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Government of the People's Republic of Bangladesh

National Industrial Policy 2010

**Ministry of Industries
Dhaka, Bangladesh**

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ACRONYMS

BAB	Bangladesh Accreditation Board
BCI	Bangladesh Chamber of Industries
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 Industries
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 Industries
FDI	Foreign Direct Investment
FICCI	Foreign Investors' Chamber of Commerce and Industries
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 Balanced development of agriculture and industry as the central pillar of "an economically strong Bangladesh" had always been a cherished dream of the Father of the Nation, the superhero of Independence and the greatest Bengali of all time. The absolute majority in the 2008 election by Bangabandhu's daughter Sheikh Hasina has unleashed a tidal wave of towering expectation among the people of Bangladesh. The announcement of a realistic Industrial Policy that would materially help in the quickening of the pace of industrial development is one of the commitments of the present government.

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1.2 In a developing country, industrialization is an essential pre-requisite for rapid and sustainable economic development and social progress. Rapid industrialization begets the modernization, structural transformation, and diversification of the economy, technological progress, accelerated economic and job growth, increasingly growing productivity and incomes, cost-effectiveness and standard of living. These are the universally recognized dynamic determinants of industrialization, which is the reason why the Government of Bangladesh now sees it as of great relevance and importance.

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1.3 The Industrial Policy has amply provided for flourishing the private sector initiatives in tune with the flagstones, enunciated in the Article No. 13 of the Constitution of Bangladesh, of property rights in the areas of production management and distribution systems, including by private enterprise.

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1.4 The ethos and framework of policy, especially in terms of the overall strategies and institutions, has evolved during the post-independence years in a bid to render the various reform efforts launched by the government more effectively and successfully. The most historic change, occurred during this period, has been 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 repeated attempts at the authoring of policy-making rule-book and motivational efforts made accelerate the pace of industrialization, the payoff in terms of industrial development, structural transformation and modernization achieved in the

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country has been far from satisfactory. A lack of coordination and arduous monitoring is mainly to blame when it comes to this deficiency.

1.5 Industrial Policy-2010 aims at achieving the Millennial Development Goals (MDGs) and, above all, reducing unemployment and the proportion of the population afflicted by poverty and hunger to less than a half by 2017 through the adoption of short-, medium- and long-term ~~programmes~~ that help build a modern and vibrant industrial sector. Industrial Policy-2010 ~~also~~ pledges that no effort will be spared in raising the growth rate of the Gross Domestic Product (GDP) to 8% by 2013, further to 10% between 2017 and 2021, and thereby to elevate Bangladesh to the cherished rank of ‘middle-income country’.

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16. Achieving the recently-announced Digital Bangladesh goal by 2021, and creating employment opportunity for at least one person from each household in order to reduce poverty and unemployment loom large among the central policy objectives of the government. There is no substitute to providing for an environment of flourishing and vigorous development of small and medium enterprises in attaining that goal. Attributing priority to this very fact, National Industrial Policy- 2010 has considered the SMEs as thrust sector given the planned and balanced development of these labour-intensive industries as the engine of growth.

1.7 The Industrial Policy 2009 actually formulates an integrated strategy paper to orchestrate all development to increase national growth through industrialization. Whereas the ongoing global recession is perceived by the government not only as a challenge but also as a rare opportunity to open new horizons of economic development by utilizing Bangladesh’s cost-effective resources. Coordinated, integrated, efforts to implement the policy will be the government’s watchword, making sure that as well as upholding the interests of the consumers, necessary action will only be taken after consulting most salient relevant stakeholders. Three sets of guiding principles have informed the core of National Industrial Policy-2010, namely, the creation of the maximum number of employment opportunities, ensuring the rights of workers based on the labour policies, and ramping up the inflow of industrial investment in the country. The National Industrial Policy-2010:

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- (1) issues directions towards the vision, objectives and strategies and a plan for their implementation;
- (2) establishes the appropriate importance of each industrial sectors, preceded by a streamlining of the definition and classification of industrial firms and sub-sectors after defining categorizing industrial concerns, continues the reform activities related to the public sector, and through public-private participation strengthens the efforts for industrialization.

CHAPTER 2

VISION, OBJECTIVES AND STRATEGIES

Vision:

2.1 In character with the spirit of the 50th anniversary of independence, the government has adopted a strategy for overall economic development that will, by 2021, witness the creation of a strong industrial sector in which the ~~per centage~~ of GDP with industrial ancestry will grow from the present 28% to 40%, and where the proportion of the labour force employed will rise

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from the present 16% to 25%. What is needed above all for this to happen is that there has to be a continuous development of human resources, especially where it concerns manufacturing and energy security. The government will remain steadfast in taking environmentally-friendly and technologically-modern initiatives aiming at accelerating the growth of all important industrial sectors such as energy and fuel, agriculture and forestry, acquiring and processing of minerals, tourism and hospitality, construction, information and communications technology by mobilizing capital and manpower.

2.2 A vibrant and dynamic private sector will be the indicator for Bangladesh's industrial sector. Public sector will play only a complementary role. Public-private partnership will feature prominently in continued industrial growth.

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2.3 The three pivotal characteristics of industrial sector of Bangladesh will be: (i) the promotion of domestic content in output; (ii) wherever practicable, the substitution of imports; and (iii) sustainable development and husbandry of exports-oriented industries. In achieving this goal, improvements in terms of the product-mix, diversification of both product and export-base, significant upgrading of the product quality-assurance services and amenities, and revamping of the all trade-facilitation incentives and infrastructures will be brought to fruition. The need for balanced and well coordinated regional industrial development, within the bounds permitted by practicality, will not be lost sight of.

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2.4 Foreign Direct Investment (FDI) will be encouraged alongside domestic investment. In exports, an emphasis will be provided so as to switch from a high proportion of extractive output to a high quotient of processed output. So that the proportion of value added related to exports can grow, programmes for the development of domestic skills and technology, and the transfer of appropriate foreign technologies will be taken on hand.

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2.5 Cottage, small and medium industries will be proactively championed as pillars of decentralized employment generation, women's entrepreneurship development and poverty alleviation. Like in urban areas, rural areas vary in terms of the magnitude and the characteristics of the prevailing poverty. The need to dilute the population pressures in urban areas of Bangladesh is universally accepted. There will be growing re-emphasis on micro, small and medium enterprises in the rural areas and villages in part to help gradual reduction of the rural-to-urban exodus of people in search of employment opportunities, but above all to beef up incomes in rural and village communities.

2.6 Industrial infrastructure will be in character with Bangladesh's socio-economic backdrop, expedite domestic growth and make her industries internationally competitive. The industrial sector will be well-integrated in the regional and international networks based on regional cooperation agreements and World Trade Organization (WTO) that have been signed by the Government of Bangladesh.

2.7 The industrial sector will be environmentally friendly. The implementation of the Industrial Policy and the ensuing actions by all concerned will comply with relevant national laws, include proviso to foster compliance by firms concerned, and deter failures. Actions by all concerned will also be compliant with the health, safety and other standards required under the rules of the WTO.

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2.8 Prevailing laws and practices related with intellectual property will be upgraded in stages to compatibility with prevailing international standards, codified in TRIPS (Trade-Related

Aspects of Intellectual Property Rights), in order to encourage innovation, new discoveries and protect talent-based resources, as will the infrastructure and institutions connected therewith.

Objectives

2.9 The overall objective of the Industrial Policy 2010 will be to provide a policy and institutional framework that will help achieve economic growth through industrialization, create employment opportunities on a long and sustained basis, and improve the standard of living in line with the vision laid out earlier.

2.10 To this end, one of the prime objectives of this Policy will be to foment the confidence of private-enterprise sector in the unambiguous pledge of the government with respect to development led by private sector. As well, the Policy will help with creating a strongly enabling, proactive and conducive environment in which private-sector industrial investors can operate without unnecessary bottlenecks, procrastination and undue interference.

2.11 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.

