

Round Table Discussion Report on

# Unleashing the **Export Potential** of the **Light Engineering Industries** in **Bangladesh**



## Background

Light Engineering (LE) industry has emerged as a driving force in the manufacturing sector, contributing significantly to economic growth and employment in Bangladesh. Light engineering is the mother of all industries as it feeds the requirements of all other manufacturing industries. The light engineering sector is considered the backbone of industrial development in any country. This sector encompasses a diverse range of products, including spare parts, casting, molds, machinery, and electrical and electronic products.

Over the years, the industry has shown remarkable growth, with a particular focus on catering to the end user's needs, minimal capital investment, and reduced environmental impact compared to heavy industries (Majumdar, 2022). The LE sector produces basic technical consumer items focuses more on the end user's needs than capital investment and produces less pollution than heavy industrial output since it requires less energy, area, and raw materials (Akter and Akter, 2023). Bangladesh has a wide range of industries within the LE sector, producing low-tech to extremely complex goods.

A small number of Bangladeshi industrial firms were dependent on foreign machinery and replacement components before 1970. Still, a few mechanics with industry experience began manufacturing particular items. Large engineering businesses formed when the abandoned industries were nationalized following independence. Large private industrial facilities were established in Bangladesh during the country's industrial liberalization in the late 1970s. It led to a massive increase in demand for mechanical fittings and replacement parts. When it came to providing replacement parts to the industries, local LE businesses turned out to be more affordable than machinery manufacturers. Under the government's patronage, LE enterprises saw an accelerated expansion in the 1980s.

According to Talukder and Jahan (2016), the LE sector continues to be a vital source of assistance for the automotive, industrial, agricultural, and construction sectors. It offers low-cost replacement parts, castings, molds, dice, oil and gas pipeline fittings, light machinery, and repair services. There are over 40,000 LE businesses in Bangladesh, spread throughout different areas, with prominent hubs in Dhaka, Chattogram, Narayanganj, Bogra, Jashore, Gazipur, and Kishorganj.

The bulk of LE firms are small and medium-sized enterprises (SMEs), with the Bangladesh Engineering Industry Owners Association (BEIOA) estimating that 34 LE clusters are located in around 18 districts (Talukder and Jahan, 2016). SMEs dominate the terrain. With less than 100 employees, small and medium-sized enterprises (SMEs) comprise the bulk of LE businesses (BIDA, 2021).



## Light Engineering Trade Growth and Opportunities

According to recent fiscal statistics, Bangladesh's light-engineering sector (LES) brightens trade hopes as it experienced over 81 percent growth in exports to international markets in the most recent fiscal year (FY), according to experts, light engineering, which supports about 800,000 employments, generates roughly half a billion US dollars in foreign cash annually after satisfying about 30% of local demand (Kabir, 2021). The sector, which employs around 800,000 people, brings in about \$500 million in revenue each year, and it is essential to meeting domestic and global demand. In FY22, Bangladesh supplied 28 light engineering products to the UK at the HS 8-digit level (RAPID, 2023).

## Global Presence

Bangladesh has been successful in growing its exports of light engineering to markets around the world, including the European Union, Australia, Japan, China, India, and Africa. Bangladesh is the third-largest supplier of bicycles to the European Union, with the EU being the main market for its light engineering items (BCCCI, 2015). The government offers exporters a ten percent monetary incentive based on export value. Furthermore, Bangladeshi LE items are duty-free on the European market because of the GSP facility (Ahmed and Bakht, 2010).

