CHAPTER 8
INDUSTRY

[*In FY 2009-10, the contribution of the broad industry sector to real GDP stood at 29.93 percent which has increased to 30.33 percent in FY 2010-11 (BBS provisional estimate). Among the fifteen sectors identified for computing national income, the broad industry sector includes five 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 the provisional GDP data of BBS in FY 2010-11, the contribution of the manufacturing sector to GDP at the constant price is 18.41 percent. The government pledges to take initiatives aiming at accelerating the environment-friendly growth and development of all important industrial sectors such as energy and fuel, agriculture and forestry, acquiring and processing of minerals, tourism and hospitality, construction, information and communications technology by mobilizing capital and manpower.In order to accelerate the pace of industrialization in the country, the government has announced the National Industrial Policy 2010. The important and underlying objectives of the Industrial Policy 2010 include generation of productive employment, mainstreaming women in the industrialization process and poverty alleviation. To this end, consistent with the imperative that labour-intensive are more suited than capital-intensive industries, the Policy document spells out measures for the promotion of cottage, small and medium industries (SMEs). In line with the provisions of the SME policy, special measures will be taken to develop women entrepreneurship ensuring access to land and finance and business support services. In order to ensure rapid industrialization, the Government aims to promote the SMEs alongside the large-scale industries. 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 investment. Both investment and exports in the EPZs are increasing gradually. In order to ensure employment of farmers and laboures involved in jute cultivation and jute industry, the Government has taken initiatives to re-start the closed jute mills. The People's Jute Mills Limited in Khulna and the Qoumi Jute Mills Limited in Sirajgonj have already been re-started after being renamed as ' Khalishpur Jute Mill Limited' and 'National Jute Mill Limited' respectively****]***

Rapid and sustainable development and social progress essentially call for industrialisation in an economy. The industry sector has, therefore, got to play a critical role in this regard. The contribution of this important sector to Bangladesh economy has been on the increase. While in FY 1980-81, the contribution of the broad industry sector to real GDP was 17.31 percent, it increased to 29.93 percent in FY 2009-10. The contribution of industry sector to GDP has been estimated at 30.33 percent (BBS provisional estimate) in FY 2010-11. Among the fifteen sectors identified for computing national income, the broad industry sector includes five sub-sectors such as mining and quarrying; manufacturing; construction; electricity and gas and water supply. Among these sub-sectors, the contribution of the manufacturing sector is the highest. According to the provisional estimate of BBS the contribution of manufacturing sector to GDP has been estimated at 18.41 percent in FY 2010-11 which is 0.47 percent

higher than that (17.94 percent) in FY 2009-10. According to BBS provisional data, the growth rate of the manufacturing sector is 9.51 percent in FY 2010-11 which is 3.01 percent higher than that (6.50 percent) in FY 2009-10. The size and growth performance of the manufacturing sector from FY 2002-03 to FY2010-11 is shown in Table 8.1 below:

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

(In Crore Taka)

Type of Industry	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 (Provisional)
Small & Cottage	11496.5	12408.5	13551.5	14865.1	15920.0	17018.9	18340.9	19686.8
	(7.45)	(7.93)	(9.21)	(9.69)	(7.10)	(6.90)	(7.77)	(7.34)
Medium-Large	27572.3	29860.5	33268.2	36507.1	39157.2	41735.0	44229.8	48835.0
	(6.95)	(8.30)	(11.41)	(9.74)	(7.26)	(6.58)	(5.98)	(10.41)
Total	39068.8	42269.0	46819.7	51372.2	55077.2	58753.9	62570.7	68521.8
	(7.1)	(8.19)	(10.77)	(9.72)	(7.21)	(6.68)	(6.50)	(9.51)

Source: Bangladesh Bureau of Statistics.

Note: Figures in parentheses indicate rate of growth.

The vision of the Government is that Bangladesh will have, by 2021, a dominant industrial sector where industrial sector will account for at least 40 percent of the gross domestic product (GDP) with a capacity to absorb 25 percent of the workforce. The Government, therefore, aims to take coordinated steps to accelerate the development of all important industrial sectors which should be environment-friendly and technologically advanced.

National Industrial Policy 2010

Infrastructural transformation, diversification of the economic base, accelerated economic growth, employment generation, increase of income and development of livelihood of the people among others, are the universally recognised dynamic determinants of industrialisation. In order to accelerate the pace of industrialisation in the country, the present Government is committed to announce a realistic Industrial Policy. Accordingly, the Government has announced the National Industrial Policy 2010. The important and underlying objectives of the Industrial Policy 2010 include generation of productive employment, mainstreaming women in the industrialisation process and poverty alleviation. To these ends, consistent with the imperative that labour-intensive industries are more suited than capital-intensive industries, the policy document spells out measures for the promotion of cottage, small and medium industries (SMEs). It also spells out special efforts for ensuring diversified uses of jute to make the jute industry profitable.