2.12 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 incentives to foreign direct investment to act as the conduit for skill and technology transfer and market linkage for exports.

2.13 Generation of productive employment, mainstreaming women in the industrialization process and poverty alleviation are critical underlying objectives of the Industrial Policy 2010. To these ends, consonant with the imperative that labour-intensive are more suited than capital-intensive industries, the Policy document will spell out measures for the promotion of cottage, small and medium industries. The Policy will initiate fostering multiple uses of jute and for helping with the sustaining of the jute manufacturing industry of the country.

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2.14 Industrial Policy 2010 will issue specific guidance with respect to the development and diversification of the export economy of Bangladesh.

2.15 Industrial Policy 2010 will cite the policy and institutional arrangements to ensure that the industrialization process is compliant with internationally agreed environment, health, safety and labour standards.

2.16 A final objective of the Industrial Policy 2010 will be to put in place a medium- and long-term policy framework for industrialization, against which the actual implementation can subsequently be monitored.

Strategies

2.17 Private sector will spearhead the industrialization drive. As its central tactic, it will be abetted by the productive nurturing of agro-processing and labour-intensive industries. The government will be limited to the role of a facilitator, pushing for and

creating an enabling environment for attracting increased private investment in areas of dynamic comparative advantage. A strategic policy will be enacted in an effort to secure legitimate protection to national manufacturers, including the provisioning of enabling financing policies from the illicit, cross-border trade by way of strengthening the border security.

2.18a Industrial investment by the state will only be in areas where there is a need to complement private-sector investment, or where there is an overriding security concern or social objective to be met. Efforts will be made to stimulate inflow of investment, at once nationally and internationally, and especially from non-resident Bangladeshis. The government will ensure assistance for creating alternative employment, keeping the socio-economic backdrop in mind, for any privatization proposal.

2.18b Meticulous economic feasibility of the defunct public-sector enterprises which have ceased to attract any investment will be done before setting future course of actions. No new activity or rejuvenation involving these structures will be allowed before settling all outstanding dues.

2.19 The legal and regulatory framework will be streamlined, and procedures simplified in the name of shielding investors from Gordian knots, procrastination and legal harassment arising from archaic and unnecessary laws, vague and discretionary regulations, and flawed and weak enforcement. The delivery of start-up and routine follow-up services to industrial clients by the Registrar, Joint-stock Companies and Firms, Board of Investment and all other regulatory agencies will be elevated to 'one-stop service' through more imaginative use of information and communications technologies. Like in some other well-managed countries, industry associations and think-tanks will be taken into confidence and consultation in the effort to keep the cost-of-doing business at their lowest practicable levels. A relentless effort will be made to do away with the culture of an abject dependence on 'sponsorship' by the state .

2.20 The Government will be resolutely in easing up on the access to vacant on unused space for startup enterprises. A variety of measures ranging between the allotment of vacant 'khas' land, providing fiscal incentives for setting up private industrial estates, rationalizing BSCIC's industrial estate programme, setting up special economic zones. Effort will be made to set up economic zones in full view of successful relevant experience from other developing countries and relevant best-practices, including the practice of public-private partnership, in the field of creating such economic zones.

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2.21 Priority will be given to infrastructural needs of industrialization such as 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, biogas etc. Participation of the private sector in all infrastructure development endeavours, and the use of public-private partnership will be strongly promoted through various incentives.

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2.22 Necessary reforms of all banks and public financial institutions will be carried out expeditiously preparatory to meeting industries' prevailing demand for long-term finance. Initiatives will taken on hand to establish modern IT parks, Hitech parks, incubation clusters in order to attract national and, above all, foreign investment in such knowledge-dense, environmentally-friendly industries as information technology/IT Enabled Services,

biotechnology, nanotechnology, and thus to spur the development of an world-class atmosphere for business.

2.23 Existing regime of industrial finance including such schemes as the Equity and Entrepreneurship Fund (EEF) will be reorganized and strengthened with provisions to meet working capital needs of the borrowers. A financial institution will not be allowed to participate in any new project investment unless the package included a binding provision offering accommodation of the working capital needs of the borrower. If the entrepreneur did assure the financing institution that the roll-out of the enterprise would not suffer due to the non-availability of working capital loan, such a loan proposal could be entertained.

2.24 The Government will encourage the private sector to set up and operate venture capital funds. A deep and broad growing pool of venture-capital can throw life-lines at emerging and prospective firms, and can support firms with innovative technologies.

2.25 The on-going campaign 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, and securitization of big infrastructure development projects etc.

2.26 Government will take various measures to meet growing demand for skilled managers and technology and technical workers. In order to better align the curriculum and capability of those public institutions that impart business and technical education, the government will add to their capacities, modernize their curricula, ramp up their research capability.

2.27 Government will encourage and support private sector, research organization and NGO initiative towards skill and management development. Effective arrangements will be put in place to ensure adequate coordination and cooperation among the public institutions that complement private-sector. Public-private partnership will be forged to develop specific skills for catering to demand for high-value products and also for meeting quality and standard requirements in the international market.

2.28 Government will provide support to the private sector industries in their search, acquisition and adaptation of best-practice technologies, which typically originate in foreign countries. The Bangladeshi missions abroad and public institutions involved in technology research and development will play a critically important role in this context. The capacity of local research institutions and the science and technology faculties of Bangladesh's public universities will be strengthened towards this end. 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.

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2.29 Development of small, medium, micro, cottage and IT industries, including IT-enabled services, will be two cornerstones of government's industrialization strategy. The achievement of this objective will be the organising principle governing the implementation of the Small and Medium Enterprise (SME) policy announced by the government. A

comprehensive approach to the development of this sector will be adopted which will entail wide-ranging fiscal incentives, preferential access to finance, favourable trade policy, provisioning of land and site services, and the facilitation of technological and marketing support.

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

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2.31 Fostering exports will become one dominant streak in the industrialization strategy of Bangladesh. Special emphasis will also be given to stimulate import-substitution, food and agro-processing industries. Necessary measures will be taken for diversification and rapid increase in manufacturing exports. Towards that end, existing export incentives including those relating to fiscal, trade and exchange rate policies will be broadened. Priority attention will be accorded 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 adopt various trade facilitation measures for reducing trade transaction costs and delivery time. Efforts for gaining market access will be intensified both at regional and international levels.

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2.32 Measures will be taken to attract FDI in firms in both export and domestic market oriented industries to make up for the deficient domestic investment resources, to achieve transfer of technology and gain access to export markets.

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2.33 Government will ensure that industrialization in Bangladesh is environmentally sound and compliant with the health and safety and other standards required under the rules of the WTO. As well, the Government will ensure taking the fullest advantage of its time-waiver on the onset of the compliance with rule-book of such globalist agreements as associated with the WTO, Trade-related Investment Measures (TRIMS), TRIPS, GATS, to the point of achieving globalist standards within the deadline on the ground.

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2.34 The Industrial Statistics Wing of the Bangladesh Bureau of Statistics (BBS) and the management information system of various regulatory agencies, such as the Board of Investment, BEPZA, BSCIC, SME Foundation, Bangladesh Handloom Board, etc., will be strengthened preparatory to the setting up of an information and data bank where investors can find information regarding investment and market opportunities, sources of machinery and technology etc. Coordination between different public agencies will also be fostered to obtain consistent set of information on private investment, output and employment on an on-going basis from the web-sites of those agencies.

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2.35 The prevailing legal framework related to intellectual property rights will be revamped for nurturing industrial research and development, and ventures that intensively demand the husbanding of talent. As well, all reasonable assistance and encouragement will be accorded to such industries.

2.36 Government will actively support growing partnership among financing and training arms of the public-sector, private-sector and non-Governmental organizations to rapidly build investment and skill-base related to eco-tourism. To this end, Government will ensure compliance with the basic standards for protecting environment and safeguarding proper utilization of scarce land.

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2.37 Government will pave the ground of global eco-tourism marketing effort through the Bangladesh Parjatan Corporation (BPC) in order to provide impetus to the growth of eco tourism industry in Bangladesh.