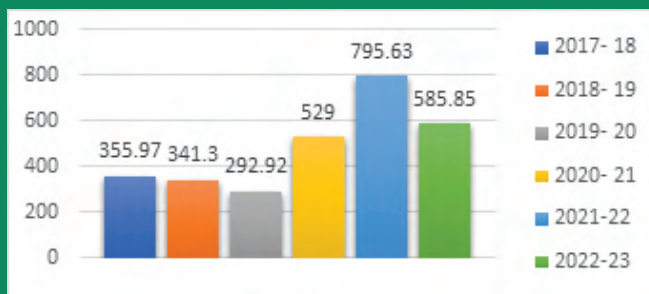


## Light Engineering Product Export:

The data shows a fluctuating trend in the export values of light engineering products from 2017-18 to 2019-20. There is a significant increase in 2020-21 (\$529 million) and 2021-22 (\$795.63 million), indicating robust growth. However, in 2022-23, there is a slight decrease to \$585.85 million. The export value fell by 4.1% in the FY 2018-19 year and 14.1% in the FY 2019-20. This was highly concerning for the LE industry. However, in FY 2020-21 the export rate rose by almost 81.02 % and the next year it rose by around 50.43% but in FY 2022-23 LEP again fell by 26.35%.

| Year     | Export of LEP (Million USD) |
|----------|-----------------------------|
| 2017- 18 | 355.97                      |
| 2018- 19 | 341.30                      |
| 2019- 20 | 292.92                      |
| 2020- 21 | 529                         |
| 2021-22  | 795.63                      |
| 2022-23  | 585.85                      |

Source: NBR, 2023



Yearly Export of LEP from Bangladesh  
(values in Million USD)

**The above statistics show that the export of LEP percentage changes in export values from one fiscal year to the next year.**

Only five countries such as China, the USA, India, Singapore, and Japan import light engineering products worth \$2.51 trillion, and Bangladesh enjoys market access to all these destinations. Hs code- 94054090 (lamps, light fittings, Nes LED Spot Light) export in China, Germany, and South Korea.



# Round Table Discussion on Unleashing the Export Potential of the Light Engineering Industries in Bangladesh

Date: January 30, 2024

Place: Dnet Conference Room



## Objective of the Round Table Discussion

The round table discussion aims to bring together key stakeholders from the light engineering sector in Bangladesh to facilitate an open and collaborative dialogue on the industry's current state, challenges, and opportunities. More specifically, the objectives of this round table discussion are as follows;

1. Assessing the current situation of the light engineering industry in Bangladesh, considering recent growth trends and global demand.
2. Identifying challenges faced by the industry, particularly in terms of financing and infrastructure, and proposing viable solutions to overcome these obstacles.
3. Understanding the current export potentiality of the light engineering industry in Bangladesh, discussing the dynamics of key export destinations like the European Union, and exploring strategies to strengthen Bangladesh's position in these markets.
4. Exploring the role of government policies and industry collaborations in fostering the growth of the light engineering sector.
5. Discussing the role of innovation and technology in enhancing the competitiveness of Bangladeshi light engineering products in the global market

- **Date:** 30 January 2024 (Tuesday)
- **Time:** 3.00 pm to 5.30 pm
- **Venue:** Dnet Conference Room
- **Moderators:** Jointly M. Shahadat Hossain, ED, Dnet, and Dr. Muhammad Shariat Ullah
- **Key Note Speaker:** Mr. Md. Abdur Rahim Khan, Additional Secretary (Export), Export Wing (Ministry of Commerce)

## Future Implication of This Round Table

On the basis of the round table discussion held on 30th Jan 2024, the Dnet research team has prepared a detailed report on the findings of the round table discussions and the report will be shared with all key stakeholders. Dnet will also continue to advocate for the recommendations made by the panel. The insights of this round table will contribute to the study titled **"Unleash the Export Potential of Light Engineering Industries in Bangladesh"**.

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## M. Shahadat Hossain

### Co-Founder & Executive Director, Dnet

M Shahadat Hossain is a founding member of Dnet and has served in the governing body since 2018 and as the Executive Director Since 2021. He has 15 years of experience in academia and research. As an academic, he has taught various marketing courses for 15 years in North America. Namely at; Sprott School of Business, Carleton University, Canada, State University of New York at Potsdam, USA, and as an adjunct at Clarkson University, NY, USA.

