the contribution of the broad industry sector to real GDP was 17.41 percent which increased to 29.66 percent in FY 2007-08. Among the fifteen sectors identified for computing national income, the greater industry sector includes four sub-sectors such as mining & quarrying; manufacturing; construction; electricity-gas and water supply. Among these sub-sectors, the contribution of the manufacturing sector is the highest. According to provisional estimate, in FY 2007-08 the contribution of the manufacturing sector to GDP is 17.77 percent, which is 0.22 percent higher than that of the previous year. In FY 2006-07, the growth rate in the manufacturing sector is estimated at 7.42 percent, which is 2.3 percent lower than that of the previous financial year. The growth performance of the manufacturing sector and its contribution to GDP during FY 2000-01 to FY 2007-08 is shown in table 8.1 below:

Table 8.1: Contribution of Manufacturing Sector in GDP and Growth Rate (At constant prices of 1995-96)

(Taka in crore)

Type of Industry	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08 (Provisional)
Small & Cottage	9267.4 (6.6)	9980.1 (7.7)	10699.6 (7.2)	11496.5 (7.45)	12408.5 (7.93)	13551.5 (9.21)	14865.1 (9.69)	16090.9 (8.25)
Medium-Large	23130.2 (7.0)	24194.1 (4.6)	25780.8 (6.6)	27572..3 (6.95)	29860.5 (8.30)	33268.2 (11.41)	36507.1 (9.74)	39142.4 (7.22)
Total	32397.6 (6.7)	34174.2 (5.5)	36480.4 (6.8)	39068.8 (7.1)	42269.0 (8.19)	46819.7 (10.77)	51372.2 (9.72)	55233.3 (7.52)

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

It would be seen from the above table 8.1 that the contribution of medium large and small industries gradually increasing.

In the face of challenges of open market economy and globalisation, the government believes that private sector-led industrial development could be one of the prime movers of economic growth. Beside this, government, by now, has liberalized the trade regime by introducing a range of reforms so that the entrepreneurs can set up industries and operate them profitably without any misgivings. As a result, contribution of private sector involvement in overall economic activities increased tremendously. Meanwhile, the government has handed over a number of SOE's to the private ownership. In order to establish economically viable industrial enterprises, the government has taken initiatives to set up industrial and special economic zones so that the huge land area of these industrial zones are effectively used to set a new trend for industrialisation that would - facilitate creation of huge employment opportunities.

To further strengthen the process of industrialisation, the government has identified the Small and Medium Enterprise (SME) sector as a priority sector. To attract foreign investment, all facilities to be given to the potential investors were incorporated in the industrial policy. The government took initiatives to formulate a separate SME policy to provide required guidelines and strategic support to set up SME industries across the country. Guidelines and strategies incorporated in the SME policy will be followed to establish SME industries.

Over the last decade, a discernible change across the globe was evident in terms of women's participation in socio-economic activities particularly in the sphere of industry. The present industrial policy, therefore, attaches significant priority to the issue of creating more women entrepreneurs and ensuring more participation of women entrepreneurs in the process of industrialisation. For hygienic preservation and marketing of Bangladesh agricultural products steps will be taken to make them frozen, pasteurized, canned or turn them into dry food, so that all these locally produced commodities can be exported round the year.

In this age of ICT, it is possible to provide accurate and rapid customer services by using ICT for cost effectiveness and improvement of the quality of products. This is why, providing encouragement to the intensive use of ICT on certain specific areas is another important feature of the present industrial policy.

It is visualised that the industry sector that will be developing over the next decade would be able to gain 30-35 percent share of GDP and also to absorb 35 percent of the labour force. To achieve this estimated growth in the manufacturing sector, the present industrial policy has laid special emphasis on strengthening efforts to establish agro-based and agricultural product processing industry, together with steps to face the possible adverse situation in export-oriented RMG industry and SMEs sector, to extend facilities to women entrepreneurs on priority basis, to market manufacturing products at a reasonable price with quality of products comparable to the world standard, to arrange environment-friendly production and to increase the productivity in the manufacturing sector.