In line with the provisions of the SME policy, special measures will be taken to develop women entrepreneurship ensuring access to land and finance and business support services. The three important characteristics of industrial sector of Bangladesh will be proper development of local industries; establishment of import-substitute industries, where possible and keeping on uninterrupted, increased development of export industries. A vibrant and dynamic private sector will be the principal actor in Bangladesh's industrial arena.

In the “Sixth Five Year Plan (SFYP) : 2011-2015” and “Outline Perspective Plan of Bangladesh (2010-2021) : Making Vision 2021 A Reality” pledges have been made to build a modern and vibrant industrial sector.

In order to achieve national growth through industrialisation, a range of initiatives will be taken for the development of private sector. These initiatives will reflect the measures laid down in all strategy papers of development . Recognising the need for a planned and balanced development of SMEs and labour-intensive industries, SME sector has been given priority .

The strategies set out in the Industrial Policy 2010 are expected to help planned expansion of industrialisation in the country. As a result, a vibrant and potential base of the economy will be established which will alleviate poverty, reduce unemployment, create employment opportunity, develop livelihood as well as accelerate the pace of achieving economic growth.

Quantum Index of Production of Manufacturing Industries

The Quantum Index of Production (QIP) is an important tool for measuring the production performance of manufacturing industries. Data available from Bangladesh Bureau of Statistics (BBS) shows that QIP (1988-89=100), representing medium to large-scale industries, rose to 413.40 in FY2008-09 from 272.13in FY2003-04. In FY 2009-10 average QIP stood at 442.12, In the FY 2010-11, the QIP stood at 580.24. Table 8.2 shows the index during FY2003-04 to FY2010-11(upto June 2011).

Table 8.2: Quantum Index of Production for Medium to Large Scale Manufacturing Industries FY 2003-04 to FY 2010-11 (upto June 2011) (1988-89=100)

Industry	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 (June 2011)
Medium to Large Scale Industries	272.13	294.72	328.35	360.33	386.48	413.42	442.12	580.24

Source: Bangladesh Bureau of Statistics.

Small and Medium Enterprises (SMEs)

Small and Medium Enterprises (SMEs), by producing exportable surpluses of commodities together with fulfilling local demands are making significant contribution to the economy of the country. This sector is a potential sector in terms of local value additions and creation of employment opportunities. As the large potential of employment generation by SMEs has attracted attention of the policy makers and observers, a range of initiatives for channeling loans to SMEs are being taken. Currently banks and financial institutions are also coming forward to provide finance to this sector alongside traditional financing from personal and family savings. Bangladesh Bank is operating three funds such as Bangladesh Bank Fund, IDA Fund and ADB Fund for refinancing the scheduled banks and financial institutions against the disbursed loans. These funds are being used as revolving fund. In order to avail of the refinancing facilities, participatory agreement has already been signed between Bangladesh Bank and 22 banks and

24 financial institutions. At present, 21 banks and 22 financial institutions are availing of these refinancing facilities.

The refinancing facilities provided by Bangladesh Bank to the commercial banks and financial institutions against disbursed loans has been extended up to FY 2010-11. In FY 2010-11 (upto June, 2011) the amount of loans disbursed by all banks and financial institutions stood at Tk. 5,52,559.40 million. In FY 2010-11 (up to June), Tk.19306.60 million has been disbursed to banks and financial institutions for refinancing of 21,191 entrepreneurs from the three funds. These refinancing facilities included disbursement of Tk.12,361.61 million from Bangladesh Bank Fund (beneficiary coverage included a total of 13,869, entrepreneurs of which 3,227 were female entrepreneurs), Tk. 3,126.10 million from the IDA Fund (the number of entrepreneurs was 3160) and Tk.3,818 million from the ADB Fund) the number of entrepreneurs was 4162). It may be mentioned that 2,227 female entrepreneurs were provided Tk.2,333 million as refinancing facility.

The refinancing facilities provided to 21,191 entrepreneurs are comprised of working capital (Tk. 4,989.30 million), Mid Term Loan (Tk.9,749.00 million) and Long Term Loan (Tk.4,568.30 million) . Detailed refinancing by Bangladesh Bank to various financial institutions and banks is shown inTable 8.3.

