



**Government of the People's Republic of Bangladesh**

**Industrial Policy 2009**

**Ministry of Industries  
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## ACRONYMS

BAB	Bangladesh Accreditation Board
BBBF	Bangladesh Better Business Forum
BCI	Bangladesh Chamber of Industry
BCSIR	Bangladesh Council of Scientific and Industrial Research
BEPZA	Bangladesh Export Processing Zones Authority
BGMEA	Bangladesh Garments Manufacturers and Exporters Association
BIM	Bangladesh Institute of Management
BITAC	Bangladesh Industrial and Technical Assistance Centre
BJMA	Bangladesh Jute Mills Association
BKMEA	Bangladesh Knitwear Manufacturers and Exporters Association
BMDC	Bangladesh Management Development Centre
BOI	Board of Investment
BSCIC	Bangladesh Small and Cottage Industries Corporation
BSTI	Bangladesh Standards and Testing Institution
BTMA	Bangladesh Textile Mills Association
BUET	Bangladesh University of Engineering and Technology
CCCI	Chittagong Chamber of Commerce and Industries
CDM	Clean Development Mechanism
CDS	Central Depository System
CIP	Commercially Important Person
DCCI	Dhaka Chamber of Commerce and Industry
DFI	Development Financial Institution
EC-NCID	Executive Committee of the National Council of Industrial Development
EEF	Equity and Entrepreneurship Fund
EPB	Export Promotion Bureau
EPZ	Export Processing Zone
FBCCI	Federation of Bangladesh Chambers of Commerce and Industry
FDI	Foreign Direct Investment
FICCI	Foreign Investors' Chamber of Commerce and Industry
HRD	Human Resource Development
IP	Industrial Policy
ISO	International Standard Organization
L/C	Letter of Credit
MCCI	Metropolitan Chamber of Commerce and Industry
MIS	Management Information Service
MOI	Ministry of Industries
NASCIB	National Association of Small and Cottage Industries, Bangladesh
NBR	National Board of Revenue
NCB	Nationalized Commercial Banks
NCID	National Council of Industrial Development
NFCD	Non-Resident Foreign Currency Deposit
NFCD	Non-resident Foreign Currency Deposit Account
NPDA	New Partnership for Development Act
NPO	National Productivity Organization
NRB	Non-Resident Bangladeshi
PCB	Private Commercial Bank
PRSP	Poverty Reduction Strategy Paper
PSD	Private Sector Development
R&D	Research and Development
RMG	Readymade Garments
RRC	Regulatory Reform Commission
SCI	Small and Cottage Industries
SCITI	Small and Cottage Industry Training Institute
SEC	Securities and Exchange Commission
SME	Small and Medium Enterprises
SMEF	SME Foundation
SOE	State-Owned Enterprises

Tk.	Bangladesh Taka
TRIPS	Trade Related Aspects of Intellectual Property Rights
VAT	Value Added Tax
WTO	World Trade Organization



## **CHAPTER 1**

### **PREAMBLE**

1.1 Industrialization is an essential pre-requisite for rapid and sustained economic development and social progress. Modernization and structural transformation of the economy and diversification of the economic base, increasing returns and economies of scale, technological progress and productivity increase, accelerated economic growth and employment creation, increase in incomes and standard of living of the people are the universally recognized dynamic benefits arising from industrial development. Industrialization is thus pursued as an overriding development objective in its own right.

1.2 In the past, efforts towards industrialization in Bangladesh were made under changing economic paradigm and political economy regimes. Since independence in 1971, a total of seven industrial policies have been formulated and adopted for industrial development of Bangladesh. While the seven industrial policy regimes, put into effect in quick succession to one another between 1972 and 2005, had varied impacts on industrial progress of the country the most visible policy switch occurred with the transition from state-owned and controlled enterprise economy to a liberal market economy with the private sector as the main engine of growth. However, despite significant policy making and promotional efforts made at achieving accelerated industrial growth, industrial development in the country is yet to gain desired momentum for achieving structural transformation and modernization of the economy. A good deal of policies and incentives remained stalled on their tracks mainly due to absence of proper implementation modalities and lack of cohesion and coordination among various agencies and institutions expected to implement the industrial policies.

1.3 In order to accelerate national economic growth through developing a vibrant and competitive modern industrial sector and achieve the Millennium Development Goal of halving unemployment, hunger and poverty by 2015, the Cabinet of the Advisors of the Caretaker Government has adopted the Industrial Policy 2009. The strategic objective of achieving pro-poor economic growth envisaged in the Poverty Reduction Strategy Paper (PRSP) will require an average rate of GDP growth of 8 percent between 2009 and 2015. This is a challenging task and needs to be supported by unhindered growth of strongly competitive manufacturing industries within a conducive and stable policy environment.

## **CHAPTER 2**

### **VISION, OBJECTIVES AND STRATEGIES**

#### **Vision:**

2.1 Bangladesh will have, by 2021, a dominant industrial sector where manufacturing will account for at least 30 per cent of the gross domestic product (GDP) and 20 per cent of the employed population.

2.2 The structure of the industrial sector will be consistent with the dynamic comparative advantage of the economy, which will render the sector globally competitive.

2.3 A vibrant and dynamic private sector will be the principal actor in Bangladesh's industrial arena. Public sector will be present only in a complementary role. Public-private partnership will feature prominently in continued industrial growth.

2.4 The industrial sector of Bangladesh will have a dominant export orientation. Significant diversification of the export base will be achieved both with respect to product composition and market destination. There will be a complete graduation from resource based export to process based export and the skill and technology content of export will be markedly higher to ensure higher degree of value addition.

2.5 Foreign direct investment will have a competitive presence along with domestic investment and will act as a principal agent for skill and technology transfer and links with international supply chains.

2.6 Cottage, small and medium industries will be an important component of the industrial landscape playing a critical role in decentralized employment generation, women's entrepreneurship development and poverty alleviation.

2.7 The industrial sector will be environment friendly and compliant with the health, safety and other standards required under the rules of the World Trade Organization.

#### ***Objectives***

2.8 The overall objective of the Industrial Policy 2009 will be to provide a policy and institutional framework that will create and sustain a momentum of accelerated economic growth through industrialization in line with the vision laid out earlier.

2.9 To that end, one of the prime objectives of this Policy will be to give clear signal to the private sector highlighting government's commitment to private sector led industrialization strategy. The Policy will aim at creating a highly positive proactive and enabling environment in which private investors can operate without unnecessary bottlenecks, delays and interference.

2.10 The Industrial Policy 2009 will attempt to rationalize the existing incentives structure for attracting higher levels of private investment in areas of dynamic comparative advantage in the economy. The Policy will also indicate areas of private-public partnership that are critical for enhanced private sector participation in the industrialization process.

2.11 The Policy will identify needs that are critical for enhancing the competitiveness of the industrial sector and will spell out business support and policy measures for meeting these needs. A related policy objective will be to rationalize incentive towards foreign direct

investment which will act as the conduit for skill and technology transfer and market linkage for exports.

2.12 Generation of productive employment, mainstreaming women in the industrialization process and poverty alleviation are critical underlying objectives of the Industrial Policy 2009. To these ends, the Policy document will spell out measures for promotion of cottage, small and medium industries. The Policy will also provide clear guidelines for development and diversification of the export sector.

2.13 Industrial Policy 2009 will spell out policy and institutional arrangement to ensure that the industrialization process is compliant with internationally agreed environment, health, safety and work standards.