The directions contained in the new industry policy will help in putting in place planned expansion of industrialisation and also achieve sustainable industrial growth on a continued basis. This will create a strong and potential base for economic development which will in turn accelerate the process of poverty reduction and reduction of unemployment, create employment opportunities as well as accelerate the overall 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 (1988-89=100), representing medium to large-scale industries, rose to 384.82 in FY 2007-08 from 228.43 in FY 2000-01. Table 8.2 shows the index during FY 2000 - 01 to FY 2007-08. 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 Industries 2000-01 to 2007-08 (1988-89=100)

Industry	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08 (Provisional)
Medium to Large Scale Industries	228.43	238.75	254.45	272.13	294.72	327.09	359.83	384.82

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 channeling 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 FY 2004-05 Bangladesh Bank has taken up a scheme of Tk.100 crore for refinancing the schedule bank and financial institutions against the loan given to SME's. as revolving fund. Presently, this scheme has been widened with an enhanced allocation of Tk.500 crore as revolving fund. Up to June 2008, Tk.409.41 crore, was disbursed to different scheduled banks and financial institution for refinancing. Beside this, IDA has provided US$ 10 million and Government of Bangladesh provided Tk.112.32 crore to Enterprises Growth and Bank Modernisation Project (EGBMP). As revolving fund, up to June 2008 facilities were provided for refinancing Tk.163.46 crore to different scheduled banks and financial institutions. Moreover, ADB has finalised an agreement with Bangladesh Bank to provide additional US$ 30 million to this sector. These resources would strengthen the financing programme of SME. This would result in employment generation in one hand and enhancement of purchasing power of the poor on the other. Under this programme, the financing capabilities of various financial institutions and banks have been enhanced and up to June, 2008 Bangladesh Bank has disbursed Tk. 762.54 crore for refinancing. Out of this, the contribution of IDA and ADB was Tk. 163.46 crore and Tk.189.68 crore respectively while that of Bangladesh bank was Tk.409.41 crore.

Detailed refinancing of Bangladesh Bank to various financial institutions and banks is shown at Table 8.3

Table 8.3 Summary information on SME refinancing (up to June 2008)

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	79.21	206.75	123.45	409.41	1097	2706	827	4630
(b) IDA	42.65	71.49	49.32	163.46	747	981	234	1962
(c) ADB	87.65	63.48	38.54	189.68	452	1039	273	1764
Total	209.52	341.72	211.31	762.54	2296	4726	1334	8356

Table 8.3(a) Summary information on SME refinancing from Bangladesh Bank (up to June 2008)

(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.	1.90	9.70	0.88	12.48	4	288	7	299
2. Jamuna Bank Ltd.	10.93	2.13	1.15	14.21	65	37	11	113
3. National Bank Ltd.	1.10	-	-	1.10	3	0	0	3
4. One Bank Ltd.	2.05	4.07	-	6.12	9	101	3	113
5. The Premier Bank Ltd.	21.82	12.18	1.09	35.09	77	116	30	223
6. BRAC Bank Ltd.	3.87	30.91	-	34.77	164	896	16	1076
7. Southeast Bank Ltd.	2.79	0.02	-	2.94	0	31	10	41
8. Dutch Bangla Bank Ltd.	0.79	-	-	0.79	2	5	0	7
9. Mercantile Bank Ltd.	0.08	14.92	-	15.00	41	373	41	455
10. Eastern Bank Ltd.	0.03	16.94	9.74	26.71	19	243	3	265
11. Dhaka Bank Ltd.	20.70	5.20	-	25.91	115	93	21	229
Sub-total (a)	**66.07**	**96.20**	**12.85**	**175.12**	**499**	**2183**	**142**	**2824**
(b) Non-Bank Financial Institutions								
1. Uttara Finance & Investment Ltd.	0.78	11.09	16.45	28.32	1	2	166	169
2. Prime Finance & Investment Ltd.	1.95	2.00	1.43	5.38	6	15	9	30
3. Midas Financing Ltd.	0.07	28.54	14.78	43.38	200	350	147	697
4. IDLC of Bangladesh	-	20.98	4.10	25.08	67	71	49	187
5. Phoenix Leasing Co. Ltd.	0.91	3.53	-	4.44	50	10	23	83
6. United Leasing Co. Ltd.	3.68	15.20	14.00	32.88	85	18	87	190
7. Vanik Bangladesh Ltd.	0.03	0.05	-	0.08	2	0	0	2
8. Bay-Leasing Co. Ltd.	0.25	0.52	0.47	1.24	7	0	1	8
9. Fidelity Assets & Securities Co. Ltd	-	1.06	20.29	21.35	21	10	95	126
10. Islamic Finance & Investment Ltd.	0.36	6.87	0.87	8.09	33	18	25	76
11. Peoples Leasing & Finance	0.40	12.13	16.25	28.78	45	14	38	97
12. Bangladesh Finance & Investment Ltd.	-	1.40	4.82	6.22	1	4	1	6
13. IIDFC	3.01	3.56	7.47	14.04	64	2	6	72
14 GSP Financing	0.50	-	2.08	2.58	2	1	3	6
15. National Housing Ltd.	0.40	0.76	0.91	2.07	5	1	6	12
16. Oman Bangladesh Leasing	-	0.13	4.08	4.21	1	0	20	21
17. International Leasing	0.30	1.94	0.13	2.37	2	4	4	10
18. Premier Leasing & Finance Ltd.	-	0.46	0.81	1.27	5	0	0	5
19.Unian Capital Ltd.	0.50	0.35	1.65	2.50	1	3	5	9
Sub-Total (b)	**13.14**	**110.55**	**110.59**	**234.28**	**598**	**523**	**685**	**1806**
Total (a + b)	**79.21**	**206.75**	**123.45**	**409.41**	**1097**	**2706**	**827**	**4630**