2.38 The Government will resolutely move to rid the country of the blight of ‘sick industries’. To this end, initiative will be taken to formulate guidelines for dealing with the sick industries’ syndrome. Terminally sick firms which are beyond cost-effective redemption will be identified.

2.39 Government will provide incentives to the banking sector to proactively exert itself in helping avert the fate of bankruptcy or acute financial distress by firms.

2.40 The Government’s future reform and re-structuring agenda for will the jute industry will include ownership, operation, technological modernisation, quality improvement and diversification of jute goods, employment generation, timely arrangement of access to finance during the raw-jute season, sound management practices, human resources development in jute industry, and marketing of jute and jute goods.

2.41 In running public-sector jute mills, effort will be undertaken to eliminate wasteful methods and practices of the past through rational reforms in order to restore them to profitability.

2.42 Government will encourage the establishment of new jute mills for manufacturing innovative, high-value jute goods, and partner the private-sector in the development of new technologies and processes, and sourcing of technical and financial assistance.

2.43 The administrative, monitoring and implementation mechanisms in the Ministry of Textiles and Jute, various relevant departments and institutions will be revamped and reformed so as to have in Bangladesh a dynamic, skilled and vigorous jute manufacturing sector in the country.

2.44 Modernization and backward linkages in the textiles sector will be encouraged on the back of new investment and BMRI in old mills in order to meet the growing demand of textiles and apparels, both locally and internationally.

2.45 Management methods that are fundamentally important in state-owned textile mills will be restructure in the interest of keeping them in operation, including by imbibing greater public-private partnership.

2.47 Modernization and backward linkages will be encouraged in private sector dairy farm, poultry and hides and skin businesses.

2.48 The government will maintain transparency and accountability in taking decision for new/old/~~shut~~-down factories both in public and private sectors.

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CHAPTER 3

DEFINITIONS AND CLASSIFICATIONS

3.0 Definition of industrial enterprises will include the following production and service activities:

3.1 All manufacturing activities including assembling and fabrication of manufactured goods.

3.2 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.

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

Large Industry

3.3.1 In manufacturing, large industry will be deemed to comprise enterprises with either the value (replacement cost) of fixed assets excluding land and building in excess of Tk. 300 million or with more than 250 workers.

3.3.2 For services, 'large industry' will correspond to enterprises with either the value (replacement cost) of fixed assets excluding land and building in excess of Tk. 150 million or with more than 100 workers.

Medium Industry

3.4.1 In manufacturing, medium industry will be deemed to comprise enterprises with either the value (replacement cost) of fixed assets excluding land and building between Tk. 100 million and Tk. 300 million, or with between 100 and 250 workers.

3.4.2 For services, 'medium industry' will correspond to enterprises with either the value (replacement cost) of fixed assets excluding land and building between Tk. 10 million and Tk. 150 million, or with between 50 and 100 workers.

3.4.3 If on one criterion, a firm fall into the 'medium' category, while it falls into 'large' category based on the other criterion, the firm will be deemed as in the 'large' category.

Small Industry

3.5.1 In manufacturing, small industry will be deemed to comprise enterprises with either the value (replacement cost) of fixed assets excluding land and building between Tk. 5 million and Tk. 100 million, or with between 25 and 99 workers.

3.5.2 For services, 'small industry' will correspond to enterprises with either the value (replacement cost) of fixed assets excluding land and building between Tk. half a million and Tk. 10 million, or with between 10 and 25 workers.

3.5.3 If on one criterion, a firm fall into the 'small' category, while it falls into 'medium' category based on the other criterion, the firm will be deemed as in the 'medium' category.

Micro Industry

3.6.1 In manufacturing, micro industry will be deemed to comprise enterprises with either the value (replacement cost) of fixed assets excluding land and building between Tk. half a million and Tk. 5 million, or with between 10 and 24, or smaller number of, workers.

3.6.2 If on one criterion, a firm fall into the 'micro' category, while it falls into 'small' category based on the other criterion, the firm will be deemed as in the 'small' category.

Cottage Industry

3.7.1 In manufacturing, micro industry will be deemed to comprise enterprises with either the value (replacement cost) of fixed assets excluding land and building of less than Tk. half a million, or with up to 9 workers, including household members.

3.7.2 If on one criterion, a firm fall into the 'cottage' category, while it falls into 'micro' category based on the other criterion, the firm will be deemed as in the 'micro' category.

Hightech Industry

3.8 High-tech Industry will include industrial enterprises dealing with knowledge and capital-driven high-tech environment friendly and IT/ITES or Research and Development.

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3.8.1 Responsibility lies with the primary patronising authority even if an enterprise with limitless investment is registered with the pertinent patronising concern.

Reserved Industry

3.9.1 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

3.10.1 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.

3.10.2 Amenities provided to the export-oriented enterprises including industries set up at the economic zone or export processing zone with a view to boost up the use of local expertise, replace import and enhance export may also be provided to the thrust sector enterprises although these would not be entitled to enjoy this benefit automatically .

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3.10.3 Government will prepare and through re-evaluation from time to time update list of thrust sector enterprises consulting the pertinent stakeholders about the potential of their growth and positive impact they would make upon our economy. Existing problems of the thrust sector are to be identified by the government and the same will also settle on appropriate actions to be taken by the thrust sector enterprises through an evaluation of their past performance.

3.10.4 Government will settle on amenities to be provided to the thrust sector enterprises and prepare a list of incentives after a review and analysis of performance and contribution they made upon our economy. The current list of Thrust Sectors is given in Annex-2.

Controlled Industry

3.11.1 To provide service/entertainment and ensure maximum exploitation of natural/mineral resources, private enterprises may be recognized with appropriate government decision and industries that might cast negative impact on economy, or cause threat to national security and culture can be set up with approval/NOC from the pertinent ministry/commission (e.g. Ministry of Religion/culture, BRTC etc) as well. Government will prepare a list of controlled enterprises taking into consideration the state of affairs. In addition, approval is to be made following the Private Sector Infrastructure Guidelines in case of private infrastructural projects e.g. flyover, elevated expressway, monorail, underground rail, economic zone etc. The current list of Controlled Industries is given in Annex-4.

3.11.2 Government will fix on the equity rate of local-foreign investors for any joint venture project in the controlled sector.

3.11.3 National Council for Industrial Development holds the power to convincingly expand or contract the list given in Annex-4.

3.11.4 Enterprises enlisted in the controlled sector cannot be registered with the patronizing authority e.g. Board of Investment (BOI), BISCIC, BEPZA unless attaining approval/NOC from the pertinent ministry/commission.

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Woman Entrepreneur

3.12 A woman will be termed as a Woman Entrepreneur if she is the `owner or proprietor of a private or proprietary enterprise' or `is the director of a private company' registered with the `joint stock' or `shareholding enterprise' or owning at least 51% share among the shareholders.

Prioritization and Duration Of Industrial Policy And Issuing Of Certificate/Approval Letter:

3.13.1 Afore mentioned definitions and classifications of industry are subject to change over time.

3.13.2 The prepared Industrial policy shall remain valid for five years (2009-2014) and continue so until the endorsement of the next industrial policy.

3.13.3 Definitions and classifications described in the Industrial Policy 2009 shall enjoy the preference in case of an argument between it and that of any public or private organization or financial institution.

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3.13.4 Pertinent patronizing body, organization or ministry will issue certificate/approval letter considering the type, nature and classification of the enterprise

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CHAPTER 4

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

4.1 Private sector would be provided with the maximum momentum since a dynamic private sector can play the key role in the development of the industrial sector. 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 Public sector enterprises shall be encouraged to play as a complementary as well as a competitor of the private sector. Preferences will be provided for the public-private partnership and management of private mill-factories. Special emphasis will be given to the privatisation in favour of the human resource under the EOSP (Employee-Owned Stock Programme).