2.14 A final objective of the Industrial Policy 2009 will be to put in place an elaborate arrangement for monitoring the implementation status of the policy and the performance of the industrial sector and bring about necessary modification in the policy framework as and when needed.

### **Strategies**

2.15 Private sector will spearhead the industrialization drive. The role of the government will be limited to that of a facilitator with the responsibility of creating an enabling environment for attracting increased private investment in areas of dynamic comparative advantage.

2.16 Existing public sector enterprises will be progressively privatized and public industrial investment will be limited to those situations where there is special need to complement private investment or where there is an overriding security concern or social objective to be met.

2.17 The legal and regulatory framework will be streamlined to eliminate archaic and unnecessary laws, vague and discretionary regulations, and flawed and weak enforcement. The regulatory requirements will be rationalized through coordination amongst different agencies so that the One Stop Service of the BOI may help complete all the formalities within a short period.

2.18 A variety of measures will be undertaken to tackle the needs of freehold land for setting up new industries. This will include allocating unused public land, providing fiscal incentives for setting up private industrial estates, rationalizing BSCIC's industrial estate program, setting up special economic zones involving public-private partnership in line with best practices and successful experiences of other developing countries, etc.

2.19 Priority attention will be given to other critical infrastructural needs including electricity, gas, port facilities, road and railway transportation, telecommunications etc. Optimal utilization of natural resources such as gas and coal will be made for power generation along with measures to promote alternative sources of energy such as solar energy, generation of electricity from municipal refuse, bio gas etc. Participation of the private sector will be actively sought in all infrastructure development endeavors.

2.20 To meet the demand for long term industrial finance, necessary reforms of the public financial institutions will be carried out expeditiously. The reform measures will cover the nationalized commercial banks (NCBs) as well as the development finance institutions (DFI) such as the Shilpa Bank.

2.21 Industrial financing arrangements such as the Equity and Entrepreneurship Fund (EEF) will be revamped and strengthened with provisions to meet working capital needs of

the borrowers. To ensure effective use of the fund, private commercial banks (PCBs) will be involved along with the NCBs in administering the fund.

2.22 The Government will encourage the private sector to set up and operate Venture Capital Funds which can support innovative and emerging technology based industrial ventures in order to provide risk capital and stimulate growth of industries that have greater growth potentials.

2.23 The on-going drive to streamline and strengthen the capital market will be intensified. This will involve improving the oversight functions of the Securities and Exchange Commission (SEC), strengthening the central depository system (CDS), development of the bond market, off-loading government shares in the capital market, introduction of new instruments, securitization of big infrastructure development projects etc.

2.24 Government will take various measures to meet the growing demand for skilled management and technical hands. These measures will include upgrading the capacity of public institutions that impart business and technical education, modernizing the curriculum of these institutions and bringing them in line with the needs and the demand pattern of the private sector.

2.25 Government will encourage and support private sector and NGO initiative towards skill and management development. Effective arrangements will be put in place to ensure adequate coordination and cooperation amongst the pertinent private and public institutions. Public-private partnership will be forged to develop specific skills for catering to high-end demand and also for meeting quality and standard requirements in the international market.

2.26 The government will provide support to the private sector industries in their search, acquisition and adaptation of best practice technologies. The foreign missions of Bangladesh and public institutions involved in technology research and development will play a critical role in this context. The capacity of local research institutions and the science and technology wings of the public universities will be strengthened for this purpose. The government will facilitate close interaction between the private sector and pertinent public institutions so that the appropriate technology needs of local industries can be addressed and resolved by these institutions. The government will also encourage foreign direct investment that has scope of technology transfer. Fiscal incentives will be provided for firm level research and technology development.

2.27 Development of small, medium, micro and cottage industries will be one of the cornerstones of government's industrialization strategy. The small and medium enterprise (SME) policy announced by the government will provide the basic framework within which this objective will be pursued. A comprehensive approach to the development of this sector will be adopted which will entail wide ranging fiscal incentives, preferential access to finance, favorable trade policy, provision of land and site services, and technological and marketing support.

2.28 In line with the provisions of the SME policy, special measures will be undertaken to develop women entrepreneurship ensuring access to land and finance and business support services.

2.29 The industrial sector of Bangladesh shall have a dominant export orientation, and necessary measures will be taken for diversification and rapid increase in manufacturing exports. In that pursuit, existing export incentives pertaining to fiscal, trade and exchange rate policies will be broadened. Priority attention will be given to resolving various supply-side bottlenecks particularly those relating to finance, infrastructure and port facility. The government will provide accreditation and testing facilities for export and will adopt various

trade facilitation measures for reducing trade transaction costs and delivery time. Efforts towards gaining market access will be intensified both at regional and international levels.

2.30 Measures will be taken to attract foreign direct investment in both export and domestic market oriented industries to make up for the deficient domestic investment resources, and also to achieve transfer of technology and gain access to export markets. The existing non-discriminatory policy towards foreign direct investment will continue. While all sectors excluding those on the reserve list will be open for foreign investment, preference will be given to foreign investment in high-tech areas with scope for skill and technology transfer.

2.31 Measures will be taken to ensure that the process of industrialization is environmentally sound and consistent with the health and safety and other standards required under the rules of the World Trade Organization (WTO).

2.32 The industrial statistics wing of the Bangladesh Bureau of Statistics (BBS) and the MIS of the BOI will be strengthened with the purpose of setting up an information and data bank where potential investors can find relevant information regarding investment and market opportunities, sources of machinery, technology etc. Coordination between different agencies and functionaries will also be sought to obtain consistent set of information on private investment, output and employment on an on-going basis.

2.33 The government will identify thrust sectors that have high potentials for growth and will put in place a set of preferential policy and business support measures to promote these sectors.

2.34 Government will actively support eco tourism development in collaboration with pertinent institutions in public, private and NGOs sectors for accelerating investment and skill development in tourism industries. While promoting eco tourism industry, government will also ensure compliance with the basic standards for protecting environment and safeguarding proper utilization of scarce land.

2.35 Government will streamline global eco tourism marketing efforts through the Bangladesh Parjatan Corporation in order to provide impetus to the growth of eco tourism industry in Bangladesh.

2.36 The Government recognizes the need for revamping, restructuring and revitalizing deserving sick industries particularly in the small, medium micro and cottage industries sector. To this end necessary laws will be enacted.

2.37 Government will encourage and support the banking sector to develop bankruptcy prevention and rehabilitation package.

2.38 The Government will revitalise the jute industry by undertaking reform and restructuring strategies in terms of ownership, operation, technologies, employment, finance, management, and marketing.

2.39 The Government will undertake a thorough review and revision of the financial account of public sector jute mills will be done before any kind of reform and restructuring of those mills in order to get an understanding on current financial status of public sector jute mills.

2.40 Government will encourage establishment of new jute mills for manufacturing high value products.

2.41 Government will take necessary measures to restructure institutional set up of ministry of textiles and jute, various departments and institutions as regards improvement of administrative, monitoring and implementation processes in view of establishing a dynamic, efficient and operational jute sector.

## CHAPTER 3

### DEFINITIONS AND CLASSIFICATIONS

3.1 Industrial enterprises are defined to include the following:

a) All manufacturing activities including assembling and fabrication of manufactured goods.

b) Service-oriented activities that make significant use of machinery, equipment and other fixed assets. An illustrative list of service industries is given in Annex-1.

