

## Manufacturing sector of Bangladesh

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MANUFACTURING SECTOR OF BANGLADESH

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The economy of Bangladesh mainly depends on agriculture, It contributes about 50% of GDP. In spite of this, the importance of industries sector is increasing day by day in the country. The industries sector contributed 9.9% of GDP in the FY 1987-88. Over 65% of total foreign exchange earnings of our country comes from this sector. The number of industrial workers stands on 2.42 million. It however provides essential goods such as yarn and cloth, key inputs for agriculture like fertilizer. The third Five Year Plan set the annual growth rate of the sector at 10.1 percent in order to increase its contribution to the GDP from 9.5% in 1984-85 to 11.9% in 1989-90.

The foundation of industries sector of this country during the British regime was very weak. Before 1947, there were only 8 cotton textile mills, 5 sugar industries and one cement factory in the country. During 1947-70, most of the large and medium industries were set up by the then East Pakistan Industrial Development Corporation which was a Semi-government organisation and also under the ownership or management of non-Bengalee Pakistanis. Since then jute industries with a few traditional items played major role in the manufacturing sector and earned bulk of the foreign exchange for the Country. But with increasing demand of alternative items of jute the world market is in the wane.

It is time to think for other innovative use of jute so that the largest cash crop of the country can still enjoy a lucrative world market.

Professor Rehman Sobhan writes that during 1969-70, the Bengalees were owner of only 18% in the fixed assets of modern industries. After independence of Bangladesh, the Pakistani industrialists and experienced management personnels left Bangladesh. This caused a vacuum in industrial management of the country. In 1972, the Government nationalised about 85% of large and medium industries excluding foreign investment in the private sector. The industrial policy of the country was revised in favour of Private sector from July, 1974. Fundamental changes were brought in by promulgation of the New Industrial policy (NIP) in June, 1982. The New Policy (NIP) denationalised a large number of jute and cotton textile mills. To facilitate Private investment approval and loan disbursement procedures were simplified with time limit. 'One Stop Services' Centre was set up for co-ordinated decision and reduction of administrative layers. The Industrial Policy-1986 expands the scope of private investment excepting 7 areas of the public sector. No formal permission of the Government is required for setting up of industries with own finance. It emphasises rural industrialisation by development of small and cottage industries. The Government continued the disinvestment policy and also took the policy to convert the enterprises of sector corporation into public limited company and the sector corporations into holding companies. The Government encourages foreign investment in joint venture projects. The interest of the foreign private investors protected by the Foreign Private Investment (Promotion and Protection) Act-1980 against non-business risks,



repatriation of profit and capital and compensation of nationalisation. Foreign enterprises can be set up in the chittagong Export Processing Zone to enjoy 5 year tax holiday and complete exemption of custom duties.

During the first 3 years of the Third Five Year Plan, the amount of private investment stands as 919 crore taka. In this period 39 joint ventures with foreign investment were approved. The responses of foreign private investor apparently fell far short of expectation.

In the nationalised sector, production of jute goods, cotton yarn, cloth, sugar, bus, truck, motor, cycle amonium sulphate, cycle television, decreases in the year 1987-88 but production of TSP, Urea, Cement, Diesel engine and steel increase

Bangladesh Shilpa Bank (BSB) and Bangladesh Shilpa Rin Sangstha (BSRS) are the two main institutions among others to facilitate industrial loan. These institutions do not play their due role in the industrialisation of the country. In the year 1986-87, the BSB allotted taka 75 crore 38 lakhs in 43 projects which is less by taka 99 crore 11 lakh than the previous year. The amount distributed in the last fiscal year was taka 27 crore 85 lakh only. BSRB allocated taka 71 lakh in FY 1986-87. Due to accumulation of overdue debts, industrial finance grew into a serious crisis.

Bangladesh has a long way to go. We have a large domestic market, cheap labour and huge reserve of natural gas by proper utilisation of which we can make way for economic emancipation of the country. As basically an agricultural country we can open new avenues in agro-based industries sector as well as can go for such industries which will help modernise agriculture and enhance production. For economic emancipation we need to put equal emphasis to agriculture and manufacturing sectors.

B I O - D A T A

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