Industry

Industrial sector in Bangladesh

- The contribution of Industry Sector to GDP is progressively increasing in Bangladesh.
- As stated in BBS, the contribution of the broad industry sector to GDP has been estimated at 37.56 percent in FY 2022-23 which was 36.92 percent in FY 2021-22.
- The government is persistently taking synchronized and inclusive initiatives for flourishing of all industrial sectors of the country such as manufacturing industry and fuel industry, agriculture and forestry industry, mineral extraction and processing industry, tourism and service industry, construction industry and ICT based industry through ensuring expansion of labor-intensive and export-oriented industries, fertilizer production for food security, generation of skill manpower and employment with a view to becoming an industrially developed middle income country .
- Among the fifteen sectors of GDP, the broad industry sector includes five sectors namely mining and quarrying, manufacturing, electricity gas, steam and air condition, water supply and construction.

- According to Bangladesh Bureau of Statistics (BBS) estimate, the contribution of the broad industry sector to GDP stood at 36.92 percent in FY 2021-22 which increased to 37.56 percent in FY 2022-23.
- The contribution of the manufacturing sector is the highest in GDP. In FY 2022-23 the contribution of manufacturing sector to GDP is 24.95 percent which decreased to 24.29 percent in FY 2021-22.
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- Leather and Leather Goods Industry is the second largest foreign exchange earner sector of Bangladesh.
- The government has set a target of exporting 5 billion US dollar from this sector by 2024. Government has formulated Leather and Leather Goods Industry Development Policy 2019 to achieve this goal as well as to attain desired sustainable growth of this sector.

Volume and Growth Rate of Manufacturing Sector

(Tk. In Crore)

Type of Industry	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23*
Cottage Industry	72127 (-)	78829 (9.29)	84700 (7.45)	96704 (14.17)	100257 (3.67)	110557 (10.27)	122847 (11.12)	135985 (10.69)
Small, Medium and Micro Industry	129108 (-)	142102 (10.06)	157882 (11.10)	174632 (10.61)	179325 (2.69)	204241 (13.89)	214126 (4.84)	234970 (9.73)
Large Industry	221152 (-)	231388 (11.08)	257016 (12.79)	289885 (0.41)	291072 (10.61)	321967 (10.61)	372452 (15.68)	403948 (8.46)
Total	422387 (-)	452319 (7.09)	499598 (10.45)	561220 (12.33)	570654 (1.68)	636765 (11.59)	709425 (11.41)	774903 (9.23)

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

Types of Industrial Corporations in Bangladesh

- Several types of industrial corporations are currently operating in our country to operate those industries properly ,the list of those industrial corporations are-
- **Bangladesh Small and Cottage Industries Corporation (BSCIC)**
- **Bangladesh Chemical Industries Corporation (BCIC)**
- **Bangladesh Sugar and Food Industries Corporation (BSFIC)**
- **Bangladesh Steel and Engineering Corporation (BSEC)**
- **Bangladesh Forest Industries Development Corporation (BFIDC)**
- **Bangladesh Textiles Mills Corporation (BTMC)**
- **Bangladesh Handloom Board**
- **Bangladesh Sericulture Development Board**
- **Bangladesh Jute Mills Corporation (BJMC)**
- **Pharmaceutical Industries corporation**
- **Bangladesh Lather Industries**

Government activities for developing Industrial Sector

- To secure a sustainable development through economic, social and environmental protection, the government declares small and medium enterprises as the key sector for the growth of industrialization.
- In order to accelerate the pace of industrialization of the country the government announced the 'National Industrial Policy-2016'.
- The main objective of the National Industrial Policy 2022 is to economically enrich Bangladesh, increase sector-wise productivity and achieve excellence in the quality of manufactured products by embracing the technological advantages of the fourth industrial revolution along with labor-intensive industrialization using domestic raw materials and resources.
- The importance 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 industrialization process and international market linkage.

- For the effective implementation of this Policy, a time bound Action Plan has been incorporated in the Industrial Policy 2016.
- Practical, implementable and theoretical knowledge and experiences of the experts and stakeholders of the industry sectors have been reflected in the Industrial Policy 2016.
- The Quantum Index of Production is an important indicator of the mea surement of product production in the manufacturing industry.
- Production index of medium to large scale industries increased from 195.19 in FY 2012-13 to 496.73 in FY 2020-21 at the base price of FY 2005-06.
- To expedite cluster-based financing to SME Sector, Banks and FIs are advised to formulate a cluster development policy for strengthening existing clusters and developing new clusters.

- Formulation and publication of national standards for goods and services.

- Preserving the national standards of Bangladesh in terms of weights and measures and establishing consistency with the International Unit i.e. SI system.