3.2 Different size categories of industries are defined in the following manner:

#### ***Large Industry***

3.3 In the case of manufacturing activity, large industry will include enterprises with either the value (replacement cost) of fixed assets excluding land and building in excess of Tk. 200 million or enterprises having more than 150 workers.

3.4 In the case of non-manufacturing industrial activities, large industry will include enterprises with either the value (replacement cost) of fixed assets excluding land and building in excess of Tk. 100 million or enterprises having more than 50 workers.

#### ***Medium Industry***

3.5 In the case of manufacturing activity, medium industry will include enterprises with either the value (replacement cost) of fixed assets excluding land and building in the range of Tk 15 million to Tk. 200 million or enterprises having between 50 and 150 workers.

3.6 In the case of non-manufacturing industrial activity, medium industry will include enterprises with either the value (replacement cost) of fixed assets excluding land and building in the range of Tk 5 million to Tk. 100 million or enterprises having between 25 and 50 workers.

3.7 If one criterion puts an activity in the medium category while the other criterion puts it in the large category, the activity will be considered to belong to the large category.

#### ***Small Industry***

3.8 In the case of manufacturing activity, small industry will include enterprises with either the value (replacement cost) of fixed assets excluding land and building in the range of Tk 0.5 million to Tk. 15 million or enterprises having between 10 and 50 workers.

3.9 In the case of non-manufacturing industrial activity, small industry will include enterprises with either the value (replacement cost) of fixed assets excluding land and building in the range of Tk 0.5 million to Tk. 5 million or enterprises having between 10 and 25 workers.

3.10 If one criterion puts an activity in the small category while the other criterion puts it in the medium category, the activity will be considered to belong to the medium category.

### ***Micro Industry***

3.11 Micro industry will include industrial enterprises with either the value (replacement cost) of fixed assets excluding land and building of up to Tk 0.5 million or enterprises having 10 or fewer workers.

### ***Cottage Industry***

3.12 Micro industries with predominance of family labor will be defined as cottage industries.

### **Reserved Industry**

3.13 Industries that are kept reserved for public investment due to national security or other reasons have been termed as reserved industries. Current list of reserved industry is given in Annex-3.

### **Thrust Sectors**

3.14 Thrust sectors will include industries that require preferential policy support to harness their high growth potentials. This may include industries that currently occupy a dominant position in the economy or industries which have high growth potentials but are currently non-existent or are in a nascent stage in the economy. The government will prepare the list and update them from time to time in consultation with all stakeholders and on the basis of information collected on various industries, their growth potentials and likely positive impact on the economy. The government will also determine specific policy support to be provided to these industries on the basis of the identification of constraints faced and past performances of the industries. The current list of Thrust Sectors is given in Annex-2.

## **CHAPTER 4**

### **PRIVATIZING STATE-OWNED INDUSTRIES, REFORM OF PUBLIC ENTERPRISES AND PRIVATE-PUBLIC PARTNERSHIP**

4.1 In pursuit of government's private sector led industrialization strategy, the privatization process of state-owned enterprises will be expedited with special focus on loss making units.

4.2 Alternative forms of privatization will be attempted including outright sale, leasing, partial or full off-loading of share in the capital market, private-public partnership etc.

4.3 The Privatization Commission will be the prime mover in the process and will exercise the authority vested in it in line with the procedure and modalities laid out for smooth, efficient and expeditious privatization.

4.4 Reforms of the enterprises, which will continue to remain in the public hand, will be carried out on an urgent basis. Critical elements of these reforms will include (a) competition in the product market, (b) autonomy to respond to market signals, (c) performance oriented accountability, (d) competitive wage and employment, and (e) market oriented financing.

4.5 Government will allocate investment resources in private-public partnership for risk-averse green field start-ups, infrastructure for industrial clusters and parks, development of employment intensive industries in difficult and remote areas and other strategic enterprises.

## **CHAPTER 5**

### **INVESTMENT INCENTIVE**

5.1 The Government has liberalized the industrial and investment policies in recent years by reducing bureaucratic control over private investment and opening up new avenues for investment.

5.2 The Government will provide the following incentives and facilities in order to promote and attract investment in industries. These incentives and various concessions announced by the Government are subject to changes over time.

#### ***Tax Holiday and Accelerated Depreciation***

5.3 The government has decided to continue with its tax holiday scheme for newly set up industries between 1 July 2008 and 30 June 2011. The tax holiday scheme is detailed out below:

- (1) For industries set up in Dhaka and Chittagong (except three Hilly Districts) Divisions – 100 percent income for first two years; 50 percent of income for next two years; and 25 percent income for next one year;
- (2) For industries set up in Rajshahi, Khulna, Sylhet and Barisal Divisions and three Hilly Districts – 100 percent of income for first three years; 50 percent of income for next three years; and 25 percent of income for next one year;
- (3) Keeping the existing sectors under Tax Holiday intact the additional sectors included are agro-processing, diamond cutting, steel production from billet, jute industries, different units of textile sector, underground rail, monorail, telecom infrastructure except mobile phone.

5.4 Accelerated depreciation will continue until 30 June 2010.

5.5 Tax holiday certificate will be issued by NBR for the total period within 90 days of submission of application. This facility can be availed of by industries set up within June 30, 2000.

5.6 Considering the development needs of local industries, Government has replaced the current three-tier customs duty structure by a four-tier structure consisting of:

- (1) 3 percent rate of duty on capital machinery and spare parts;
- (2) 7 percent rate of duty on basic raw materials
- (3) 12 percent rate of duty on intermediate raw materials
- (4) Highest slab, for finished goods, to remain at 25 percent. However, 0 percent duty of food stuff, fertilizer, medicines and raw cotton will continue.

5.7 Duties and taxes on import of goods which are produced locally will be higher than those applicable to import of raw materials for producing such goods.

#### ***Incentives to Non-Resident Bangladeshis (NRBs)***

5.8 Investment of NRBs will be treated at par with FDI. Special incentives are provided to encourage NRBs for investment in the country. NRBs will enjoy facilities similar to those of foreign investors.

5.9 NRBs can buy newly issued shares/ debentures of Bangladeshi companies. A quota of 10% has been fixed for NRBs in primary public shares.

5.10 Furthermore, they can maintain foreign currency deposits in the Non-resident Foreign Currency Deposit (NFCD) account.

***Other Incentives***

5.11 Tax exemption on royalties, technical know-how fees received by any foreign collaborator, firm, company and expert.

5.12 Tax exemption on income of the private sector power generation company for 15 years from the date of commercial production.

5.13 Tax exemption on capital gains from the transfer of shares of public limited companies listed with a stock exchange.

5.14 Special facilities and venture capital support will be provided to export-oriented industries under "Thrust sectors"

***Treatment of Private Sector and Public Sector Equally***

5.15 There will be no discrimination in case of duties and taxes for the same type of industries set up by foreign and local investors and in the public and private sectors.

## **CHAPTER 6**

### **PROMOTING SMALL, MEDIUM, MICRO AND COTTAGE INDUSTRIES**

6.1 The Government has adopted a separate small and medium enterprise (SME) policy in 2005. The policy of the Government with respect to SME has been detailed out in that policy document titled, "Policy Strategies for Development of Small & Medium Enterprises (SME), 2005. The salient parts of the policy are:

#### ***Policy of the Government***

6.2 The Government recognizes SMEs as vehicles for quality of life improvement, economic growth and poverty alleviation of the common people. The primary role of the Government shall firstly, be that of a facilitator removing policy obstacles and neutralizing market failures and, secondly, providing necessary promotional support.