Table 8.3: Summary Information on SME Refinancing (up to 30 June 2011)

	Bank/Financial Institutions	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	274.11	673.72	288.33	1236.16	3786	8061	2022	13869
B)	IDA	80.34	132.47	99.80	312.61	1368	1306	486	3160
C)	ADB	144.48	168.71	68.70	381.89	919	2796	447	4162
	Total	498.93	974.90	456.83	1930.66	6073	12163	2955	21191
(A) Summary information on SME Refinancing from Bangladesh Bank(As on 30 June, 2011)									
	Bank/Financial Institutions	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
1	Private Banks. (21)	248.40	360.20	91.42	700.02	2212	6328	919	9459
2	Financial Institutions(22)	25.70	313.52	196.91	536.13	1574	1733	1103	4410
	Total	274.10	673.72	288.33	1236.15	3786	8061	2022	13860
B) Summary information on SME Refinancing from IDA(As on 30 June, 2011)									
	Bank/Financial Institutions	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
1	Private Banks. (21)	73.07	75.73	28.50	177.30	973	1167	79	2219
2	Financial Institutions(22)	7.27	65.74	71.30	135.31	395	139	407	941
	Total	80.34	132.47	99.80	312.61	1368	1306	486	3160
C) **Summary Information on SME Refinancing from ADB(As on 30 June, 2011)**									
	Bank/Financial Institutions	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
1	Private Banks. (21)	144.32	115.72	40.63	300.67	756	2453	226	3435
2	Financial Institutions(22)	0.16	53	28.07	81.23	167	329	231	727
	Total	**144.48**	**168.72**	**68.70**	**381.90**	**923**	**2782**	**457**	**4162**

Source: Bangladesh Bank.

Bangladesh Small and Cottage Industries Corporation (BSCIC)

Small and cottage industries play an important role in augmenting investment, production and employment generation in the non-agricultural sector. Bangladesh Small and Cottage Industries Corporation (BSCIC) have been playing the role for development and promotion of small industries in the private sector. BSCIC provides necessary services and facilities to the private entrepreneurs.

In FY 2010-11, BSCIC assisted in providing an investment coverage of Tk.2392.11crore over 6,594 small industrial units and 4,218 cottage industrial units established in the country. Of the total investment, Tk. 1454.90 crore (60.82 percent) was financed as loan assistance by banks, BSCIC and other financial institutions, Tk.658.90 crore (27.54 percent) came as entrepreneurs' equity and the rest Tk.278.31 crore (11.63 percent) came entirely from the investment from entrepreneur's own fund. These small and cottage industrial units employed 30,937 persons, a large part of which is women.

Up to FY 2010-11 a total 9,546 industrial plots have been allotted in favour of 5,559 industrial units so far established in 74 industrial estates throughout the country in order to provide infrastructural facilities. In FY 2010-11 a total 137 industrial plots have been allotted in favour of 71industrial units. The amount invested in these units up to FY 2010-11 stood at Tk. 14,790.00 crore which was Tk. 14,199.49 crore up to FY 2009-10. These units have produced products worth Tk.29,027.50 crore in FY2010-11 out of which, products worth Tk. 16,659.86 crore have been exported. On the other hand, these units produced products worth of Tk.27,360.54 crore in FY2009-10 out of which, products worth of Tk. 27,360.54 crore were exported. In FY 2010-11, the industrial units of these industrial estates have paid Tk. 1,906.11 crore as revenue to the Government which was Tk. 1,849.18 crore in FY 2009-10..

In FY 2010-11, BSCIC provided training to 9,535 entrepreneurs, technicians, managers and personnel of equivalent level through Small and Cottage Industries Training Institute (SCITI), Design Centers, 15 Skill Development Centers, 64 Industrial Technical Centers and other offices and projects.

55,637 acres of land of the coastal areas of Cox's Bazar, Chittagong and Satkhira districts have been brought under salt cultivation in FY 2010-11. During this period, 38,582 salt growers were engaged in salt production directly. A total of 9.64 lakh metric tonnes of salt was produced with the direct and indirect assistance from BSCIC in FY 2010-11 BSCIC also supplied 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.

In order to shift the tannery industries of Hazaribagh to the outskirt of Dhaka Metropolitan City, a tannery industrial estate on 200 acres of land at adjoining area of Savar and Keraniganj is being implemented. In the mean time, BSCIC has completed the infrastructural works. All of the 205 plots of the industrial estate have been allotted in favour of 154 tannery units. The industrial estate is expected to create employment opportunity for nearly 1 lakh people.

BSCIC has taken an initiative to establish a pharmaceutical industrial park on 200 acres of land at Gazaria upazila under Munsiganj district at an estimated cost of Tk.233.50 crore to set up industrial units which

will produce ingredients for pharmaceutical industries. Twenty five production units of this industrial park are expected to provide employment for about 25,000 people.