Table 8.3(b) Summary information on SME Refinancing from IDA (up to June 2008)

(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.	0.10	5.59	4.13	9.82	2	228	5	235
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.	0.33	1.14	-	1.47	1	30	-	31
6. Dutch-Bangla Bank Ltd.	9.29	0.13	-	9.42	19	28	2	49
7. Jamuna Bank Ltd.	7.68	1.32	0.63	9.63	65	3	0	68
8. Dhaka Bank Ltd.	4.05	3.76	-	7.81	92	35	12	139
9. National Bank Ltd.	0.40	-	-	0.40	1	0	0	1
10. Trust Bank Ltd.	1.45	0.11	0.14	1.69	10	16	5	31
11. Eastern Bank Ltd.	0.04	8.64	9.41	18.09	63	140	1	204
12. Mercantile Bank Ltd.	-	3.99	-	3.99	19	67	16	102
Sub-Total (a)	**38.30**	**57.99**	**14.66**	**110.95**	**602**	**960**	**64**	**1626**
(b) Non-Bank Financial Institutions	Amount Refinanced (in Crore)				No. of Beneficiary Enterprises			
1. Fidelity Assets & Securities Co. Ltd	-	0.13	4.17	4.29	1	1	23	25
2. IDLC of Bangladesh	0.78	4.67	1.14	6.59	35	11	17	63
3. Phoenix Leasing Co. Ltd.	0.25	1.89	7.17	9.32	22	9	15	46
4. Uttara Finance & Investment Ltd.	0.10	0.65	14.66	15.14	0	0	60	60
5. Far East Finance & Investment Ltd.	-	0.13	-	0.13	1	0	1	2
6. United Leasing Co. Ltd.	2.68	1.21	1.74	5.63	25	0	17	42
7. Midas Finance Ltd. & Vanik Bangladesh Ltd.	-	2.31	2.58	4.89	37	0	18	55
8. Islamic Finance & Investment Ltd.	0.25	1.93	0.05	2.23	20	0	2	22
9. Prime Finance & Investment Ltd.	0.30	0.10	-	0.40	1	0	1	2
10. IIDFC	-	0.20	1.10	1.30	3	0	1	4
11. Bangladesh Finance & Investment	-	0.17	1.61	1.78	0	0	12	12
12. International Leasing	-	0.10	0.45	0.55	0	0	3	3
Sub-Total (b)	**4.35**	**13.50**	**34.66**	**52.51**	**145**	**21**	**170**	**336**
Total (a + b)	**42.65**	**71.49**	**49.32**	**163.46**	**747**	**981**	**234**	**1962**