#### ***Objectives of the SME Policy***

6.3 The broad objectives of the policy shall be to:

1. Accept SMEs as an indispensable player in growth acceleration and poverty reduction, worthy of its great potential and commitment in the requisite overall policy formulation and execution;
2. The SME policy strategies shall be embedded, in a broad-based and integrated manner, in the Government's PRSP;
3. Encourage and induce private sector development and promote the growth of FDI, develop a code of ethics and establish good governance, ICT based knowledge managements and customer supremacy in the markets;
4. Identify and establish an appropriate physical and ICT network of infrastructure and institutional delivery mechanism that facilitate the promotion of SMEs;
5. Re-orient the existing fiscal and regulatory framework and government support institutions towards facilitating achievement of the goals of SME policy;
6. Nurture and partner civil-society institution(s) having credible management teams in terms of the delivery of needed services, leadership, initiation, counseling, mentoring and tutoring; etc;
7. Create innovative but meritocratic arrangements so that deserving small enterprises with desired entrepreneurial track record and/or promise can be offered financial incentives within industries prescribed on some well-agreed bases;
8. Help implement dispute settlement procedures that proactively shield small enterprises especially from high legal costs and insidious harassment, if any;
9. Take measures to create avenues of mobilizing debt without collaterals to match (either using *debt-guarantee schemes* or mapping *intellectual-property capital* into *pseudo-venture capital*) in order to assist small enterprises in dealing with their pervasive lack of access to finance;
10. Systematically accord precedence to small *versus* medium enterprises, within the limitations of government's resources; and

11. Harness information & communications technologies, Internet Protocol (IP)-based infrastructure, and electronic-governance in an effort to parlay regulatory services, all kinds of useful information and mentoring inputs, with an accent on increasing the viability of SMEs in all sectors of the economy.

### ***Execution of SME Policy***

6.4 The Government of Bangladesh has created and entrusted the SME Foundation (SMEF) with the responsibility to implement the SME Policy, Strategy and Guidelines adopted by the Government from time to time. In this respect the SMEF will develop a comprehensive SME Action Plan for accelerating the country's economic transformation, particularly in the manufacturing and export oriented/import substituting sectors through the promotion of the SMEs.

### ***SME Action Plan and PRSP M&E***

6.5 The SME Action Plan includes programs and activities in line with the PRSP Monitoring & Evaluation Indicators with respect to the following:

- i. Creating enabling environment to ensure level playing field for enterprises of all sizes
- ii. Easing regulatory barriers for SME development
- iii. Creating a database about SMEs for the investors and service providers
- iv. Strengthening advocacy for SME development
- v. Enhance Access to Information for Small and Medium Entrepreneurs
- vi. Increase Access to Finance for Small and Medium Entrepreneurs
- vii. Provide different types of incentives (financial and fiscal) for SMEs
- viii. Ensure and Enhance Technology Up Gradation, Adaptation and Diffusion
- ix. Ensure Infrastructural facilities including basic utility services for the SMEs
- x. Enhance Access to Market for SMEs
- xi. Sustainable enterprise development
- xii. Performance of SME Booster Sectors
- xiii. Quality and standards of SME products
- xiv. Human Resource Development
- xv. Capacity Building
- xvi. Women Entrepreneurship
- xvii. Restructuring and strengthening BSCIC
- xviii. Strengthening of institutions (BSTI, BITAC, BCSIR, DPDT, SMEF)
- xix. Policy Coordination

## **CHAPTER 7**

### **ESTABLISHMENT OF SPECIAL ECONOMIC ZONES AND INDUSTRIAL PARKS**

7.1 The Government will pursue the creation of special economic zones (SEZs) in Bangladesh for both export and local market oriented industries based on the cluster principle of collections of industries, brought together geographically for the purpose of promoting economic development. This also includes the creation of industrial parks for maximising synergy among establishments, and these parks could be product-specific or hybrid.

7.2 A key objective of SEZs and industrial parks would be to stimulate efficient use of skilled labour, land, infrastructure, energy and other resources as well as to facilitate backward, horizontal and forward linkages with local industries. The SEZs will also permit the relocation of pollution-prone and manufacturing enterprises from metropolitan areas. It is expected that the SEZs will trigger a significant flow of foreign and domestic investment leading to generation of additional economic activity and creation of employment opportunities.

7.3 Land selected for the purpose of SEZs and industrial parks will be those deemed marginal for agriculture such as dry and barren land. Special incentives can be provided to private investment in land reclamation for such purposes that follow national and international environmental guidelines.

7.4 The Government will be flexible in using a variety of institutional structures ranging from fully public (government operator, government developer, government regulator) to 'fully' private (private operator, private developer, public regulator) as well as public-private partnership arrangements, in which the public sector provides some level of support to enable a private sector investor/developer to obtain a reasonable rate of return on the project in a time-bound way.

7.5 The government will announce a classification system for the SEZs and design the institutional and regulatory framework and fiscal and other incentives by mid-2009.

7.6 The Government will enact a special act in relation to the establishment of special economic zones which will have a mixture of all categories of export processing zones with varying incentives, industrial clusters supporting other industries through backward linkages, small and medium industries, support systems and facilities such as hospitals, schools, clinics, markets for employees within the Special Economic Zones.

## **CHAPTER 8**

### **PRODUCTIVITY, QUALITY AND PRODUCT STANDARDISATION**

8.1 The Ministry of Industry and the National Productivity Organization (NPO) will develop in consultation with the private sector a programme for improving national productivity which will provide an institutional framework for managing productivity improvements, building awareness of productivity improvement in enterprises and human resource development.

- a) The Ministry of Industry and NPO will actively promote the adoption of ISO standards of certification particularly ISO 9000 family of standards for quality management.
- b) The NPO will collect and compile productivity related information from all public and private sector industries, and store them in a Productivity Data Bank for dissemination. A report on the state of productivity will be produced annually, and this will identify bottlenecks and solutions for improvement.

8.2 Government will set up minimum wage board for various industries in order to set up minimum wage for workers which will ensure better livelihood to workers, and will contribute to enhancement of worker's productivity and efficiency.

8.3 Government, in association with private sector organisations, will set strategies and action plan for improvement of labour relations in different industries especially improvement of labour relations between mid-level management and workers. Towards this end, adequate support will be provided to private sector for training and capacity building for mid-level management and training to workers, which will ensure better working environment at the work place and will contribute to higher level of productivity.

8.4 Government will continue providing support for use of appropriate technologies in the operation of industries which will ensure better quality output, higher productivity, efficient use of resources, and higher use of skilled work force.

8.5 Bangladesh Accreditation Board (BAB) will be strengthened through extending its institutional coverage in different areas and development of its technical capacity in different technical activities etc

8.6 BSTI will be strengthened through extending its institutional coverage in different areas, development of its technical capacity, appointing more skilled professionals in different technical activities etc.

8.7 In case of product standardization, Government, in collaboration with private sector associations, will take necessary actions to improve quality of products to comply with the standards of different important markets through improvement of different technical aspects, sanitary and phyto sanitary aspects, compliance aspects in case of labour use etc.

8.8 Government will take necessary measures along with other South Asian Countries to develop a harmonized standardization system to ensure standards of local products mainly targeting regional markets.