With a view to alleviating poverty through the development and promotion of weaving industries, a project titled *Benarashi Palli Unnayan(July 2009-June 2011)* at an estimated cost of Tk.237.72 lakh is under implementation. In order to develop and promote the traditional *Satranji* (carpet) industry of the country, a project titled *Development of BSCIC Sanranji (Carpet) Industry* is also under implementation.

State Owned Enterprises (SOEs)

(A) Bangladesh Chemical Industries Corporation (BCIC)

Bangladesh Chemical Industries Corporation (BCIC) is the largest enterprise among the state owned industries. BCIC is currently managing thirteen enterprises under its control. Among these enterprises, there are six urea fertilizer factories, one TSP fertilizer factory, one DAP fertilizer factory, one paper mill, one cement factory, one glass sheet factory, one insulator and sanitary-ware factory and one hardboard mill. Eighty percent goods produced by the enterprises of BCIC are chemical fertilizers out of which seventy percent is urea fertilizer.

During FY2010-11, thirteen enterprises of BCIC have produced goods worth Tk.1474.18 crore against the production target worth Tk.1975.47 crore which is 75 percent of the target. Total sale of BCIC enterprises during FY2010-11 was Tk.1512.83 crore which is 76 percent of the target. The contribution of BCIC to the national exchequer in FY2010-11 was Tk.102.84 crore.

During FY2010-11, the running factories under BCIC produced 9,08,837 metric tonnes of urea, 63,457 metric tonnes of TSP, 39,507 metric tonnes of DAP, 20,241 metric tonnes of paper; 1,34,010 metric tonnes of cement, 19.48 L/Sqm of glass sheet, 2,286 metric tonnes of sanitary ware, 991 metric tonnes of insulator and refractories and 65.31 L/Sqm of hard board. Total production capacity of of Chittagong Urea Fertilizer Factory has been scaled up(800 metric tonnes per day) to reduce dependency of TSP and attain self-sufficiency in phosphetic fertilizer production.

In order to increase the production of urea fertilizer, a Framework Agreement has been signed between the Government of Bangladesh and the Government of China to set-up Shahjalal Fertilizer Factory with a capacity of 5.77 lakh metric tonnes urea fertilizer annually. Negotiation for finalising commercial agreement with the general contractor of the project is underway. After signing of the commercial agreement and thereafter signing the agreement between two governments, the implementation of the project is expected to start soon.

(B) Bangladesh Sugar and Food Industries Corporation BSFIC)

Currently, there are 17 (seventeen) industries under the control of BSFIC along with fifteen Sugar Mills, one Distillery Unit and one Engineering workshop. The annual production capacity of 15(fifteen) sugar mills is 2.10 lakh metric tonnes against the present annual demand for about 14.00 lakh metric tonnes. Due to increase of population, urbanization and improvement of living standards, the annual demand for sugar will be approximately 16.00 lakh metric tonnes and 18.00 lakh metric tonnes respectively in FY 2015 and 2020. Compared to the actual demand of sugar in the country, the production of sugar in

sugarcane-based sugar mills under government supervision is insufficient. As a result, these shortages of sugar are met by 5/6 sugar refineries established in private sector and by import. In the FY 2010-11, the production and selling target of sugar was 1,18,925 metric tsonnes. However, against that target the actual production of sugar was 1,00,962 metric tones. BSFIC had deposited Tk. 72.34 crore in the government treasury as duties and taxes in FY 2010-11. It is to be noted that most of the sugar mills were established in the period ranging from nineteen thirties to nineteen sixties and therefore the efficiency of these mills has deteriorated alarmingly. In order to increase the production of sugar four projects have begun implementation from FY 2010-11.

(C) Bangladesh Steel and Engineering Corporation (BSEC)

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

Products and services of BSEC enterprises are mainly motor cycle, *mishuk* (three wheeler), GI/MS/API pipe, electric cables, tube light, SEC wires, transformers and other electrical items, razor blade, ship repair, assembling of bus, truck, jeep etc. Goods worth Tk. 1050.24 crore have been produced during FY 2010-11 in the nine enterprises of BSEC. In FY 2009-10, products worth Tk. 867.59 crore were produced in the above enterprises.. It is also to be mentioned here that the actual sales during the fiscal year 2010-11 were Tk. 1119.54 Crore.

During the FY 2010-11, actual overall net profit of Tk. 73.77 crore exceeded the target of Tk. 65.88 crore,. During FY 2010-11, Atlas Bangladesh Ltd. earned the highest profit of Tk. 32.27 crore. BSEC enterprises earned a net profit of Tk. 78.98 crore in FY 2009-10, and paid Tk. 492.37 crore to National Exchequer as duties and taxes in the same period.