- Approval, renewal, disallow, withdrawal or suspension of Certification Marks (CM) license.

- Disbursement will be made at least 5 percent to women enterprise under the stimulus package.

- A Credit Guarantee Scheme for Cottage, Micro and Small Enterprises has been introduced to overcome the collateral problem.

- The repayment of working capital loans on EMI (Equal Monthly Installment) basis has been allowed. Banks are instructed in a way that effective interest rate won’t be more than 9 percent

- District-based Lead Bank Calendar has been formulated to address the adverse impact of COVID-19 pandemic.

- 2 private Power Plants with the capacity of supplying of 200 MW electricity have been set up in Dhaka EPZ and Chattogram EPZ and setting up of Power Plants in other EPZs is under process .
- BEPZA has installed Solar Panels with the capacity of supplying 229 kilowatt electricity in the EPZs and also set up 800 Solar Lights for the streets inside the EPZs.
- Power Plants in the EPZs are contributing to the national economy by meeting up the demand of electricity outside the EPZ areas.

- Inspection of factories and collection of samples for conducting test activities in compliance with Bangladesh standards in the production of industrial and agricultural products.

- Introduction mobile apps content information on the packaged products.

- Software development work has been undertaken to bring BSTI's CM license services under the online system.

Significance of small and medium enterprises

- Small and Medium Enterprises (SMEs) are considered as a potential sector for solving unemployment problem through new employment generation.
- This sector has been playing a significant role in achieving economic growth and earning foreign currency by encouraging and expanding the business activities.
- Enhancing the standard of lifestyle of the mass people and ensure women empowerment to diminish gender discrimination.

- Banks and non-bank-financial institutions have come forward for financing and the development of SMEs sector under close monitoring and supervision of Bangladesh Bank.
- Total net outstanding loans and advances in SME sector at the end of September, 2020 is Tk. 1,90,969.83 crore.
- The success in SME loan disbursement is considered as yardstick for the approval of opening new branches and a criterion to determine CAMELS ratings of banks.

- For regular financing to SME enterprises, Banks and NBFIs are also making short to long term financing to SMEs through refinance and pre-finance schemes of Bangladesh Bank.
- Presently, Bangladesh Bank is running 8 funds and projects with the help of JICA, various European development partners and its own funds in the SME sector.
- A total amount of Tk.12,335.40 crore has been provided to different Banks and NBFIs under different refinance/pre-finance schemes up to February 2021 against 1,48,416 enterprises which have been helpfulfor benefitting SMEs to expand their business; and thereby, creating new employment opportunities.

Export Processing Zones

- Bangladesh Export Processing Zones Authority (BEPZA) has been engaged in attracting and facilitating foreign and local investment in the Export Processing Zones of the country.
- At present, there are 8 EPZs in the country, namely- Chattogram, Dhaka, Mongla, Cumilla, Ishwardi, Uttara (Nilphamari), Adamjee and Karnaphuli EPZ.
- Setting up an economic zone called BEPZA Economic Zone on 1,150 acres of land in Mirsarai upazila of Chattogram district is in the final stage.

- In the first phase, from April 2021, 140 industrial plots are expected to be allotted to domestic and foreign investors .
- The 350 industrial units in the economic zone have the potential to invest 4.5 billion and create employment for 5,00,000 Bangladeshis.
- Setting up of an EPZ in Jashore and near Payra seaport are under process.
- In the first 08 months of FY 2020-21 financial year, the amount of export from the EPZs stands at US$ 4,202.99 million.

- Up to February, 2021, a total of 4,23,501 Bangladeshi nationals have been employed in the enterprises in the EPZs, out of which 66 percent is female.
- So far, 38 countries including Japan, S. Korea, China, Malaysia, Indonesia, Singapore, U.S.A, U.K, Germany, France, Italy, Sweden etc have already invested in the EPZs of Bangladesh.
- The EPZ enterprises have contributed significantly in terms of export diversification of the country.

- ‘Subject based training’ program for BSTI officials is being implemented.

- Initiative has been taken to establish National Metrology Laboratories (NML) at Head Office and Divisional Offices of BSTI and also create training facilities for BSTI officers and staff.
- For upgrading the quality infrastructure, Bangladesh Accreditation Board is working to develop conformity assessment System in Bangladesh.

Policy response to support SMEs affected by COVID-19 pandemic

- A stimulus package worth Tk. 20,000 crore has been announced to meet-up the working capital need of COVID-19 affected SMEs.

- Banks and FIs will disburse working capital loans from their own fund to the entrepreneurs at 9 percent interest rate.

- The Government will provide 5percent to Banks and FIs as an interest subsidy. So, credit will be disbursed at lower rate of 4 percent at the borrower level.