Source: Bangladesh Bank

Table 8.3(c) Summary information on SME refinancing from ADB (up to June 2008)

(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.	20.09	10.26	1.49	31.83	40	297	10	347
2. Eastern Bank Ltd.	11.36	5.73	14.30	31.38	47	187	8	242
3. Prime Bank Ltd.	25.51	2.31	1.11	28.93	62	227	18	307
4. Dhaka Bank Ltd.	28.47	12.12	-	40.59	179	158	64	401
5. NCC Bank Ltd.	0.16	0.22	0.19	0.57	3	11	0	14
6. Bank Asia Ltd	0.03	3.13	-	3.16	10	42	0	52
7. Trust Bank Ltd	1.88	0.07	0.14	2.08	6	8	4	18
Sub Total (a)	**87.49**	**33.83**	**17.22**	**138.54**	**347**	**930**	**104**	**1381**
(b) Non-Bank Financial Institutions	Amount Refinanced (in Crore)				No. of Beneficiary Enterprises			
1. People's Leasing Co. Ltd	-	2.50	5.87	8.37	7	18	9	34
2. Midas Financing Ltd.	-	2.63	1.90	4.53	24	22	14	60
3. IDLC of Bangladesh	-	15.88	3.57	19.45	61	49	51	161
4. Islamic Finance & Investment Ltd.	-	4.84	1.41	6.25	6	16	17	39
5. Uttara Finance & Investment Ltd	-	1.61	5.98	7.59	0	0	66	66
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**	**29.65**	**21.33**	**51.14**	**105**	**109**	**169**	**383**
Total (a+b)	**87.65**	**63.48**	**38.54**	**189.68**	**452**	**1039**	**273**	**1764**

Source: Bangladesh Bank

Table (8.3.a.b) shows that up to June 2008 Bangladesh Bank and IDA distributed Tk.572.87 crore as refinancing to 12 banks and 20 other financial Institutions. It may be mentioned that the same amount of money was distributed by the above banks and financial institutions to 6592 SMEs earlier as loan. Out of the total loan, Tk. 121.87 crore has been provided as working capital, Tk. 278.24 crore as medium loan and Tk. 172.76 crore as long-term loan.

Bangladesh Small and Cottage Industries Corporation (BSCIC)

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

A total of 2572 small and 4563 cottage industrial units have been established in FY 2007-2008 through direct and indirect assistance from BSCIC. The total amount of investment made in these units is Tk.. 1,156.92 crore. Of the total investment, Tk. 564.52 crore has been supplied as loan from bank, BSCIC and other financial institutions. The rest amount i.e. Tk. 592.40 crore has been invested from entrepreneur's own fund.

BSCIC has implemented 74 Industrial Estates throughout the country to provide the entrepreneur's with infrastructural facilities to establish industrial units. These Industrial Estates have been contributing to the national economy. A total of 5242 industrial units have so far been established in these Industrial Estates and the amount invested in these units is Tk. 10136.17 crore. These units have produced products worth of Tk. 23,417.66 crore in FY 2007-2008, out of which products worth of Tk. 12,306.20 crore . have been exported. During this period, industrial units of these industrial estates have paid Tk. 1,729.14 crore as revenue to the government which is higher by Tk. 246.13 crore than the previous year.

BSCIC has completed the primary works of establishing a new tannery industrial state on 200 acres of land on the border of Savar and Keranigonj to transfer the tannery industries from Hazaribag outside the capital city. In the mean time earth work, construction of roads, drains and electric lines have been completed. All of the plots of the industrial estate have been allotted in favour of 154 tannery units. About one lakh people are expected to get employment in this industrial estate. .

BSCIC used to assist the salt growers with improved technology and also provide advice for improvement and extension of salt production. About 12.22 metric tons of salt has been produced in FY 2007-2008 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% in 1993 to 33.8% in 2004-05. Besides these, cases of goiter have reduced from 47.10% to 6.2% within the time mentioned above. It is worth mentioning that according to Mixed Indicator Cluster Survey (MICS) conducted in 2006, the percentage of use of iodized salt at the house, holds level is 84%.