## **CHAPTER 9**

### **PARTICIPATION AND DEVELOPMENT OF WOMEN ENTREPRENEURS**

- 9.1 Necessary steps will be taken to provide women entrepreneurs with pre-investment advice and assistance in drawing up and implementing projects. In this regard, there will be proactive arrangements to motivate qualified women to become entrepreneurs in business, trade and industry. Necessary assistance and services (such as one-stop centre to provide services on product opportunities, credit, market information, legal services and technology) would be provided by SME Foundation.
- 9.2 Various incentives and financial support will be considered for women entrepreneurs to get established in small, and cottage industries as well as medium enterprises. The Government will assess the feasibility of a separate industrial zone for women entrepreneurs and provide preferential treatment and quotas for women in new zones and market-places.
- 9.3 All public sector technical training institutions will arrange training and related activities for enhancing the efficiency of women entrepreneurs.
- 9.4 Access to speedy finance for women particularly from financial institutions and government and private banks remains a key obstacle. The various existing schemes in existing banks to promote women entrepreneurs will be evaluated and strengthened. The Ministry will coordinate arrangements with financial institutions and banks to explore ways to create women friendly banking services which will ensure easy access to industrial credit, equity capital, venture capital and working capital. Arrangements for collateral free loans, group collateral as well as provision of guarantees will be considered for women entrepreneurs with deserving project proposals. In this regard, Government will formulate a special policy document on finance for women entrepreneurs.
- 9.5 Women entrepreneurs will be given preference in service industries such as ICT, laundry, hotel service, and tourism.
- 9.6 Women entrepreneurs will be encouraged to participate in a greater scale in setting up and running thrust sector industries.
- 9.7 The participation of women entrepreneurs in policymaking in the field of industrial development will be ensured. The Government will set up a mechanism for greater sharing of information and experiences among women entrepreneurs and their support agencies at national and international levels.
- 9.8 The Government will identify and remove legal barriers to women's economic and business empowerment particularly in relation to women participation in enterprises.

## **CHAPTER 10**

### **EXPORT-ORIENTED AND EXPORT LINKAGE INDUSTRIES**

10.1 Export-oriented industrialization is one of the major objectives of the present Industrial Policy. In this respect, export-oriented industries, both existing and potential ones, will be prioritized and all-out government assistance will be provided for their promotion in line with the provisions of the Export Policy 2006-2009

10.2 Those industries that export at least 80 percent of their produce or supply 80 percent of their output as raw materials for exportable items or those business enterprises that export at least 80 percent of their services will be considered as export-oriented industries.

10.3 The following incentives and facilities will be provided in order to attract investment in 100 percent export-oriented industries. These incentives and various concessions announced by the Government are subject to changes over time.

- (a) In the interest of quick clearance and simplification of customs procedure of imported machinery and spares by the export-oriented enterprises, the indemnity bond system will be replaced by a concessionary rate of 1 percent Customs Duty. For importation of machinery for textile industries, similar benefit of 1 percent concessionary rate and for importation of some other spares and inputs, special rate of 3 percent will be applicable.
- (b) The duty drawback system has been further simplified, and with this in mind, a flat rate will be fixed for all exportable items. Exporters will get duty drawback facility at a flat rate from concerned commercial banks.
- (c) The system of providing up to 90 percent credit against non-negotiable and irrevocable Letters of Credit will continue.
- (d) In order to ensure backward linkage, export-oriented readymade garment industries and other local raw material using export-oriented industries will be provided with various facilities at a predetermined rate. Similar facilities will also be provided to local deemed exporters in export-oriented industries.
- (e) Export-oriented industries will be given the facility of handling foreign exchange of certain amount which will be beyond the Bangladesh Bank's foreign exchange regime in order to facilitate the opening of their offices abroad, promoting their products and taking part in international trade fairs.
- (f) The export income earned from cottage industries will remain outside the purview of taxes up to 30 June 2011.
- (g) The facility of importing raw materials necessary for the production of export goods but listed as banned/reserved items will continue.
- (h) Value-added jute, jute-mixed goods and diversified jute goods produced with new technology will be treated as export-oriented or import-substitute industries.
- (i) The existing bonded warehouse facility for duty free import of raw materials of selected export industries will continue and will be expanded to cover other export industries.
- (k) The export credit assurance scheme will be further expanded and strengthened.

- (l) Existing facilities for back-to-back letter of credit (L/C) will continue.
- (m) The import of specified quantities of duty free samples for manufacturing exportable products will be allowed consistent with the prevailing relevant government policy.
- (n) The Export Credit Guarantee Scheme will be further expanded and strengthened.

10.4 With a view to achieving export diversification, Government will update an undertake from time to time on the basis of available information various policy measures which will promote a set of product/service (referred to in different policy documents as thrust sectors, booster sectors, highest priority sectors and special development sectors) that have high export potential, by way of providing venture capital, market linkages, technology support and other needs.

10.5 Government will identify a set of products, which contribute substantial amount of export and have potentials for higher level of export, and negotiate for inclusion of these products in the 97% of list of products from LDCs which are agreed in the WTO Hong Kong Ministerial to get duty-free market access in the developed and advanced developing countries. To exploit the opportunity of duty free market access in developed and developing countries, government will set strategies to diversify export, improve local value addition, improve quality of products, and improve sanitary and phytosanitary conditions of export products.

10.6 Government will negotiate with the USA for inclusion of major export items of the country in the list of products which will enjoy duty free market access under the 'New Partnership for Development Act (NPDA) 2007'. In order to comply with the Act, government will encourage private sector to diversify export base as well as take necessary actions for improvement of work standard at factory level..

10.7 Export Processing Zones have been set up in the country under the Bangladesh Export Processing Zones Act 1980 in order to help establish export-oriented industries by allocating industrial plots along with assigned infrastructure facilities including buildings, utilities connected, warehouses with customs bonded facilities. The Bangladesh Export Processing Zones Authority (BEPZA) has been assigned to meet the infrastructural, customs, ports, immigration and other needs of the investors inside the EPZs in the country.

10.8 The following investments are allowed in the Export processing Zones:

- Category (a): 100 percent foreign investment including those of non-resident Bangladeshis: Under this category, foreign investors should bear all costs including construction, purchase of raw materials and the total working capital only with their own sources of foreign exchange.
- Category (b): Joint ventures of foreign and local investors: Under this type of investment, project expenses should be borne in accordance with the partnership agreement but the costs of importing all machinery and spare parts should be borne by foreign partners.
- Category (c): 100 percent investment of Bangladeshi investors resident in Bangladesh: Under this category, all project expenses including the import of machinery should be borne from the investor's own resources, supplier's credit, non-expatriable foreign exchange.

10.9 Ten percent of the goods produced in EPZ industrial units can be exported inside the country subject to payment of applicable duties and taxes (through foreign currency L/Cs).

10.10 100 percent export-oriented industries outside the EPZs can sell 20 percent of their products in the local market subject to payment of applicable duties and taxes.

10.11 The Government will encourage and actively support, based on the scale of investment, scale of employment generation, transfer of technology and overall value to the nation and on case to case basis, large scale industrial ventures capable of spear-heading a major industrialization program with incentives and facilitations which will be equivalent to or more than what is currently being offered to EPZ industries

## **CHAPTER 11**

### **FOREIGN DIRECT INVESTMENT**

11.1 Foreign direct investment will be encouraged in high-tech, innovative and first-of-its kind industries that have potential for skill and technology transfer. The capital market will be open for “portfolio” investments.

11.2 The legal framework for foreign investments has been drawn up on the basis of the Foreign Investment (Development and Preservation) Act 1980. The framework is as follows:

- a) Equal treatment of both local and foreign investments;
- b) Safeguarding foreign investments from state expropriation; and
- c) Assurance of repatriating finance and profit deriving from share disposal.