Progoti Industries Ltd and Chittagong DryDock Ltd. (CDDL) are the two prominent enterprises of BSEC. Generally, Progoti Industries Ltd. assemble Bus, Truck, Jeep etc. for sell. In FY 2010-11, Progoti Industries Ltd. assembled 808 units of bus, truck, jeep against a total target of 850 units. Progoti Industries Ltd. also paid Tk. 141.22 crore to the National Exchequer in FY 2010-11 as duties and taxes. Of late, Progoti Industries Ltd. has started assembling modern Pajero Sports Model Jeep. The entity also plans to start assembling of Sedan Car and environment- friendly three wheelers in 12.

Chittagong Dry-dock Ltd. (CDDL) earned a profit of Tk. 6.30 crore in FY 2010-11. In order to construct seagoing vessel, CDDL has a plan to install facilities under PPP. Eastern Tubes Ltd. has also taken up a project for manufacturing CFL (Compact Florescent Lamp) bulbs.

(D) Bangladesh Textiles Mills Corporation (BTMC)

Nine units of eight mills out of twenty two units of eighteen mills (running, closed/laid-off) under BTMC are in operation under the service charge system in FY 2010-11. Production activities have been suspended temporarily in 09 mills due to non availability of Service Charge Parties. Action has been undertaken to set-up a "Textile Polli" in the premises of Khulna Textile Mills Ltd, Khulna. One mill (Satrang Textile) was sold in December`2009 by Privatisation Commission and the another one(National Cotton Mills) has transferred to the workers and employees in FY 2010-11. As of June, 2011, BTMC paid Tk.18.94 crore to the national exchequer in the form of taxes and VAT since the introduction of Service Charge System.

(E) Bangladesh Jute Mills Corporation

State-owned Jute Mills are the largest areas of employment in the country. A large portion of the raw jute produced in the country is consumed in the jute mills under BJMC. Mills purchase raw jute through purchase centers spread all over the country to ensure fair price to the growers. Jute mills under BJMC produce mainly Hessian, Sacking, and Carpet Backing Cloth (CBC). In addition, some of the mills produce high grade export quality yarn, geo-jute, cotton bags, nursery pots, file cover etc. In FY 2010-11, the jute mills produced 1.66 lakh metric tones of jute goods against the target(revised) of 1.93 lakh metric tonnes..

BJMC plays an important role in exporting jute goods. In FY 2010-11, BJMC exported 1,17,900 metric tonnes of jute goods worth of Tk.939.00 crore (provisional). BJMC exported 1,06,200 metric tonnes of jute goods worth Tk.654.69 crore in FY 2009-10. In FY 2010-11,the net loss of BJMC stood at Tk11.16 crore (provisional)which was Tk. 213.52 crore in FY 2009-10.

In FY 2010-11 mills under BJMC have credited Tk 10.94 crore (provisional) to the Governmentt Exchequer in the form of duties/taxes, fees etc. In FY 2009-10, BJMC credited Tk. 11.47 crore to Government Exchequer.

Quality Control of Industrial Goods

In order to stay competitive in the world market, it is important to assure the quality of goods produced in the country. Bangladesh Standards and Testing Institution (BSTI) is the lone national standard setting body of the country which certifies the quality of products. On the basis of set standard, BSTI tests ,analyses and validates the quality and content of goods;. It also oversees the standard of weight and measurements. BSTI carries out these activities through six regional offices located at six divisional headquarters.

In order to stop production, sale and distribution of illegal and sub-standard products, as many as 1,966. cases were filed under "The Bangladesh Standards and Testing Institution (Amendment) Act. 2003" in FY 2010-11 and a total of Tk. 4.39 core was realised from the offenders as fines. In FY 2009-10 the amount of fine was about Tk. 4.65 crore.

During FY 2010-11 as many as 2,559 cases were filed to prosecute the offenders under "The Weights and Measures Ordinance 1982" and "The Weights and Measures (Amendment) Act, 2001". Fine worth Tk. 53.92 lakh was realised from the offenders. In FY 2009-10 the amount of fine stood at Tk.90.03 lakh.

Steps were taken to earn accreditation from the National Accreditation Board for Testing and Calibration Laboratories (NABL), India for cement, food and textile testing laboratories and for certification system goods such as edible gel, protein fortified biscuits, Wafer biscuits, *Chatni* and fruit beverages. It is expected that these accreditations will achieved soon.

Currently, Management System Certification Scheme (MSCS) is operational in BSTI. As a result, private organisations/farms are now able to get certification on ISO 9000 for quality management, ISO 14000 for environmental management, ISO 22000 for food safety managemnt from BSTI instead of foreign organisation. National Metrology Laboratory has been set up in BSTI with the financial assistance of GOB, EU, NORAD and technical assistance of UNIDO.