Production performance of SOEs

a. Bangladesh Chemical Industries Corporation (BCIC)

BCIC is currently managing 13 (thirteen) enterprises under its control. Among the 13-enterprises, there are 6(Six) Urea Fertilizer Factories, 1(one) TSP Fertilizer Factory, 1 (one) DAP Fertilizer Factory, 1(one) Paper Mill, 1(one) Cement Factory, 1(one) Glass Sheet Factory, and 1(one) Insulator and Sanitary-ware Factory and 1(one) Hardboard Mill. It may be mentioned that due to continuous losses, 10 enterprises of BCIC were included in the privatization list, of which 4(four) enterprises have been recently privatized and handed over to the private entrepreneurs by Privatization Commission. These are (a) Lira industrial Enterprises (b) Kohinoor Battery Manufacture Ltd, (c) Ujala Match Factory Ltd. and (d) Sylhet Pulp & Paper mills. Out of the 6 (six) remaining enterprises Khulna Hardboard Mills Ltd. has been restarted and Caustic Chlorine Ltd has restarted through merging with Karnaphuli Paper Mills (KPM). The other 5 enterprises, namely Dhaka lather Company Ltd. North Bangla Paper Mills Ltd., Chittagong Chemical Complex are going to be restarted. Remaining 2(two) enterprises i.e. Khulna Newsprint Ltd. and Karnaphuli Paper and Chemical Industries Ltd. being economically unviable has been listed for privatization by Privatization Commission.

During FY 2007-08, 13 enterprises of BCIC produced goods worth Tk. 1333.20 crore against the target of Tk. 1230.84 crore which is 108 percent of the target. Total sale of BCIC enterprises during the said period was Tk. 1310.50 crore which is 106 percent of the target. The contribution to the National Exchequer in FY 2007-08 was Tk. 86.26 crore. BCIC enterprises incurred a loss of Tk. 250.01 crore during FY 2007-08 as per provisional account.

13 (Thirteen) running factories under BCIC produce Urea fertilizer, TSP, SSP fertilizer, Ammonium Sulphate fertilizer, DAP fertilizer, Paper, Hard Board, Cement, Glass sheet, Sanitaryware, Insulator. During FY 2007-08, the factories under BCIC produced 14.77 lakh metric tons urea fertilizer, 0.47 lakh metric tons of TSP, 0.55 lakh metric tons of SSP, 0.029 lakh metric ton ASP fertilizer 0.24 lakh metric tons of paper, 21.41 lakh sq.m. glass sheet, 3012 metric tons sanitaryware, 852 metric tons Insulator, 342688 pieces of hardboard and 1.08 lakh metric ton of cement. In order to attain self sufficiency in phosphatic fertilizer and to reduce the dependency on TSP fertilizer, BCIC has been implementing two Di- Ammonium Phosphate Project (DAP-I and DAP-II) with an estimated cost of Tk. 510.64 crore and Tk. 519.64 crore. The production capacity of each project is 800 MT Di-Ammonium Phosphate (DAP) per day. It is to be noted that from September 2006 DAP-1 started commercial production.

b. Bangladesh Textile Mills Corporation (BTMC): The textile industry has been playing an important role in the economic development of Bangladesh. It is the largest labour intensive manufacturing sector of the country, which employs more than 4.5 million people (including Garments). This sub-sector accounts for 76 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 2007, there were 322 cotton and synthetic spinning mills in the country of which 299 units were in the private sector. Moreover, there were 1,422 weaving (large, medium, and small weaving units), 148,342 units of handlooms, 1,200 units of knitting and knit dyeing, 310 units of dyeing-finishing and about 2000 local hosiery units in the country. Majority of the textile industry of the country mainly belongs to the private sector. Only 23 old textile mills are now under public sector (BTMC), some of which have been put into operation by the private entrepreneurs under Service Charge System. The total production level of yarn and fabrics in FY 1995-96 was 172.91 million kg., which increased to 702.05 million kg. in FY 2007-08. On the other hand, the fabric production in 1995-96 was 1265.53 million metres, which has increased to 5800.00 million metres in FY 2007-08.