M. Shahadat Hossain began his professional career in 1991. He is a marketing expert as a practitioner and has worked for international and public limited companies both in a service industry and manufacturing industry as senior level management. His published work on service innovation has received the Outstanding Research Award from The Institute for Business and Finance Research, USA. He has also received a "Title III Grant" for research from the US Department of Education while teaching at SUNY, Potsdam. He has worked on several development projects as a team lead or technical advisor. He has also been part of many research studies as a researcher or methodology expert.

**Moderator & Welcome Address:** M. Shahadat Hossain welcomed all the participants to the roundtable discussion on "Unleashing the Export Potential of the Light Engineering Industries in Bangladesh". He opined that as Bangladesh is graduating to a middle-income country with a growing business sector the Light Engineering Industries can play a pivotal role. Thus, it is important to have a better understanding of the sector. This roundtable has brought together all the relevant experts to voice their insights and opinions. The expert insights will be valuable for Dnet's research team to conduct an in-depth study to understand the export potential of the sector. M. Shahadat Hossain then requested all the participants to introduce themselves.



## Dr. Muhammad Shariat Ullah

### Senior Research Fellow of Dnet and (Professor and Chairman, Department of Organization Strategy & Leadership, University of Dhaka)

Dr. Shariat Ullah is a senior research fellow at Dnet and did his Ph.D. in Economics from Ritsumeikan University, Japan, and his BBA and MBA from the University of Dhaka. He is also a professor and chairman of, the Department of Organization Strategy & Leadership, University of Dhaka. At the macro level, Dr. Shariat works in research and policy advocacy for the Development of SMEs under various agencies and ministries of the Government of Bangladesh. He completed a research project titled "Skills Development Strategy for the Light Engineering Sector of Bangladesh". This project Led the project from designing a technical proposal to prepare and present the final report. As a researcher, Dr. Shariat has co-authored 9 research monographs, and one textbook and published 22 research articles in reputed academic journals. During his career so far, he has participated as a presenter in 19 intentional conferences and seminars held in the United States, United Kingdom, Germany, Japan, Italy, Republic of Korea, China, and Thailand.

***M. Shahadat Hossain then invited  
Mr. Md. Abdur Rahim Khan to deliver his  
Keynote speech.***



## Mr. Md. Abdur Rahim Khan

**Inspector General, DIFE**  
**Formerly Additional Secretary at the**  
**Export Wing, Ministry of Commerce**

Mr. Abdur Rahim Khan, Additional Secretary, is currently the IG of DIFE who was till very recently the Export Wing Chief at the Ministry of Commerce. He is a highly experienced professional with an MSc. in Public Economic Management & Finance from the University of Birmingham, UK (2005) and a BA (Honors) and MA from the University of Dhaka (1990, 1991). With over 20 years in the Bangladesh Civil Service, he has held key roles in Upazila, District, and Division level field administrations. His central government contributions include impactful roles at the Ministry of Information, Planning Commission, and Ministry of Finance. His international training includes stints with the IMF, World Bank, ADB, and the Asian Institute of Development Studies. A respected figure, Mr. Khan has served as a Panel Discussant in seminars globally and contributed to training institutes like BPATC, Police Staff College, FIMA, and PFF. His dedication to advancing public finance and governance in Bangladesh is evident through his substantial contributions and thought leadership.

**Keynote Speech:** Mr. Abdur Rahim Khan thanked everyone at the roundtable discussion. And began his keynote speech on “Unleashing the Export Potential of LE Industry in Bangladesh”. According to him, there are mainly eight councils under the Ministry of Commerce among which the Light Engineering Council is the most vibrant one.

The Speaker shifted his focus on the development Bangladesh has achieved throughout the 50 years of independence where poverty is already under 10% and per capita income has gone up to almost 3000 USD but he also mentioned that investment percentage in GDP is still surprisingly low.