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4.3 Government will undertake all efforts to improve the management of the public sector and foreign associate or investors might be invited to assist on a contract basis for the development of required technology or management to enhance the efficiency of the sector. 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. 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.

4.4 Government will conduct survey from time to time to realise and review the inclusive ~~programmes~~ of the privatised industries and their impact exposed or latent on the national economy and settle on upon the next work. Buyer or owner of the privatised industry shall ensure all cooperation providing the essential data and information.

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4.5 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 (f) profit oriented enterprise.

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4.6 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 To ensure fair development there will be division of regions for tax-holiday against imported machineries including a list of developed and undeveloped areas (Annex 5) and there will be an incentive package accordingly.

5.2 Entrepreneurs willing to set up industries at industrially backward northern districts (greater Rangpur, Dinajpur, Rajshai) will be provided with infrastructural facilities including incentives. Economic zones will be set up in these areas.

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

Tax Holiday and Accelerated Depreciation

5.4 (i) Initiatives will be taken to expand/update the list of (a) Industry (b) Infrastructure and (c) Tourism industry projects/subsectors entitled to enjoy the tax holiday under the Income tax ordinance, 1984. Import substitute industries will also be brought under the purview of the same ordinance;

(ii) The government has decided to continue with its tax holiday scheme for a definite period of time. For newly set up industries scheduled for commercial production by 30 June 2011. The tax holiday scheme is detailed out below:

- (a) For industries set up in Dhaka and Chittagong (except three Hilly Districts) Divisions – 100 per cent income for first two years; 50 per cent of income for next two years; and 25 per cent income for next one year;
- (b) For industries set up in Rajshahi, Khulna, Sylhet and Barisal Divisions and three Hilly Districts – 100 per cent of income for first three years; 50 per cent of income for next three years; and 25 per cent of income for next one year;
- (c) 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.

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5.5 Accelerated depreciation will continue.

5.6 Considering the development needs of local industries, Government has introduced a four-tier Custom Duty structure. Similar steps would be followed by the government while devising tax and excise laws in future.

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.. In addition-

(a) VAT will be reduced and on special cases exempted for rural small industry, agro and fisheries and dairy industry;

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(b) Full-fledged and local production-oriented industry Refrigerator, Motor Cycle, Hardboard etc. creating employment opportunities through value addition for the protection of the local industry will be exempted from the value added tax as an incentive.

(c) Internet service provided for the educational institutions will be exempted from the VAT as an incentive.

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(d) Tax holiday facilities for the small and cottage industry will go on. Current capital investment limit for plant, machineries and equipments of cottage industry will be increased by 67% from Tk 1.5 million to less than Tk 2.5 million. This will eliminate the term regarding the restriction of production of a concern enjoying the facilities of a cottage industry through sub-contract with another registered company under the value added tax. In addition, to ensure the expansion of small and medium industry, annual turnover of VAT will be increased by 67% from Tk 2.4 million to Tk 6 million; and

(e) Enterprises of locally manufactured/assembled full-fledged generator and production of electricity at a local level and in case of usage of alternative fuel import, production and supply of solar panel will be exempted from VAT.

Incentives to Non-Resident Bangladeshis (NRBs)

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

5.9 Profit and dividend are completely transferrable. Profit or dividend reinvested by a foreign investor will be considered as fresh investment.

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

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

5.12 The custom of awarding CIP to the NRB who is (a) an investor in the industrial sector (b) a sender of foreign exchange (c) an importer of local products the foreign countries will continue as usual.

Other Incentives

5.13 Exemption of Double tax on royalties, technical know-how fees received by any foreign collaborator, firm, company and expert in the light of the agreement/treaty of Exemption of Double Tax with the countries concerned.

5.14 Tax exemption to those countries which are not bound by the agreement of Exemption of Double Tax so that the govt. can provide the tax exemption to others if and when proper and necessary.

5.15 Tax exemption on income of the private sector power generation company who will begin production before June, 2012 for 15 years from the date of commercial production. In

addition, incentives will be provided to the private sector power generation companies (IPP, ISP) according to the Private Sector Power Generation Policy of Bangladesh.

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

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

5.18 Incentives for the growth of small, medium and cottage industry, protection of handloom industry, development of silk village similar to banarasi and jamdani village including weaver, potter, blacksmith, pottery, bamboo, cane copper and mat sectors.

5.19 Special initiatives to be taken to provide incentives for the industry/factory having their own power generating facilities or using biomass or solar or windmill based power and to enterprise for setting up of environment friendly industry. Besides, recognition on a presidential level will be awarded to the fuel-efficient industries and factories.

5.20 Incentives will be provided to import-replaceable industries capable of producing cost-effective quality products to lessen reliance on import of materials needed to meet the internal demand.

5.21 Special provisions will be taken to reserve quota for the women entrepreneurs through evaluation of demand at the existing EPZ and feasibility study of the proposal

Equal Treatment of Private Sector and Public Sector Equally

5.22 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.

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CHAPTER 6

PROMOTING SMALL, MEDIUM, MICRO AND COTTAGE INDUSTRIES

6.1 The Government will adopt a separate SME policy titled, “Policy Strategies for Development of Small & Medium Enterprises (SME) by 2010. The policy of the Government with respect to SME will be detailed out in that policy document. Small and cottage industry development activities under the direction of BSCIC will grow to continue besides strengthening and accelerating the growth of micro industry. Particular importance will be given to innovation and expansion of new idea and technology.

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Policy of the Government

6.2 The Government recognizes SMEs as vehicles for enhancing the standard of life, 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 of various kinds like:

(a) Government will accentuate and sustain SME activities through motivation, loan allocation and training of the entrepreneurs.

(b) Refinancing the SME sector through the 3 (three) funds created by Bangladesh Bank will continue.

(c) Women Entrepreneurs will be given priority in the SME sector. At least 15% of total sanction will be held in reserve in favour of the women entrepreneurs and the interest rate will be 10% only.

(d) Special preferences will be provided to the development of the industries dealing with Information and Communication Technology

Objectives of the SME Policy

6.3 The broad objectives of the policy shall be to:

1. Acknowledge the importance of SMEs as an indispensable player in growth acceleration and poverty reduction.
2. The SME policy strategies shall be embedded, in a broad-based and integrated manner, in the Government’s Medium Term Budgetary Framework (MTBF).
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;

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6. Nurture and partner civil-society institution(s) having credible management teams in terms of the delivery of needed services, leadership, initiation, counselling etc;
7. Create innovative but meritocratic arrangements so that promising and potential small enterprises with desired entrepreneurial track record and/or promise can be offered financial incentives.
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 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 etc. 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.
12. (a) Enhancing the opportunities for marketing of SME products
(b) Enhancing sub-contracting facilities; and
(c) Diversification of export

CHAPTER 7

ESTABLISHMENT OF SPECIAL ECONOMIC ZONES, INDUSTRIAL PARK, HIGH-TECH PARK AND PRIVATE SECTOR EPZ

7.1 The Government will pursue the creation of special economic zones (SEZs) covering a fairly large area in Bangladesh for both export and local market oriented industries at different regions of the country. No EPZ or industrial estate can be set up once the economic zone laws are enacted. To ensure maximum capability of different enterprises physical infrastructure including modern communication system, fuel/gas and power supply will be guaranteed. Taking into account the capability of the region, additional initiatives will be taken to set up backward linkage to provide and ensure agro-service. Government can set up economic zone of any type described below:

(a) Economic zone set up by local or foreign entrepreneur, organization or institution on a public-private partnership basis

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(b) Private economic zone set up individually or through a joint venture by local and non-resident Bangladeshi or foreign investment group, business organization or group

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(c) Public economic zone created under the initiative and ownership of the government.

(d) Economic zone set up by private, private public partnership, or public initiative for specialised industry of similar type. Economic zone will include the following areas:

1. Export processing zone
2. Internal processing zone
3. Commercial area
4. Processing-free zone
5. Dedicated economic zone for the agro-sector
6. High-Tech Park, ICT village and software technology zone

Special tax holiday and financial assistance will be provided for the economic zone.