c. **Bangladesh Sugar and Food Industries Corporation (BSFIC)**: At present, there are 15 operating sugar mills, one molasses-based distillery producing portable industrial alcohol and one engineering unit under the control of BSFIC. Annual sugar production capacity of the 15 sugar mills is 2.10 lakh metric tons and present demand for sugar in the country is about 11.20 lakh metric tons. Assuming the population growth rate, the change of food habit due to rapid urbanization, the demand of sugar is expected to increase to 13.30 lakh metric tonnes in 2010,

15.80 lakh metric tons in 2015 and 18.60 lakh metric tons in 2020. In FY 2007-08, BSFIC produced 163843.80 metric tons against the target of 174021 metric tons which is 94 percent of the target. Actual sales of sugar is 202637 metric tons against the target of 174021 metric tonnes which is 16% of the target. The contribution to the national exchequer in FY 2007-08 was Tk. 53.09 crore.

d. **Bangladesh Jute Mills Corporation (BJMC):** BJMC produced 125 thousand metric tonnes of jute goods during FY 2007-08 and exported 103 thousand metric tonnes worth Tk. 4888 million. It also sold locally 20 thousand metric tons of jute products worth Tk. 859 million. The contribution to the national exchequer in the form of duties and fees by the BJMC mills in FY 2007-08 is Tk. 13.60 million.

e. Bangladesh Steel and Engineering Corporation (BSEC): Presently, 9 industrial units are operational under BSEC. Out of which 7 (seven) enterprises are profitable and remaining 2 (two) are losing. 49 percent shares of 3(three) units viz. Atlas Bangladesh Ltd., National Tubes Ltd. and Eastern Cables Ltd. had been off-loaded to public. Enterprises under the control of BSEC are playing a vital role in the development of electrification, communication and infrastructural development of the country.

Remarkable products of BSEC are Motor Cycle, Misuk GI/MS/API pipe, Electric cables, Tube light, SEC wire, Transformer and other Electric items, Razor blade, Ship repair, Bus track etc. 9 (nine) operating units of BSEC produced goods worth Tk. 619.09 crore during FY 2007-08 against production worth Tk. 476.54 crore during FY 2006-07. During FY 2007-08 BSEC earned foreign currency worth Tk. 28.80 crore by selling 1170 metric tons electric cables produced by Eastern Cables Ltd., Tk. 0.98 crore by Chittagong Dry Dock Ltd. Total export sales stood at Tk. 29.78 crore. BSEC earned highest net profit of Tk. 43.17 crore during FY 2007-08 as against the target of Tk. 41.20 crore. BSEC contribution to national exchequer was Tk. 235.21 crore in FY 2007-08.

f. Bangladesh Standards and Testing Institution (BSTI): Bangladesh Standard and Testing Institution come into being in 1985 through an Ordinance titled. 'The Bangladesh Standard and Testing Institution Ordinance 37 of 1985' with the merger of Bangladesh Standards Institution and The Central Testing Laboratories. In 1995, the department of Agricultural Grading and Marketing Concern of Ministry of Trade and Commerce also was merged with BSTI. The main function of BSTI include, among others.

- It is entrusted with the responsibility of formulation of national standards of industrial, food and chemical products.
- It is responsible for the quality control of the products which are ensured as per specific national standards made by the technical committees.
- It is also responsible for the introduction and implementation of metric system of weight and measures in the country.

BSTI performs its function through six wings. Besides, it has six regional offices. Legal actions are taken under the Bangladesh Standard and Testing Institution (Amendment) Act. 2003 to against sale and distribution of illegal and sub standard products. Some such products have already been seized & cases have been filed against the offenders. Till June 2008 of the current financial year, mobile courts and surveillance teams filed 2414 cases and realized Tk. 2.53 crore as fine from them. In addition, 1488 mobile courts and surveillance teams filed 6078 cases and realized Tk.2.56 crore from the offenders under "The Weights and Measures Ordinance 1982" and Weights and Measures Amendment act 2001. Bangladesh Accreditation Board which was established in 2006 is now working in the field of laboratory accreditation to raise the standards of laboratory test results to make them acceptable to the other countries of the world.