11.3 There will be no restrictions to foreign investment in terms of equity participation, i.e., 100% foreign equity can be invested. While setting up industries with complete foreign investment or in joint venture, there will be no restrictions to the sale of shares through public issues irrespective of paid-up capital. However, foreign investors or institutions can purchase shares through Stock Exchange, and necessary guidelines on this will be drawn up. Foreign investors or institutions can avail themselves of loan from local banks to meet their operating costs. Conditions for such type of loan will be determined on the basis of the relations between the lender bank and the borrower. Reinvestment of repatriable dividend will be treated as new investment and tax exemption on the interest on foreign loans under certain condition. Prospective foreign investor will be given 6 months multiple visa.

11.4 Prospective foreign investors may be considered for citizenship with a minimum threshold of US\$ 500,000 or by transferring US\$ 1,000,000 to any recognized financial institution (non-repatriable). Government may also consider permanent resident-ship for foreign investor by investing a minimum of US\$ 75,000. (non-repatriable).

11.5 Foreign investors can avail themselves of the same facilities as local investors in terms of tax holidays, royalty payment, technical fees, etc. Personal income taxes need not be paid by foreign technicians appointed in foreign companies for up to three years, and after that period, they have to pay on the basis of a dual taxation revocation agreement or any other agreement reached with their respective countries.

11.6 In respect of foreign investment, full repatriation facility of invested capital will be given. Profits and dividends are also repatriable. If foreign investors choose to reinvest their repatriable dividend or earned profit, then this will be treated as new investment.

11.7 Foreign citizens appointed in Bangladesh will be entitled to a remittance of 100% of their wage and full repatriation of their savings and retirement benefits for the first 5 years and 50% of their wage thereafter but they will continue to have 100% repatriation of their savings and benefits.

11.8 There will be no restrictions to the issuing of Work Permit for Highly Skilled foreign professionals on the basis of the recommendations of local and foreign investing companies or joint venture companies. Multiple entry visas will be issued to foreign investors for three years and to highly skilled professionals for the whole period of their appointment.

11.9 In respect of foreign investments in thrust sectors, preference will be given to small and medium scale investors when allotting plots in BSCIC industrial enclaves.

11.10 Investments by non-resident Bangladeshis will be treated as foreign direct investment.

11.11 Steps will be taken to protect intellectual property in respect of new goods and formulae.

11.12 International standards, norms and systems will be followed in respect of providing investment assurance and conflict resolution.

11.13 Initiatives will be taken to expand and enhance the facilities of EPZ areas to those 100% export-oriented industries that are established in non-EPZ areas.

11.14 In order to actively promote and attract foreign direct investment, the BOI will work closely with private sector, Bangladesh embassies/missions and other government agencies. For effective promotion and negotiation of FDI in Bangladesh BOI will actively cooperate and work closely with BEPZA and EPB.

## CHAPTER 12

### INDUSTRIAL TECHNOLOGY

12.1 One of the foremost objectives of the Industrial Policy 2009 is to improve competitive efficiency of Bangladesh industries by building technological capacity, which will be cost-effective and environment friendly.

12.2 A corporate culture will be developed in order to create a workforce having appropriate skills required for knowledge-based high-technology intensive industry. This enhanced technological competence will enhance enterprise efficiency, profitability and sustained growth.

12.3 Research and development expenses will be admissible for tax rebate. Fruitful contacts will be promoted so that research results of the relevant institutions and related industrial enterprises can be utilized for the benefit of all concerned.

12.4 Government will encourage the domestic machineries manufacturing industries to work in tandem with local technology institutes, for developing local and appropriate technologies which will be affordable to local investors, particularly those in micro, cottage and small industries.

12.5 Government will encourage women entrepreneurs' groups and associations to enter into improved and new technology based manufacturing activities to ensure their broader participation in the industrial production process. SME Foundation and BSCIC will play proactive role in this regard.

12.6 Government will support university, technology institutes and private sector investors to establish **Technology Incubation Centres** to facilitate development of technopreneurs.

12.7 Government will facilitate need-based industrial technology studies at universities and technical institutes and will support the teaching of industrial technology applications, innovations, process engineering and manufacturing of machines and systems..

12.8 Government will facilitate patenting innovations with the International Office of Patents. Government will take adequate measures to comply with the TRIPS agreement of the WTO.

## **CHAPTER 13**

### **THE ENVIRONMENT**

13.1 Environmental protection and preservation of aquatic and terrestrial resources are of utmost priority in a nation which has a rapidly rising population and very limited land resources. Bangladesh is now well recognised as a nation which suffers the calamities of global climate change that calls for well defined strategies to protect the environment and to save the nation from frequent natural calamities, global warming and the consequent rise in sea level.

13.2 The government will institute a land-satellite based system to map the land and water terrains in Bangladesh with a view to decide allocation of land and water resources for industrial projects and to monitor land and water use, land water degradation, soil and beach erosions. For that Government will track major land, water and related industrial projects and their impact on environment and also create awareness among the public on environment protection, pollution, dumping of hazardous material on land and water.

13.3 Environmental pollution control remains a challenge in manufacturing enterprises particularly in effluent treatment and its effects on public health. The effective implementation of the Environment Protection Act 1995 and other relevant legislation will be actively pursued in consultation with the Ministry of Environment and Forest and major stakeholders and regulatory bodies, with sanctions against the violators. In this respect, Government will review industrial pollution classification system of red, yellow and green and ensure a transparent and effective business support services are available. Government will take necessary measures for effective enforcement for proper running of effluent treatment plants in the industries.

13.4 Industrial enterprises will be encouraged to obtain ISO-14000 certificates on environmental management compliance. These standards identify and control the environmental impact of a firm's activities, products or services to improve its environmental performance continually, and to implement a systematic approach to setting environmental objectives and targets, to achieving these and to demonstrating that they have been achieved.

13.5 The government will undertake a review of all environment protection and environment related agencies with a view to ensuring that laws, rules and regulations are strictly enforced; that laws, rules and regulations governing environmental protection meet current and future requirements and standards and that adequate mechanism is in place for monitoring, compliance and enforcement of environmental protection laws, rules and regulations.

13.6 The Government will provide positive and proactive incentives by way of tax and duty concessions in order to encourage SMEs and other large scale industries to adopt environmentally sound manufacturing processes and practices, comply with internationally accepted standards in manufacturing, waste and hazardous material disposal as well as positive efforts toward land and water protection, greening of the environment,

13.7 In order to encourage investors of developed countries to invest in emission reduction projects under the Kyoto Protocol's Clean Development Mechanism (CDM), government will take necessary measures through the BOI.

13.8 In view of ensuring climate-friendly technology transfer from developed to developing countries, the Government will develop and offer a package of incentives for companies desired to invest in environment-friendly projects, especially in projects to be established private-public sector partnerships.

13.9 The government will encourage business associations and trade bodies and NGOs and other organisations to take an active part in environment protection activities.

## **CHAPTER 14**

### **HUMAN CAPITAL DEVELOPMENT**

14.1 The government takes into cognizance that program of industrialisation, poverty reduction, and economic growth requires a knowledge society driven by advanced knowledge, technology and manufacturing processes and practices.