7.2.1 A key objective of SEZs and industrial park, high-tech park and private EPZs 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. There will be provisions for the training of sufficient workers. Besides, the SEZs will also permit the relocation of pollution-prone 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 in an environment safeguarded.

7.2.2 Different infrastructures in the SEZs will be strengthened. Supply of adequate energy & electricity, and communication & transportation facilities will be ensured. Financial sector will be strengthened. Training facilities for labours will be established.

7.3 Land selected for the purpose of EZs and industrial parks will be those deemed marginal for agriculture such as unproductive and barren land. For this purpose, fertile agricultural land cannot be used. Land Zoning Policy of the Ministry of Land will be strictly followed in this regard. Special incentives can be provided to private investment in land reclamation for such purposes that follow national and international environmental guidelines. Additional importance might be given to the following aspects:

(a) prioritizing industries to be set up on highlands or lands unfit for farming

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(b) Discourage setting up of industry at pasture reserved for the cattle, urban area, or through filling of marshland, canal or rivers or destroying hills

(c) Preference of abandoned industrial area as location of new industry

(d) Prefer utilization of mono-crop farmland in case it is unavoidable

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7.4 The preference will be given to the gradual transition of a variety of structures from fully public to public-private partnership arrangements. The public sector will provide special 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 Economic Zones and design the institutional and regulatory framework as well as framework for fiscal and other incentives by 2010. Implementation of One District One Product (ODOP) policy will be taken into account in setting up of industrial parks.

7.6 The Government will enact a special act in relation to the establishment of 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 ensuring 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 utilizing productivity improvements, building awareness of productivity improvement in enterprises and human resource development.

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- 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 of the enterprises.
- b) The NPO will collect and compile productivity related information from all public and private sector industries, and store them in Productivity Data base for dissemination. A report on the state of productivity will be produced annually, and this will identify the prevailing bottlenecks in the field of productivity and solutions for improvement.

8.2 Government will set up sector-based minimum wage board for various industries keeping in line with the Labour Law of Bangladesh 2006 in order to set up sector-based minimum wage for workers which will ensure better livelihood to workers, and will contribute to enhancement of worker's productivity and efficiency.

8.3 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 encouraging the 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.

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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. Necessary assistance and services would be provided by SME Foundation and BSCIC. Private sectors will also be provided under the public-private partnership arrangement.
- 9.2 Various incentives and financial support will be considered for women entrepreneurs to get themselves established in small, and cottage industries as well as medium enterprises.
- 9.3 All public sector technical training institutions will arrange training and related activities for enhancing the efficiency of women entrepreneurs.
- 9.4 The various existing schemes in existing banks to promote women entrepreneurs will be evaluated and simplified. 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 loans will be considered for women entrepreneurs with deserving quality 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, tourism and service, beauty parlour, advertising firm including fisheries, agriculture and handicrafts and livestock and food processing industries.
- 9.6 Women entrepreneurs will be encouraged to participate in a greater scale in setting up and running thrust sector industries.
- 9.7 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's 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.

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

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

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- (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 by a concessionary rate will remain 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 commercial banks.
- (c) The system of providing up to 90 per cent 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) 50% of the export income will be tax free for all other exporters than such companies as are neither registered in Bangladesh nor enjoying any type of tax exemption or tax holiday facilities as per the rules of Income Tax Ordinance, 1984. Besides, the export income earned from cottage industries between July, 01, 2008 and June, 30, 2011 will remain outside the purview of taxes.
- (f) The facility of importing raw materials necessary for the production of export goods but listed as banned/reserved items will continue with NOC from the pertinent authority on a limited scale.
- (g) Value-added jute, jute-mixed goods and diversified jute goods produced with new technology will be treated as export-oriented or import-substitute industries.
- (h) The existing bonded warehouse facility will be provided in respect of importing raw materials of exportable products dependent on import.
- (i) The export credit supply scheme will be further expanded and strengthened.
- (j) Existing facilities for back-to-back letter of credit (L/C) will continue.

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- (k) The import of specified quantities of duty free samples for manufacturing exportable products will be allowed keeping consistency with the prevailing relevant government policy.
- (l) The Export Credit Guarantee Scheme will be further expanded and strengthened.
- (m) To facilitate export of industrial products and import of raw materials, rules of Customs and C & F procedure will be simplified.

10.4 With a view to achieving export diversification, Government will update and 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. Similarly, organizational empowerment will be enhanced for negotiations with regional cooperation bodies like SAPTA, APTA and management of export-oriented production will be improved to ensure production of international standard.

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10.5 Government will identify a set of products, which contribute substantial amount of export and have potentials for higher level of export, and strongly 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. Under the WTO agreement, due to a great decline in the tariff of non-agricultural products in the developed and developing countries, causing preference erosion, the govt will initiate dialogue/discussion for gradual reduction of export tariffs. At the same time, the private sector will be facilitated for diversification of exportable products.

- 10.6
1. 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 steps for establishing ideal standard or model of work standard at factory level.
 2. Policy advocacy and lobby will be conducted to ensure custom-free and quota free market for Bangladesh in the USA markets. Government will participate in all bargains to ensure access to Custom Duty and quota free market for the country in the multiple trade system under WTO.

10.7 Export Processing Zones will have their own power generating system and the pertinent authority will be responsible for the establishment of such facility.

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

- Category (a): 100 per cent foreign investment including those of non-resident Bangladeshis: Under this category, foreign investors should bear all

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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 ~~per cent~~ 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.

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10.9 Ten ~~per cent~~ 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).

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

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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 ~~programme~~ with incentives and facilitations which will be equivalent to or more than what is currently being offered to EPZ industries.

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CHAPTER 11

FOREIGN DIRECT INVESTMENT

11.1 Foreign direct investment will be encouraged in high-tech, innovative industries that have potential for skill and technology transfer.

11.2 Given the importance of Capital market investment, it will remain open for 'portfolios' investment too.

11.3 On the basis of the Foreign Investment (Development and Preservation) Act 1980.

11.4 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 by the institution concerned. 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 conditions. Prospective foreign investor will be given 6 months multiple visa.

11.5 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). Minimum investment ceiling for the consideration of permanent resident-ship for foreign investor will be increased from a minimum of US\$ 75,000 (non-repatriable) to a minimum of US\$ 100,000.

11.6 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 registered with the patronising body 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.

11.7 In respect of foreign investment, full repatriation facility of invested capital will be given as per existing law. Accordingly profits and dividends are also repatriable where applicable. If foreign investors choose to reinvest their repatriable dividend or earned profit, then this will be treated as new investment.

11.8 Foreign citizens appointed in Bangladesh will be entitled to a 50% repatriation of their wages, and 100% of their savings and retirement benefits according to the terms & conditions of appointment.

11.9 There will be no restrictions to the issuing of Work Permit for Skilled foreign professionals on the basis of the recommendations of local and foreign investing companies or joint venture companies. Keeping consistency with the visa guidelines formulate by Home Ministry, multiple entry visas will be issued to foreign investors for three years and to highly skilled professionals for the whole period of their appointment. However, the application should mention and make sure the required human resource is not available here. Board of Investment and BEPZA will jointly devise a policy guideline/directive for the appointment of foreign experts. In addition, foreign investor will enjoy `No Visa Required (NVR) facility issued by the Emergence and Passport Department provided Board of Investment/BEPZA certifies him as an investor in any heavy industry or long-term industry/business with an amount of not less than US\$ 5 million.

11.10 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/ Economic Zones.

11.11 Investments by non-resident Bangladeshis (NRB) will be treated as foreign direct investment.

11.12 Steps will be taken to protect Intellectual Property Rights in respect of new goods and formulae, ICT and high-tech products, design, processing and production.

11.13 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 promotion of FDI in Bangladesh BOI work closely with BEPZA and EPB

11.14 Foreign investment and NRB investment will be given preference in solar based power generation, Windmill based power generation, Biomass and Geothermal based power generation.