To develop the infrastructual facilities and to strengthen technical capacity of BSTI, 2(two) development projects have been completed recently. Another two projects are now being implemented. A project titled 'Market Access and Trade Facilitation Support for Bangladesh' has been implemented at a cost Tk.3.96 crore.

On going Reform Programmes in State Owned Industrial Sector.

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

a. Gradual privatization of the financially insolvent entities under the State Owned Industrial Sector;
b. Settlement of short term and long term liabilities of closed or privatized enterprises;
c. Reduction of losses through retrenchment of additional manpower and curtailment of non-essential expenditure;
d. Ensuring record keeping of assets and liabilities and annual audit;
e. Enhancement of reward/punishment scheme for ensuring accountability at every stage; and
f. Rationalisation of prices of goods/services consistent with market demand and cost of production.

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. Government continued its efforts to achieve this goal by way of providing loans and other ancillary supports to promote SMEs alongside the large-scale industries. The disbursement and recovery of the industrial loan was Tk. 60114.31 crore and Tk.42473.80 crore respectively during FY 2007-08 which is 36.48 percent and 29.00 percent higher than those of the previous fiscal year. The volume of disbursed working capital loans and term loans increased by 26.26 percent and 62.58 percent respectively in FY 2007-08 over that of FY 2006-07. On the other hand, the loan recovery of the working capital increased by 21.27 percent in FY

2007-08 and the recovery of the term-loan increased by 50 percent in the same year over that of the previous fiscal year. The table below shows the yearwise disbursement and recovery of loan during FY 1995-96 to FY 2007-08.

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

(Taka. in Crore)

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

Source: Bangladesh Bank.

Bangladesh Export Processing Zones Authority (BEPZA)

There are 8 EPZs in Bangladesh namely Chittagong EPZ, Dhaka EPZ, Mongla EPZ, Comilla EPZ, Ishwardi EPZ, Uttara EPZ, Adamjee EPZ and Karnaphuli EPZ. The total investment in the EPZs up to June, 2008 stood at US$ 1434.45 million. During FY 2007-08, the total investment was US$ 302.19 million. The EPZs exported goods worth US$ 16.333 billion up to June 2008. On the other hand, BEPZA's export proceeds stood at US$ 2.825 billion, which exceeded the target set for the fiscal year.

Presently, 238 industries are in operation in the EPZs of Bangladesh. Of these 140 industries in Chittagong EPZ, 96 in Dhaka EPZ, 18 in Comilla EPZ, 12 in Mongla EPZ, 5 in Uttara EPZ, in Ishwardi EPZ, 5 in Adamjee EPZ and 4 in Karnaphuli EPZ. It needs to be mentioned that about 178 industries are now at various stage of implementation. Among these 31, belong to Chittagong EPZ, 25 Dhaka EPZ, 17 Comilla EPZ, 4 Mongla EPZ, 3 Uttara EPZ, 4 Ishwardi EPZ, 33 Adamjee EPZ and 46 Karnaphuli EPZ.

EPZ wise statistics of industries, investment, employment and export information are shown in table 8.5

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

Name of EPZs	Number of Industries		Investment (million US$)	Export (million US$)	Employment (Nos)
	Operational	Implementation			
Chittagong	140	31	667.90	8990.24	123789
Dhaka	96	25	618.78	7041.37	75415
Comilla	18	17	71.67	227.29	7777
Mongla	12	04	5.33	32.20	478
Uttara	05	03	2.89	0.175	1785
Ishwardi	03	19	2.24	7.07	76
Adamjee	05	33	45.39	24.80	5989
Karnaphuli	04	46	20.25	9.86	2990
Total	283	178	1434.45	16333.04	218299

EPZs have already employed about 218, 299 Bangladeshi nationals in their attempt to contribute to the national poverty alleviation efforts. Among them 60% are female. Out of the total work force 123789 are employed in Chittagong EPZ, 75,415 in Dhaka EPZ, 7777 in Comilla EPZ, 478 in Mongla EPZ, 1785 in Uttara EPZ, 75 in Ishwardi EPZ, 5989 in Adamjee EPZ and 2990 in Karnafulli EPZ. Statistics of product wise enterprises, investment and employment of EPZs are shown in table 8.6.