14.2 The government will adopt a number of measures aimed at creating a knowledge and entrepreneurial culture. To this end, government will launch programs (such as recognition of successful entrepreneurs from manufacturing and service sectors, celebration of national entrepreneurship day, introduction of entrepreneurship development curriculum in school, collages and universities) for promoting entrepreneurial cultures so that both business men and women are recognized as active economic change agents in the society.

14.3 The government will undertake a comprehensive study of available management resources both in the public and private sector of Bangladesh, analyse the gaps between supply and demand of management resources, identify existing institutions engaged in the production and supply of management resources, and develop a comprehensive national strategy which will address the short term, intermediate and long term needs for quality resources in management.

14.4 The government will encourage, support and facilitate the continued training of both private and public sector professionals in Corporate Leadership Development, both in Bangladesh and overseas. The Government, through the Ministry of Industries, will endorse Corporate Leadership Development Programs which may be developed and offered by credible national and overseas institutions and shall encourage nationals of Bangladesh to actively participate in such programs.

14.5 The government recognises that much of the human capital development work must begin at primary and secondary levels and on a nationwide basis. It will therefore encourage the development and offer of nation-building and development related studies as part of the curriculum at primary and secondary schools in order to lay a firm foundation among the youth and make them aware of the dynamics of the struggle, the growth and success of nation limited by physical resources.

## **CHAPTER 15**

### **INSTITUTIONAL MECHANISM TO FACILITATE INDUSTRIAL ACTIVITIES**

15.1 Implementation of industrial policy 2009 requires a combining effort of public and private sector organisations with proper plan of action for short, medium and to some extent long term. Although institutional mechanism established under different ministries and other public sector organisations and institutions ensure smooth operations of industries, a part of the responsibility will be on the private sector, especially different industries and trade associations, NGOs and other organisations to ensure efficient implementation of different activities.

15.2 Implementation of Industrial Policy 2009 largely lies on efficient and able coordination between different ministries, agencies, private sector organisations, and NGOs etc.

(a) Ministry of Industry (MOI) will be the focal point for implementation of Industrial Policy 2008. MOI will coordinate with other relevant organizations in order to ensure implementation of different aspects of the policy. MOI will prepare a time line for plan of action with support of other ministries, organizations and institutions and private sector associations to implement the Industrial Policy 2008 in time. MOI will monitor, review and publish reports on a regular basis as regards status of implementation of the Industrial Policy 2008 and major challenges for implementation and possible way out.

(b) Board of Investment, established under Investment Board Act 1989, is the principal private investment promotion and facilitation agency of Bangladesh, which is mandated for providing diversified promotional and facilitating services with a view to accelerate industrial development of the country. The Board will take necessary decisions in order to help establish new industries under the ownership of domestic and foreign entrepreneurs, and provide assistance to already established industries. All foreign investors will be guided on formalities related to investing in Bangladesh and obtaining the necessary licenses and approvals from concerned departments and agencies.

(c) The Bangladesh Small and Cottage Industries Corporation (BSCIC) will allot industrial plots in its own industrial estates and in other industrial estates created for the specific objectives of providing industrial land to small and micro/cottage industries. Similarly, the Bangladesh Export Processing Zones Authority (BEPZA) will allot plots in its own estates for export oriented industries. For industries wishing to locate outside the special industrial estates, the BOI will make necessary recommendations and take steps to allocate public land where such land is available and found feasible for industrial development.

(d) The government will establish, operate and sustain a highly professional One-Stop Service Centre for both foreign and local investors whereby industrial ventures will be provided electric power, gas, water and sewerage, and telephone connections in consultation with relevant authorities. The One-Stop Service Centre will be established at the BOI. A specialised Environment Protection Unit will be part of the One-Stop Service Centre charged with the responsibility of evaluating and giving approval certificates to industries which conform to environmental standards and practices.

(e) The Board of Investment and BEPZA will review, develop and deliver a set of rules and regulations related to royalty and or technical assistance fees, appointment of expatriate expert staff and workers, repatriation of earned income, taxes and tax exemptions in such a way that foreign investors' confidence in the governance of foreign direct investment is enhanced and maintained.

(f) Activities of training institutes under different ministries that are engaged in human resources development in the industrial sector will be made more dynamic and effective. These institutes include the Bangladesh Institute of Management (BIM), National Productivity Organization (NPO), Small and Cottage Industries Training Institute (SCITI) and Training Institute for Chemical Industries under the Ministry of Industries; the Textile Industrial Development Centre under the Department of Textiles; the training institutes under the Bangladesh Jute Mills Corporation; Bangladesh Handloom Board and Bangladesh Silk Board; and some other relevant training institutes.

15.3 The activities of different private sector associations will be effectively utilised in the implementation of the Industrial Policy 2009. Government will provide necessary budgetary, technical and other supports to the private sector associations for various initiatives to be undertaken for productivity improvement, capacity enhancement, human resources developed etc.

15.4 Various technical and institutional assistances envisaged to be provided under the Industrial Policy 2009 are expected to enhance productivity, efficiency, improvement of quality of products, generation of employment, and penetrating markets.

(a) Technical Assistance will be harnessed from a number of specialized public and private institutions to generate and sustain competition in the industrial sector. These institutions will be strengthened gradually so that they can play an effective role in the country's industrialization.

(b) Development of sub-contracting: The policy of linkage between large, medium, small and micro/cottage industries will be pursued in such a way that small and micro/cottage industries can work as "sub-contractors" to comparatively larger industries. Incentives will be given so that larger industries manufacture and assemble basic goods and small industries produce accessories.

(c) Efficiency enhancement: In order to instil a culture of productivity in the industrial sector, the Government will develop tailor-made industry specific solutions to increase cost efficiency, value addition, compliance to standards and quality benchmarks, enhanced operations and business processes through a well designed program of productivity awareness across all industries.

(d) Code of Best Practices in Manufacturing: Government will revamp and restructure the National Productivity Organisation to conform to international standards of productivity training and enhancement, institute formal linkages with highly successful productivity organisations in both developed and developing countries and embed a Code of Best Practices in Manufacturing to be adopted by the industrial sector.

(e) Environmental Standards and Audits: Government will institute strict environmental standards and a system of audit and compliance for all industries which will include workplace health and safety, a clean and pollution free workplace environment, waste handling and disposal, treatment of hazardous material and other pollutants, land and waterways contamination, use of non-degradable materials, air pollution, water pollution as well as unhygienic and dangerous practices.

(f) Quality control: Manufactured goods must have an acceptable quality in order for them to sustain demand in domestic and foreign markets. So, all manufacturers of industrial goods must strictly follow a quality control system. The Bangladesh Standards and Testing Institution (BSTI) and some other quality control institutions are carrying out their task in this regard. BSTI, corporate organizations and other quality control institutions will jointly develop

a system to provide International Standard Organization-ISO certificates (specially the ISO 9000 and 14000) for Bangladeshi goods and services.

(g) ISO Certification Training: Government will provide incentives to the establishment of ISO Certification agencies and monitor their performance in terms of training ISO Certified professionals, certification processes and the continued monitoring of ISO certified corporations as regards their compliance to ISO standards.

(h) Environmental pollution control: The Environmental Protection Act 1995 and other relevant legislation are gradually implemented to control environmental pollution. Those industries that pollute the environment and endanger public health must ensure safety measures in respect of environmental pollution control. Industrial enterprises will be encouraged to obtain ISO-14000 certificates.