11.15 Special preferences will be given for setting up of high-tech capital-intensive industry on special occasions with the object of materialising the vision of building a digital Bangladesh.

CHAPTER 12

INDUSTRIAL TECHNOLOGY

12.1 One of the foremost objectives of the Industrial Policy 2010 is to improve competitive efficiency of industries/enterprises of Bangladesh 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 capacity and competence will enhance enterprise efficiency, profitability on the one hand as well as make the expansion/development of enterprises sustainable and permanent on the other.

12.3 All types of steps will be taken for development and presentation of intellectual property in respect of creation and expansion of intellectual industry.

12.4 Research and development expenses will be admissible for tax holiday. 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. Direct and intensive involvement of sector based industries with the industry based research initiatives will be ensured.

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12.5 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.

12.6 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 positive and effective role in this regard.

12.7 Government will support university, technological institutes, industrial research laboratories and private sector investors to establish **Technology Incubation Centres (TIC)** to facilitate development of techno-preneurs. Successful entrepreneurs will be rehabilitated at the high-tech park provided with all essential infrastructural facility.

12.8 Government will take measures to award innovators of sustainable new technology for the development of industrial products through coordination of new technology. BITAC including other institution will be strengthened to assist local industry through sorting and implementing the right technology, technical training, technology innovation, technology development and technology transfer.

12.9 Assistance will be provided to the study of industry based technology at universities and technical institutions. In addition, Government will take necessary measures to support

education on innovation and implementation of industrial technology, process-engineering, manufacturing of machine and systems, and hence, encourage interlink between educational institution and industry.

12.10 Government will take adequate measures to comply with the TRIPS agreement of the WTO.

12.11 Government will take measures to produce world class products for the local market and export through transferring of sophisticated technology by means of the setting up of an incubator through forming a group with concerned and qualified industrial entrepreneurs with a university background.

CHAPTER 13

THE ENVIRONMENT

13.1 Environmental protection and preservation of aquatic resources are of utmost priority in a Country like which has a huge population and very limited land resources. Bangladesh is now well recognised as vulnerable to 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 still 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 that a transparent and effective business support services are available. Government will take necessary measures for effective enforcement for proper running of Effluent Treatment Plants (ETP and CETP) in the industries.

13.4 The government will undertake a review and coordination 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. Measures will be taken to revise and update the existing rules and regulations, if necessary.

13.5 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, complying with articles of Bangladesh Labour Law 2006 in manufacturing, waste and hazardous material disposal as well as positive efforts toward land and water protection, greening of the environment. Emphasis will be given on bio/herbal pesticide industry to save people from hazardous impact of ruining useful insect, ground microbe, aquatic life, health hazard and environment pollution.

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13.6 In order to encourage investors of developed countries to invest in emission reduction of green house gas projects under the Kyoto Protocol's Clean Development

Mechanism (CDM), government will take necessary measures through the BOI. Besides, government will provide all facilities for the setting up of waste Recycling industry. Entrepreneurs will be encouraged to pursue the 3R (Reduce, Reuse and Recycle) strongly in setting up and running the industry.

13.7 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 desiring to invest in environment-friendly projects, especially in projects to be established in private-public sector partnership arrangement.

13.8 The government will encourage business associations and trade bodies and NGOs and other organizations to take an active part in environment protection activities applying the knowledge earned through research.

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13.9 Government strategy will be followed for the industrial development. Private sector will be encouraged to obtain environ certificate.

13.10 To build awareness a particular cell will be formed to ensure compatibility between government policy and development goals.

CHAPTER 14

SKILL DEVELOPMENT

14.1 The ongoing global economic recession should be viewed simultaneously as a challenge and an opportunity in the light of the easily available human resources of the country. Hence, the government takes into cognizance that programme of industrialization, poverty reduction, and economic growth requires a knowledge-based society driven by advanced knowledge, technology and manufacturing processes and practices. Government will adopt usage and assistance of human resource obtained through internal and external sources in the development of human capital. However, overseas reliance will be abridged over time through building up of our own human resource.

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

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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. Private sector will be involved in administering Public Vocational Training Institute on a public-private partnership basis.

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 home and abroad. The Government, through the Ministry of Industries, will endorse Corporate Leadership Development Programmes offered by credible and dependable national and overseas institutions and shall encourage nationals of Bangladesh to actively participate in such programmes.

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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 country limited by physical resources. Following aspects will be ensured in building human capital:

- (a) Procure trained human resource
- (b) Prepare course and curriculum on intellectual property rights and industry consistence with the global environment on a public-private partnership basis.
- (c) Distribute industrial guide books among entrepreneurs

- (d) Training of human resource development at recognized institution, recognition of likely private institutions besides promotion and moderation of training curriculum to meet up the international demand.
- (e) Procurement, translation and distribution of industrial booklets
- (f) Prepare a uniform policy framework for human resource development in coordination with institutions including Ministry of Education

14.6 Workers will be trained into skilled worker through practical training on the modern usage of machineries at labor-intensive industry (e.g. infrastructure development firm, welding, packaging, cleaning, transport etc.) with a view to export skill labour besides meeting up the demand of the local market. For this, data base will be made through procuring updated information on demand and types of foreign labour market at training centres managed by public-private partnership. Semi-skilled workers will be provided with training as per demand/job required.

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14.7 **Job hunt cell** will be launched to hunt jobs in the international market for intellectual human resource (agronomist, engineer, doctor, nurse and other diploma holders as well as higher educated youth of the universities) This cell will accumulate latest information about job market and give required suggestions to ensure that none falls victim to any fraud.

CHAPTER 15

INSTITUTIONAL MECHANISM TO FACILITATE INDUSTRIAL ACTIVITIES

15.1 Implementation of industrial policy 2010 requires a concerted effort of public and private sector organizations with proper plan of action. Although institutional mechanism established under different ministries and other public sector organizations and institutions ensure dynamic operations of industries, a part of the responsibility will be on the private sector, especially different industrial associations and trade bodies in this regard, NGOs and other organizations.

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

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(a) Ministry of Industries (MOI) will be the focal point for implementation of Industrial Policy 2010. 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 2010 in time.

(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 accelerating 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. Strategic reorientation programme already adopted to make the Board of Investment more effective and dynamic will continue.

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(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. 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. However, change in the situation will be introduced once the economic zone has been set up.

(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 giving approval certificates to industries which conform to environmental standards assist in approving and repatriating royalty, technical or technical assistance fees.

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(e) The Board of Investment and BEPZA will, in coordination with other patronizing bodies including Bangladesh Bank, prepare a sector based investment target annually besides formulating procedures to attain it.

(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), Bangladesh Institute of Technical Assistance Centre (BITAC), National Productivity Organization (NPO), Small and Cottage Industries Training Institute (SCITI) and Training Institute for Chemical Industries, National Hotel and Tourism Training Institute (NHTTI) of Bangladesh Parjatan Corporation, NITRED under the MoJ&T, Textile Engineering University/Textile Technical Institute/Textile Vocational Institute 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.

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15.3 The activities of different private sector associations will be effectively utilised in the implementation of the Industrial Policy 2010. 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 development etc.

15.4 Various technical and institutional assistances envisaged to be provided under the Industrial Policy 2010 are expected to enhance productivity, efficiency, improvement of qualitative standard of products, generation of employment, and expansion of product 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 process of 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. As such, notification on sub-contracting published on 15/09/1989 memo no shilpo/swas-3/par-11/88/255 and on 28/10/1989 memorandum of ratification no 284 and annexure of Bangladesh Gazette dated 01/10/1989 and 04/11/1989 will be followed and updated within the range of schedule described herein. Incentives will be given so that larger industries manufacture and assemble basic goods and small industries produce accessories. Sub-contracting opportunities may be created in other sector particularly garments industries, furniture, consumer durable and designer goods work etc. of cottage industries.

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(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 programme of productivity awareness across all industries.