Table 8.6. Product wise Enterprises, Investment and Employment in EPZs

Sl. No.	Products Name	Number of Industries	Investment (million US$)	Employment
1.	Garments	67	403.430	1,21.495
2.	Textile	31	339.273	18,317
3.	Terrytowel	16	43.268	5,844
4.	Knitting & other Textile products	28	141354	27,980
5.	Garments Accessories	35	156.971	8,790
6.	Caps	7	44.310	7,937
7.	Tent	5	34.127	4,986
8.	Electronics & Electrical goods	15	54.685	3,142
9.	Footwear & Leather goods	13	49595	7,843
10.	Metal Products	12	23.169	1,377
11.	Plastic goods	13	21.354	2,309
12.	Cover Items	2	0.849	116
13.	Fishing Reel & Golf Equipment	1	31.937	666
14.	Ropes	2	6.135	454
15.	Service Oriented Industries	3	6.289	519
16.	Agro Products	8	3.514	266
17.	Miscellaneous	25	33.379	6,243
	Total	283	1434.459	2,18,299

The investors from 33 countries like Japan, South Korea, U.S.A, U.K, China, Hongkong, Singapore, Malaysia Indonesia, Taiwan, Thailand, Panama, Germany, French, Denmark, Sweden, Netherlands, Canada, Italy, Turkey, U.A.E, India, Pakistan, Nepal and Bangladesh have already invested in the EPZs of Bangladesh.

The enterprises of EPZ have exported goods worth of US$ 2429.58 millon in FY 2007-08 against 2063.67 million during FY 2006-07. Of the total exports the contribution from Chittagong EPZ stood at US$ 1117.77 million, from Dhaka EPZ US$ 1146.50 million from Comilla EPZ US$ 131.38 million, from Mongla EPZ US$ 8.26 million, from Ishwardi EPZ US$ 1.21 million, from Adamjee EPZ US$ 15.10 million, from Uttara EPZ US$ 0.095 million and Karnaphuli EPZ US$ 9.86 million. EPZ wise Investment and Export from 1999-2000 to 2007-08 are shown in table 8.7.

Table 8.7. EPZ wise Investment and Export

Name of EPZs		1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Dhaka	Investment	19.80	24.05	32.01	59.14	49.36	51.35	61.57	87.64	110.34
	Export	346.72	447.51	466.76	554.79	667.60	757.73	918.30	1033.03	1146.50
Chittagong	Investment	15.18	24.30	22.37	42.14	55.43	45.31	35.95	32.62	126.46
	Export	526.01	620.35	680.70	641.28	679.01	772.39	873.03	971.54	1117.17
Mongla	Investment	0.00	0.04	0.43	0.11	0.80	1.49	0.00	0.43	2.03
	Export	0.00	0.00	1.55	3.00	3.11	7.83	7.09	1.31	8.26
Comilla	Investment	0.00	0.00	0.64	1.05	9.03	19.01	10.62	21.02	9.72
	Export	0.00	0.00	0.01	0.20	4.10	9.66	34.99	46.01	131.38
Uttara	Investment	0.00	0.00	0.16	0.00	0.42	0.72	0.00	1.24	0.15
	Export	0.00	0.00	0.00	0.50	0.00	0.00	0.00	0.08	0.095
Ishwardi	Investment	0.00	0.00	0.01	0.00	0.00	0.05	0.76	0.00	1.43
	Export	0.00	0.00	0.00	0.00	0.00	1.09	2.54	2.23	1.21
Adamjee	Investment	0.00	0.00	0.00	0.00	0.00	0.00	4.00	7.68	33.71
	Export	0.00	0.00	0.00	0.00	0.00	0.00	0.23	9.47	15.10
Karnaphuli	Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.91	18.34
	Export	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.86
Total	Investment	34.98	48.39	55.62	103.14	115.04	117.93	112.90	152.54	302.19
	Export	890.73	1067.86	1149.02	1200.22	1350.82	1548.70	1836.18	2063.67	2429.58

EPZs of Bangladesh not only operate to set up export-oriented enterprise, it also assists in setting up both forward and backward linkage units both inside the zone and in the Domestic Tarriff Area DTA).