(i) Corporate Advisory Services and Training: Approving authorities such as the Board of Investment, BEPZA and BSCIC provide domestic and foreign investors in the private sector with pre-investment and post-investment advice, guidance and services. To this end, the advisory and training facilities of the Small and Cottage Industries Training Institute (SCITI) and the Bangladesh Management Institute (BIM) will be further developed and expanded.

(j) Capital market development: The government will appoint a Committee of Experts consisting of executive staff members from the Securities and Exchange Commission, the financial institutions and the key Chambers of Commerce to review the state of development of the capital market in Bangladesh bring about greater financial discipline, open the doors to expansion of the capital market via the share market, managed funds and venture capital funds.

(k) Recognition of industry leaders and innovators: The nation will honour industry leaders and innovators through a scheme of Industry Leader, Industry Innovator and Industry Achiever awards to individuals who have demonstrated leadership, innovation and achievement. These awards will be determined by an independent panel of eminent industry persons and will be given on each National Independence Day ceremony. This award will be given on merit, irrespective of whether the recipients are Bangladeshi nationals, NRBs or foreigners.

## **CHAPTER 16**

### **IMPLEMENTATION, MONITORING AND REVIEW**

16.1 All public sector agencies will follow the Industrial Policy 2009. This policy will be implemented properly and monitored annually, and necessary changes will be brought about consistent with the needs of economic development.

16.2 The Industrial Policy has upheld the present environment of industrial development by following existing laws and other policies. In line with the Industrial Policy, concerned public agencies will review their rules and regulations, and amend them, if necessary.

16.3 The National Council for Industrial Development (NCID) undertakes various development programs aiming at establishing countrywide small, medium and heavy industries at a massive scale. The Prime Minister of the People's Republic of Bangladesh is its Chairperson and the Minister for Industries is its Vice Chairman. The Council will also comprise the following:

- (1) The Ministers for Finance, Commerce, Power and Energy, Agriculture, Textiles and Jute, Environment and Forest, Post and Telecommunication, Science and ICT, Labour and Employment, Civil Aviation and Tourism, Expatriate Welfare and Foreign Employment, Women and Children, and Fisheries and Livestock, and the Deputy Minister for Industries
- (2) Chairman, Privatization Commission
- (3) A Member of Parliament from each of the administrative divisions
- (4) Governor, Bangladesh Bank
- (5) Secretaries of the relevant Ministries/Divisions (Finance, Industries, Commerce, Planning, ERD, Power and Energy, Textiles and Jute, Post and Telecommunication, Science and ICT, Labour and Employment)
- (6) Members of the Industries and Energy Divisions of the Planning Commission
- (7) Executive Chairman, Board of Investment
- (8) Chairman, Tariff Commission
- (9) Chairman, Bangladesh Small and cottage Industries Corporation
- (10) Executive Chairman, Bangladesh Export Processing Zones Authority
- (11) Presidents of the FBCCI, DCCI, MCCI, BCI, FICCI, CCCI, NASCIB, BGMEA, BKMEA, BTMA, BJMA, BSCIS and SMEF.
- (12) President, Bangladesh Employers' Federation
- (13) Chairperson, Women Entrepreneurs' Association
- (14) Government nominated five distinguished industrialists

The Council will meet once every six months, and the Ministry of Industries will provide the Council with secretarial assistance.

16.4 The Government has formed a public-private business forum styled, "Better Business Forum (BBBF)" to improve interaction between the business community and government decision makers, Chaired by the Head of the Government having a 38-member body. The

purpose of the forum is to achieve sustainable economic growth, especially by maintaining an investment and business-friendly atmosphere in the country. The BBBF secretariat is attached with the Board of Investment (BOI) under the supervision of the Prime Ministers Office. The Finance and Planning Advisor is the Executive Chairperson. The Forum will meet at least thrice a year with the Head of the Government in the Chair, and at least once in every two months with the executive chairman presiding over the forum. There will be a number of working groups.

16.5 BBBF Working Groups will work in several thematic areas, namely, business entry and operation, business finance, foreign direct investment and investment promotion, sectoral development, tax policy, import , export (including readymade garments- RMG), infrastructure for private sector development (PSD), privatization, information & communication technology (ICT) and human resource development (HRD), domestic industry – small & medium enterprise (SME) and women entrepreneurship, World trade Organization (WTO) and international trade negotiation and the like.

16.6 BBBF will also form sectoral/subject/issue specific committee or task force. The working group will have two co-chairpersons – one representing the Government and the other representing private sector. The working committee will also have 5 members 2 from government and 3 from private sector. The executive chairperson will nominate the co-chairpersons and the members of the forum. The terms of reference of the forum include diagnosis and evaluation of non regulatory and regulatory issues relating to investment and trade and make recommendations to the BBBF and to the Regulatory Reform Commission (RRC) for execution.

16.7 Government has formed a “Regulatory Reforms Commission (RRC)” with a view to revisit existing rules, regulations and acts related with the business operation and to make necessary amendments with the objective of developing enabling business environment in the country

**SERVICE SECTORS**

Over the years, the boundaries of the industrial manufacturing sector have been stretched to cover transport sector, nationally important activities that include many service sectors.

For instance, agro-based and agro-processing industry; fishing, fish processing and marketing; horticulture, flower cultivation and marketing; food crops and oilseeds processing; and post-harvest processing of jute have been brought within the industrial sector.

Similarly, tourism industry, hotel management, telecommunication, computer software and programming under ICT, e-commerce, digital network and alliance are all considered service industries in the context of today's competitive world. Similarly, transport and communication, construction, housing, furniture, forest industry, and cinema and DVD for entertainment are also considered industries.

Meanwhile, in the industrially developed world, the printing presses, ginning and baling, construction business, photography, laboratory, warehouse, cold storage and container services are currently being considered service industries. Given this background, the list of service industries has been drawn up as follows in the present Industrial Policy of Bangladesh:

**Service industries**

1. Hospitals and clinics
2. IT-based activities
3. Agro-based activities such as fishing, fish preservation and marketing
4. Telecommunication
5. Transport and communication
6. Forestry and furniture
7. Construction industry and housing
8. Construction business
9. Entertainment
10. Photography
11. Hotel and tourism
12. Warehouse and container service
13. Printing and packaging
14. Ginning and baling
15. Laboratory
16. Cold storage
17. Horticulture, flower cultivation and flower marketing
18. Food crop and oilseed processing
19. Knowledge society with high quality merit and efficiency

**THRUST SECTORS (IN ALPHABETICAL ORDER)**

Agro-based and agro-processing industry  
Artificial flower production  
Basic chemicals/raw materials used in industries  
Ceramics  
Commercial plantation  
Computer software and ICT goods  
Cosmetics and toiletries  
CR coil  
Dye and chemicals used in textiles industry  
Electronics  
Flower cultivation  
Frozen food  
Furniture  
Handicrafts  
Herbal medicines  
High fashion value added RMG  
Horticulture  
Infrastructure  
Integrated shrimp cultivation  
Jewellery and diamond cutting and polishing  
Jute goods and jute-mixed goods  
Leather and leather products  
Light engineering including automobiles  
Luggage fashion-based goods  
Oil and gas  
Optical frame  
Pharmaceutical goods  
Pharmaceuticals  
Plastics  
Readymade garment industry  
Ship Building  
Silkworm and silk industry  
Stationery goods  
Stuffed toys  
Textiles industry  
Tourism industry

**RESERVED INDUSTRIES**

1. Arms and ammunitions and other military equipments and machineries
2. Nuclear power
3. Security printing and minting
4. Afforestation and Mechanized Extraction within the boundary of reserved forest