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(d) Code of Best Practices in Manufacturing: Government will strengthen the National Productivity Organization to conform to international standards of productivity training and

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enhancement, institute formal linkages with highly successful productivity organizations in both developed and developing countries and embed a Code of Best Practices in Manufacturing to be adopted by the industrial sector.

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(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 disposal, treatment of hazardous waste material, air pollution and water pollution prevention.

(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), Bangladesh Accreditation Board 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) for Bangladeshi goods and services. Imported machineries/product will have to be energy efficient.

(g) ISO Certification Training: Government will provide incentives to the establishment of ISO Certification agencies and monitor their performance in terms of training the ISO Certified professionals, certification processes etc.

(h) Environmental pollution control: The Environmental Protection Act 1995 and other relevant legislation will be gradually implemented. Those industries that pollute the environment and endanger public health must ensure safety measures in respect of environmental pollution control.

(i) Counselling and management training on Investment: Approving authorities (e.g. Board of Investment, BEPZA, BSCIC, Handloom Board, Department of Youth Development etc.) provide the local 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), Bangladesh Institute of Technical Assistance Centre (BITAC) and the Bangladesh Management Institute (BIM) will be further developed and expanded.

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(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.

(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 constituted by eminent personalities and will be given on each National Independence Day every year. This award will be given on merit, irrespective of whether the recipients are Bangladeshi nationals, NRBs or foreigners.

- (l) Development of Communication under Public-private partnership arrangement: Harmonious and well-integrated communication infrastructure and system is essential to accelerate the industrialization. And hence, emphasis will be laid on public-private partnership in the development of communication system.

- (m) Preservation of Consumers' right and price stabilization: Alongside strengthening of TCB to keep the market price stable of daily consumer goods and commodities, a legal foundation will be created and steps adopted in preventing in equilibrium market consumption by means of illegal syndication in industrial business.

CHAPTER 16

IMPLEMENTATION, MONITORING AND REVIEW

16.1 All public agencies will follow the Industrial Policy 2010. This policy will be implemented properly and monitored regularly, 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):

The National Council for Industrial Development (NCID) undertakes various development programmes aiming at establishing countrywide small, medium and heavy industries at a massive scale. Hon'ble 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:

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- (1) Hon'ble Ministers & Deputy 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 Overseas Employment, Women and Children Affairs, and Fisheries and Livestock.
- (2) Executive chairman, Board of Investment
- (3) Chairman, Privatization Commission
- (4) A Member of Parliament from each of the administrative divisions
- (5) Governor, Bangladesh Bank
- (6) 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)
- (7) Members of the Industries and Energy Divisions of the Planning Commission
- (8) Chairman, Bangladesh Atomic Energy Commission
- (9) Chairman, Tariff Commission
- (10) Chairman, Bangladesh Small and cottage Industries Corporation
- (11) Executive Chairman, Bangladesh Export Processing Zones Authority
- (12) Presidents of the FBCCI, DCCI, MCCI, BCI, FICCI, CCCI, NASCIB, BGMEA, BKMEA, BTMA, BJMA, BSCIS and SMEF.
- (13) President, Bangladesh Employers' Federation
- (14) Chairperson, Women Entrepreneurs' Association
- (15) Government nominated five distinguished industrialists

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16.3.1 The Council will meet once every six months, and the Ministry of Industries will provide the Council with secretarial assistance. Although the Hon'ble Minister of the Ministry of Industries has been

mentioned as the member of the Council, Hon'ble Deputy Minister in Charge of the Ministry will also be included in it. The Council will reserve the right to declare the inclusion into thrust sector of any deserving rising enterprise applying for the same determine the type and terms of incentives to be given and monitor the implementation of Industrial Policy including reviewing and up-dating the list of existing thrust sectors in industrial sector. If necessary, new member may be co-opted in the Council. Representative from a sub-sector might be included in case of discussion on a particular subsector.

16.4 Executive Committee on National Council for Industrial Development (ECNCID):

An executive committee with Minister of Industries as the convenor will be formed for the National Council for Industrial Development (NCID). The executive committee consists of the following members:

- (1) Secretary, Ministry of Industries
- (2) Chairman, National Board of Revenue
- (3) Finance Secretary
- (4) Secretary, Ministry of Commerce
- (5) Secretary, Ministry of Power
- (6) Secretary, Ministry of Mineral and Energy
- (7) Secretary, Ministry of Jute and Textile
- (8) Secretary, Ministry of Agriculture
- (9) Secretary, Ministry of Civil Aviation and Tourism
- (10) Secretary, Ministry of Overseas Employment and Welfare
- (11) Secretary, Ministry of Forest and Environment
- (12) Secretary, Ministry of Science and Technology
- (13) Secretary, Ministry of Post and Telecommunication
- (14) Secretary, Ministry of Women and Children
- (15) Secretary, Ministry of Fisheries and Livestock
- (16) Secretary, Ministry of ~~Labour~~ and Employment
- (17) Member-2, Privatisation Commission
- (18) Deputy Governor, Bangladesh Bank
- (19) Representative from the Board of Investment
- (20) Executive Chairman, BEPZA
- (21) Chairman, BSCIC
- (22) Departmental Head, Industry and Energy section, Planning Commission
- (23) Additional Secretary/Joint Secretary, Ministry of Industries, member-secretary
- (24) Presidents of FBCCI, BWCCI, MCCI, DCCI, BCI, FICCI and CCCI

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16.4.1 The Committee will convene meeting every three months. The Committee will review the competency of the applicant to be recognised as thrust sector and recommend before the NCID. The committee monitors strict compliance of the industrial policy together with the protection of environment and advise solutions in case of any complexity. Probe into complaints/allegations and if necessary,

recommend action against concerns if found negligence or indifference of any sort in abiding by the directives. New members might be co-opted into the committee if needed.

16.4.2 Research, Monitor and Data Cell: A research, monitor and data cell will be set up with the required finance under the guidance of secretary, Ministry of Industry. Objective of this cell will be to monitor implementation of the Industrial Policy, collection and analysis of data and put policy recommendations for the acceleration of industrialization process in the country. Research Institutions of National Interest and trade bodies will be incorporated into this cell.

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16.5 Coordination Committee: A coordination committee consisting following members under the leadership of Secretary/Addl. Secretary of MoI will be formed to maintain the coordination among different government agencies:

- | | |
|---|----------|
| 1. Secretary/Additional Secretary, Ministry of Industries | Convenor |
| 2. Representative of Board of Investment | Member |
| 3. Director General, Department of Environment | Member |
| 4. Director, Privatisation Commission | Member |
| 5. Representative of Commerce Ministry (at least joint secretary) | Member |
| 6. Representative of Ministry of Justice, Law and Parliament (at least joint secretary) | Member |
| 7. Representative of Ministry of Power (at least joint secretary) | Member |
| 8. Representative of Ministry of Energy and Mineral (at least joint secretary) | Member |
| 9. Representative of Ministry of Forest and Environment (at least joint secretary) | Member |
| 10. Representative of Ministry of Jute and Textile (at least joint secretary) | Member |
| 11. Representative of Ministry of Civil Aviation and Tourism (at least joint secretary) | Member |
| 12. Representative of Ministry of Agriculture (at least joint secretary) | Member |
| 13. Representative of National Board of Revenue | Member |
| 14. Representative of BEPZA | Member |
| 15. Chief Inspector, Department of Factory Inspection | Member |
| 16. President, FBCCI | Member |
| 17. Executive Director, Bangladesh Computer Council | Member |
| 18. Representative of Ministry of Fisheries & Livestock (at least Joint Secretary) | Member |

16.6 Working Committee:

Secretary, Ministry of Industry reserves the right to form a working committee if necessary with the Addl. Secretary/Joint Secretary as Convenor with a view to reviewing any sector based/issue based topic and formulating clear-cut proposals/recommendations. If necessary, the committee will comprise the representatives of the institution/organization concerned as Member.

ANNEX I

SERVICE SECTORS

Over the years, the boundaries of the industrial manufacturing sector have been stretched to cover transport sector, and all important economic activities included as thrust sectors.