In order to implement the decision of the government to save energy at all levels and to stop use of incandecent bulbs and encourage the use of energy saving bulbs, testing of various samples of CFL energy saving goods in the Compact Fluorescent Lamp (CFL) Testing laboratories of BSTI is going on.

A project namely "Market Access and Trade Facilitation Support for South Asian LDCs, through Strengthening Institutional and National Capacities Related to Standards, Metrology, Testing and Quality (SMTQ) – Phase II'' is under implementation with GOB, EU and UNIDO assistance.

Technical Assistance in Industrial Sector

Bangladesh Industrial Technical Assistance Center (BITAC) assists in the process of industrialisation of the country by creating skilled manpower through technical training and disseminating modern industrial technologies. Such assistance helps local industries to continue their operation unabated.

In FY 2009-10, BITAC generated revenues by rendering advisory services to the indutries to the tune of Tk.14.61 which is 17.36 percent higher than what it earned in FY 2008-09. In FY 2010-11,BITAC earned revenue amounting to Tk. 18.52 crore. Besides, it is also contributing to the poverty alleviation efforts by generating employment opportunities and also by providing other services. In FY 2010-11, a total of foreign exchange amounting to Tk. 18.52 crore was saved because of the services rendered by this entity towards manufacturing and repairing import substitute machinery and machinery parts worth of Tk. 100.00 crore.

Steps have been taken to locally design, develop and manufacture CNG driven auto rickshaws. This will provide significant boost to local small and medium mechanical industries and simultaneously save substantial amount of foreign currency. Under a project titled 'Self Employment and Poverty Alleviation through expansion of BITAC' a total of 5400 males and 4500 females from all over the country will be trained during 2009-14 in technical trades making them suitable for employment. A total of 1072 individuals (510male and 562female) has already been trained in FY 2010-11. In the mean time 510 male and 562 female are employed in different industries.

Intellectual Property (Patents, Designs and Trademarks) in Industry Sector

The Department of Patents, Designs and Trademarks (DPDT) under the supervision of Ministry of Industries is a specialised organisation engaged in dealing with the issues associated with Intellectual Property. DPDT is entrusted with granting patents for new inventions and innovations, register new and basic industrial designs and trademarks. Trademarks activities are carried out under Trademarks Acts. In the current fiscal year (FY 2010-11) English Version of this act has been published in the Bangladesh Gazette. Drafting of Patent Act (English) 2010 and Design Act (English) 2009 are in the process of finalisation. Besides, preparation of draft "Layout Designs (Topographics) of Integrated Circuit Act and Draft Protection of Undisclosed Information Act, 2011 (Trade Secret Law)" is underway.

On going Reform Programmes in State Owned Industrial Sector

Critical elements of reforms of the enterprises retained in public sector include (a) competition in the product market, (b) autonomy to respond to market signals, (c) performance-oriented accountability, (d) competitive wage and employment, (e) market- oriented financing and (f) profit- oriented enterprise.

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

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

Industrial Investment Status

Industrial Loan

Rapid industrialisation is a *sine qua non* for achieving desired level of economic development of an agro-based developing country. Support to promote SMEs alongside the large-scale industries is the goal of the Government. For this purpose, the Government continued its efforts to achieve this goal by providing loans and other ancillary supports through banks and financial institutions. As a result, the volume of industrial loan disbursement and recovery is increasing gradually. The table 8.4 shows year wise disbursement and recovery of loan during FY1995-96 to FY2010-11.

Table 8.4:Year Wise Disbursement and Recovery of Industrial Loan

(In Crore Taka)

Fiscal Year	Disbursement			Recovery		
	Working Capital	Term Loan	Total	Working Capital	Term Loan	Total
1995-96	3675.69	1230.44	4906.13	3402.88	519.69	3922.57
1996-97	6979.75	1200.00	8179.75	5692.70	887.19	6579.89
1997-98	6591.03	1120.34	7711.37	5409.72	859.43	6269.15
1998-99	7905.48	1330.10	9235.59	5281.65	1093.31	6374.96
1999-00	10681.74	1627.26	12309.00	7200.13	1653.34	8853.47
2000-01	13682.39	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	18703.10	6675.99	25379.09	15435.00	4963.44	20398.44
2004-05	22175.78	8704.52	30880.30	18189.65	8546.98	26736.63
2005-06	28448.53	9650.02	38098.55	22975.95	6759.52	29735.47
2006-07	31651.32	12394.78	44046.10	23790.54	9068.45	32858.99
2007-08	39963.49	20150.82	60114.31	28849.60	13624.20	42473.80
2008-09	45028.28	19972.69	65000.97	36577.89	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

Source: Bangladesh Bank.

From the above table, it would be seen that since FY 1995-96 (except 1997-98) disbursement and recovery of industrial loan has been increasing gradually. This trend of increase in loan disbursement and recovery has been continuing in FY 2010-11. In FY 2010-11 disbursement and recovery of industrial loan stood at Tk.103463.55 crore and Tk. 81710.88 crore respectively which were 21.65 percent and 27.25 percent higher than the credit disbursement and recovery of the previous fiscal year.

In FY 2010-11 disbursement of working capital and term loan increased by 20.50 percent and 24.30 percent respectively as compared to that of the previous year (FY2009-10). On the other hand, in FY 2010-11) recovery of working capital and term loan also increased (by 25.34 percent and 31.78 percent respectively) as compared to that of the previous year (FY2009-10). It is expected that this overall growth of the industrial loan disbursement and recovery will make remarkable contribution to the sustained growth of the economy.

Actual Investment Statistics

Bangladesh is being considered as a competitive location in the Investment Map of private investors (local and foreign). Pro-investment policies and strategies follwed by the government played an important role in this investment climate.

Investmtnt status in the Export Processing Zones

Bangladesh Export Processing Zones Authority (BEPZA) is providing all out supports for rapid development of industrial sector in the country by attracting local and foreign investments.

The cumulative investment in 8 EPZs (Chittagong, Dhaka, Mongla, Comilla, Iswardi, Uttara of Nilphamari, Adamjee and Karnafuli) as of June, 2011 stands at US$ 2,117.69 million. Zonewise investment in the EPZs are : in Chittagong EPZ US$ 858.48 million, in Dhaka EPZ US$ 785.93 million, in Mongla EPZ US$ 5.14 million, in Comilla EPZ US$ 136.57 million, in Uttara EPZ US$ 16.73 million, in Iswardi EPZ US$ 49.89 million, in Karnafuli EPZ US$ 135.29 million and in Admajee EPZ US$ 129.68 million. .

Presently, 369 industries are in operation in the EPZs. out of which 164 in Chittagong EPZ, 99 in Dhaka EPZ, 28 in Comilla EPZ, 08 in Uttara EPZ, 10 in Mongla EPZ, 09 in Ishwardi EPZ, 26 in Adamjee EPZ and 25 in Karnaphuli EPZ. EPZ wise statistics of industries, investment, employment and exports are shown in Table 8.5.

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

Zone Wise Statistics of industries, investment, employment and exports (upto June -2011)					
Name of EPZs	Industry		Investment (US$ in M)	Export (US$ in M)	Employment (No.)
	In operation	Under Implementation			
Chittagong	164	19	858.483	13,178.79	1,66,452
Dhaka	99	07	785.93	10,969.99	82,895
Comilla	26	34	129.68	353.25	16,156
Mongla	28	25	136.57	563.95	10,841
Uttara	25	28	135.29	243.96	19,781
Ishwardi	09	12	49.89	41.35	5,060
Adamjee	10	04	5.14	74.52	523
Karnaphuli	08	01	16.73	9.08	4,715
Total	369	130	2,117.69	25,434.89	3, 06,423

Source: BEPZA.

As on June, 11 employment opportunity for 3,06,423 Bangladeshi nationals have been created. Presently 1,66,452 persons are working in Chittagong EPZ, 82,895 persons in Dhaka EPZ, 523 persons in Mongla EPZ, 10,841 persons in Comilla EPZ, 4,715 persons in Uttara EPZ, 5,060 persons in Ishwardi EPZ, 16,156 persons in Adamjee EPZ and 19,741 persons in Karnaphuli EPZ. Product wise enterprises, investment and employment in EPZs (up to June, 2011) are shown in Table 8.6.

Table 8.6: Product wise Enterprises, Investment and Employment in EPZs(upto June, 2011)

Sl	Product	Unit	Investment. (in Million US$)	Employment opportunities (nos.)
01.	Garments	86	628.298	1,67,255
02.	Textile	38	453.900	21,619
03.	Footware & leather	23	121.528	22,067
04.	Elec & electronics	15	79.909	3,922
05.	Knit & other textile	37	187.494	34,460
06.	Garments accs.	62	249.078	13,291
07.	Caps	7	53.117	7,714
08.	Tent	6	45.828	9,013
09.	Terry towel	17	59.970	8,432
10.	Metal product	11	26.724	1,313
11.	Plastic goods	12	25.688	2,792
12.	Paper product	2	1.316	113
13.	Fishing reel & golf	1	32.111	509
14.	Rope	2	6.476	663
15.	Service oriented industries	5	18.027	713
16.	Agro product	6	2.746	161
17.	Furniture	3	24.664	1,233
18.	Power industry	2	44.044	108
19.	Chemical	5	3.057	143
20.	Sports goods	1	1.045	498
21.	Miscellaneous	28	52.668	9,786
	Grand. Total	369	2117.69	3,06,423

Source : BEPZA.