For instance, agro-based and agro-processing industry; fishing, fish procurement, 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 being considered service industries in the context of today's competitive world. In much the same way, transport and communication, construction, housing, furniture, forest industry, and cinema and DVD for entertainment are also considered industries.

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At present, 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. Agro-based activities such as fishing, fish preservation and marketing
2. IT-based activities (system analysis, design, developing system solutions, information service, call centre service, offshore development Centre [ODC], business process outsourcing [BPO] etc.)
3. Construction industry and housing
4. Overseas Employment
5. Entertainment
6. Ginning and baling
7. Horticulture, flower cultivation and flower marketing
8. Hospitals and clinics
9. Nuclear and Analytical Service (e.g. nuclear treatment etc)
10. Tourism
11. Human Resource Development, Knowledge society with high quality merit and efficiency
12. Testing Laboratory
13. Photography
14. Telecommunication
15. Transport and communication
16. Warehouse and container service
17. Forestry and furniture
18. Engineering Consultancy
19. Filling Stations (Petrol pump, CNG conversion centre etc)
20. Private Inland Container Depot and Container Freight Station
21. Tank Terminal

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22. Chain Super Market/Shopping Mall
23. Aviation Service
24. Modernised Cleaning Service for High-rise Apartments, Commercial Building
25. Auto mobile service
26. Technical Vocational Institute
27. Production and Marketing of poultry and dairy products
28. Advertising Industry and modelling e.g. print modelling, TV commercials, ramp modelling, catwalk, fashion
29. Production, supply and distribution of power in the private sector
30. Outsourcing and Security Service (Private Security forces/manpower supply)
31. Sea-ship movement trade.

ANNEXURE II

THRUST SECTORS (IN ALPHABETICAL ORDER)

1. Agro-based and agro-processing industry
2. Human Resource Export
3. Ship Building
4. Renewable Energy (Solar Power, ~~Windmill~~)
5. Tourism
6. Basic chemicals/dye and chemicals
7. ICT and ICT based service
8. Readymade Garments Industry
9. Active Pharmaceuticals Ingredient Industry and Radio Pharmaceuticals Industry
10. Herbal Medicinal Plant
11. Radio-active (diffusion) Application Industry (e.g. developing quality of decaying polymer/preservation of food/ disinfecting medicinal equipment)
12. Development of Polymer Industry
13. Jute and Jute products
14. Leather and Leather products
15. Hospital and Clinic
16. Light Engineering Industry
17. Plastic Industry
18. Furniture
19. Handicrafts
20. Energy Efficient Appliances/Manufacturing of Electronic goods/Development of Electronic materials
21. Frozen Fish Industry
22. Tea Industry
23. Home Textiles
24. Ceramics
25. Tissue Grafting and Biotechnology
26. Jewellery
27. Toy
28. Container Service
29. Warehouse
30. Innovative and import substitute industry
31. Cosmetics and toiletries
32. Light engineering industry.

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ANNEX 3

RESERVED INDUSTRIES

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

ANNEX-4

Controlled Industries

1. Fishing in the deep sea
2. Bank/financial institution in the private sector
3. Insurance Company in the private sector
4. Generation, supply and distribution of power in the private sector
5. Exploration, extraction and supply of Natural gas/oil
6. Exploration, extraction and supply of coal
7. Exploration, extraction and supply of other mineral resources
8. Large-scale infrastructural project (e.g. flyover, elevated expressway, monorail, economic zone, inland container depot/container freight station)
9. Crude oil refinery (recycling/refining of lube oil used as fuel)
10. Medium and large industry using natural gas/condensate and other minerals as raw material
11. Telecommunication Service (mobile/cellular and land phone)
12. Satellite channel
13. Cargo/passenger aviator
14. Sea bound ship transport
15. Sea-port/deep sea-port
16. VOIP/IP telephone
17. Industries using heavy minerals accumulated from sea beach

ANNEX-5

Division Of Regions For Duty Free Facility On Imported Principal Equipments

Industrially Developed Areas

Districts

Dhaka Division : Dhaka, Narayanganj, Narshingdi, Gazipur

Chittagong Division : Chittagong, Cox's Bazar, Brahmanbarria, Chandpur, Comilla, Feni,

Noakhali and Lakhsipur

Rajshahi Division : Bogra

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Industrially undeveloped Areas Districts

Rajshahi division : Panchagarh, Thakurgaon, Dinajpur, Nilphamari, Rangpur, Lalmonirhat, Kurrigram, Gaibandha, Joypurhat, Naogaon, Chapainababganj, Rajshahi, Natore, Sirajganj and Pabna.

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Khulna division : Chuadanga, Meherpur, Kustia, Jhenidah, Magura, Narail, Jessore, Shatkhira, Khulna and Bagerhat

Deleted: Sakhira

Barisal division : Barisal, Jhalkathi, Pirojpur, Patuakhali, Baraguna and Bhola

Dhaka division : Jamalpur, Sherpur, Netrokona, Kishoreganj, Mymensingh, Tangail, Rajbari, Gopalganj, Shariatpur, Madaripur, Faridpur, Manikganj and Minsiganj

Chittagong division : Khagrachhari, Rangamati and Bandarban

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Sylhet division : Sylhet, Sunamganj, Moulvibazar and Habiganj

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List of agro-product/food processing activities

1. Processed fruit products (jam, jelly, juice, pickles, asrbat, syrup, sauce etc.)
2. Fruits processing (tomato, guava, sugarcane, jackfruit, lichee, pineapple, coconut etc.)
vegetables and lentil
3. Processing of bread and biscuits, vermicelli, laccha, chanachur, noodles etc.
4. Manufacturing of flour, sujee
5. Processing of mushroom and spirulina
6. starch, glucose and other dextrose product
7. Milk Processing (pasteurisation, milk powder, ice-cream, condensed milk, sweet, cheese, butter, ghee, chocolate, curd etc)
8. Processing of Potato products (chips, potato, flex, starch etc.)
9. processing of powder spice
10. Refining and hydrogenation of edible oil
11. Salt processing
12. Processing of prawn and other fishes and freezing
13. Manufacturing of herbal cosmetics
14. Manufacturing of Unani and ayurvedic medicines
15. Fish feed and fish meal processing for poultry and livestock
16. Seed processing and preservation
17. Manufacturing of jute products (rope, thread, twain, canvass, bag, carpet, sandals etc.)
18. Production of silk textile
19. Manufacturing of agro-equipments
20. Manufacturing of rice, puffed rice, chirra etc.
21. Production of flavoured rice
22. Tea processing
23. Production of coconut oil
24. Processing of rubber tape, shellac
25. Cold storage (processing and preservation of edible potato and sed potato, fruits, vegetables etc)

26. Production of wood, bamboo and cane furniture (exclusive of cottage industry)
27. Flower preservation and export
28. Meat processing
29. Production of Bio slurry, mixed manure and urea
30. Production of bio-pesticides, neem pesticides etc.
31. apiculture
32. Particle board
33. Sweetening products
34. Soya food production & processing
35. Mustard oil producing industry (if local variety is used)
36. Rubber goods making project.

ANNEX-7

Tourism products in the public sector:

1. Historically important tourism area
2. Archaeological and natural resource
3. Government owned hotel/motel/resort centre/zoo/botanical garden etc.

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Tourism products in the private sector

1. Private Tourism Centre
2. Hotel/motel/cottage/hunting lodge/holiday home etc.
3. All kind of rides
4. Theme park
5. Tourist resort
6. Amusement park
7. Family Fun and games
8. Picnic spot
9. Shooting spot
10. Health club
11. Children park
12. Permanent stage for indigenous dance, cultural show etc.
13. Birds/butterfly
14. Safari park/zoo
15. Marine and sea cuisine
16. Seaside aquarium
17. Sight seeing tour

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Products available at the tourism centre

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1. beauty parlour
2. Regional/continental/Chinese and other international food outlet
3. Permanent Outlet for cottage industry products