In FY 2010-11 (up to June, 2011) goods worth US$ 3,67.62 million have been exported from the EPZs. Zone- wise statistics of contribution to export are: Chittagong EPZ US$ 1,666.68 million, from Dhaka EPZ US$ 1,521.78 million, from Mongla EPZ US$ 27.93 million, from Comilla EPZ US$ 145.46 million, from Ishwardi EPZ US$ 25.96 million, from Adamjee EPZ US$ 164.68 million, from Uttara EPZ US$ 6.77 million and from Karnaphuli EPZ US$ 138.16 million.

Table 8.7 shows EPZ wise investment and exports from FY 2002-03 to 2010-11 (Up to June 2011)

Table 8.7: EPZ wise Investment and Export

(In Million US$)

Name of EPZ	Invest./ Export	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11
DEPZ	Investment	59.14	49.36	51.35	61.57	87.46	110.34	30.39	64.38	72.38
	Export	554.79	667.6	757.73	918.3	1033.03	1146.5	1190.36	1216.49	1521.78
CEPZ	Investment	42.14	55.43	45.31	35.95	32.62	126.46	47.22	57.52	85.84
	Export	641.28	679.01	772.39	873.03	971.54	1117.17	1188.15	1333.53	1666.88
MEPZ	Investment	0.11	0.8	1.49	0	0.43	2.03	0.96	0.01	0.77
	Export	3	3.21	7.83	7.09	1.31	8.26	7.06	7.29	27.93
Com EPZ	Investment	1.05	9.03	19.59	10.62	21.02	9.72	8.2	20.44	36.26
	Export	1.15	4.1	9.66	34.99	46.01	131.38	95.85	95.34	145.46
UEPZ	Investment	0.2	0.42	0.72	0.00	1.24	0.15	0.17	1.69	11.98
	Export	0.00	0.00	0.00	0.00	0.08	0.095	0.24	1.9	6.77
IEPZ	Investment	0.00	0.00	0.05	0.76	0.00	1.43	14.04	12.21	21.4
	Export	0.00	0.00	1.09	2.54	2.23	1.21	0.79	7.54	25.96
AEPZ	Investment	0.00	0.00	0.00	4	7.68	33.71	21.07	26.17	37.05
	Export	0.00	0.00	0.00	0.23	9.47	15.1	60.13	103.65	164.68
KEPZ	Investment	0.00	0.00	0.00	0.00	1.91	18.34	27.9	39.58	47.56
	Export	0.00	0.00	0.00	0.00	0.00	9.86	39.13	56.81	138.16
Total	Investment	102.64	115.04	118.51	112.90	152.36	302.18	149.95	222.00	313.24
	Export	**1200.22**	**1353.92**	**1548.7**	**1836.18**	**2063.67**	**2429.575**	**2581.71**	**2822.55**	**3697.62**

Source: BEPZA.

In addition to promotion of FDI and export as well as 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 supply their products to EPZ enterprises.

A total of 35 countries including South Korea, Japan, China, Malaysia, Taiwan, U.S.A., U.K, Italy, Canada, Netherlands, Germany India, Sweden and Singapore have already invested in these eight EPZ's.

Apart from industrialisation, EPZs have also been playing a special role in ensuring the welfare aspects of its workers. Schools, colleges, medical centres, police bit have been established in EPZs. Besides these a number of day care centres have been in operation in CEPZ and DEPZ to ensure safety and proper care for the children of female workers.

Now-a-days buyers are increasingly placing importance on social compliance issues. EPZs are encouraging its investors to comply with the code of conduct. As a result, with better facilities working conditions are improving and the workers are being benefited.

In order to address the concerns surrounding environmental issues, BEPZA has already taken steps to introduce five Central Effluent Treatment Plants (CETP) in five of its EPZs.

Bangladesh Economic Zone

The Government has taken steps to create special economic zones (SEZs) covering a fairly large area in Bangladesh for both export-oriented and local industries at different regions of the country. In one hand, this initiative will augment industrialisation and accelerate economic development in the country on the other. In order to provide a legal footing for this initiative a law titled **"Bangladesh Economic Zone Act 2010"** has been enacted. Local entrepreneurs and expatriate Bangladeshis are being encouraged to invest in the new economic zones.