He also mentioned that we don't have the desired amount of foreign investment as a country. Therefore, he requested everyone present to point out the gaps in implementing the strategies set out by the Government of Bangladesh. Mr. Khan then shed light on the fact that the export sector needs to be properly strategized as almost one-third contribution in GDP comes from the export sector. The keynote speaker emphasized creating aggregate demand using modern and cutting-edge technologies.

In his speech, the Mr. Khan expressed his concern regarding certain risks that come with the current situation in exports as it is very concentrated with more than 85% of the exports being by the RMG sector. Mr. Khan believes that a fast paradigm shift is needed before the population dividend has run out in the country. In his presentation, the speaker highlighted certain challenges that impede the diversification of exports which include challenges such as,

- Absence of integrated trade and sector strategies and follow-up support programs
- Inadequate FDI
- Trailing Infrastructure
- Labor productivity and availability of skills
- Barriers to market access
- Unpredictable customs and tariff regimes
- Competitiveness

Mr. Khan's stressed that LE (Light Engineering) is considered the thrust sector and the highest priority sector in the export policy and is also regarded as the mother of all sectors.

He highlighted that countries such as Bangladesh have great potential to create a great position in exporting light engineering products all around the world as the big players like China and Japan have already shifted to high-end engineering products. He also advocated the need to manufacture quality products to ensure entry into the global market. According to the speaker, this is where Dnet can come forward with research findings and recommendations that can help strategize the light engineering sector which can be beneficial in developing the future of exporting light engineering products of Bangladesh.

Mr. Md. Abdur Rahim Khan concluded his speech by urging everyone present to eliminate child labor practices in the light engineering sector. The keynote speaker then went on to thank Dnet for organizing such a relevant discussion opportunity among the sector experts regarding the way forward of light engineering in Bangladesh.



*Moderator M. Shahadat Hossain thanked Mr. Abdur Rahim for his detailed and insightful keynote paper on the Export potentiality of the Light Engineering Industries.*

*Concerning Mr. Abdur Rahim's speech on quality products for international markets, Mr. Hossain said Japan made significant investments towards quality products in the 60s and 70s to capture the global market. Countries like Japan, South Korea, Vietnam, and India invested a lot of time improving their products.*

*M. Shahadat Hossain then introduced Dr. Shariat Ullah and requested him to moderate the rest of the discussion*

*Dr. Shariat Ullah greeted everyone and pointed out that there were two main factors for discussion. First, export potentiality and the second, bottlenecks to the export potential.* He pointed out that Bangladesh's Light Engineering industry has enormous investment potential because of the rising demand from the developing industrial sector for machinery and machinery parts and components.

*He then requested Mr. Mohammad Mushtaque Ahmed Tanvir (Vice-President, Bangladesh Bicycle and Parts Manufacturer and Exporters Association (BBPMEA)) to express his views on export potential of the Bicycle industry as well as what they were exploring for the future and in which markets.*



**Mr. Mohammad Mushtaque Ahmed Tanvir**  
Vice-President, Bangladesh Bicycle and Parts Manufacturer and Exporters Association (BBPMEA).

Mr. Mohammad Mushtaque Ahmed Tanvir is a distinguished figure known for his multifaceted roles and notable achievements. Currently serving as the Director of Prime Bank Ltd and Managing Director of various companies under the Meghna Group, including Uniglory Cycle Components Ltd, Uniglory Paper & Packaging Ltd, Uniglory Button Ltd, and Uniglory Paper Industries Ltd, he exemplifies strong leadership across diverse industries. In recognition of his outstanding contributions to the export sector, Mr. Tanvir has been honored with the National Export Trophy for Bicycle Companies multiple times, presented by Prime Minister Sheikh Hasina. His dedication and excellence were further acknowledged with the CIP (Export) award in 2021. He is also a Vice-President, Bangladesh Bicycle and Parts Manufacturer and Exporters Association (BBPMEA)

Mr. Tanvir's leadership qualities were evident during his tenure as the General Secretary of the Athletics Club at EUCSU, BUET, where he was unanimously selected for his remarkable organizational skills and dedication. Through his dynamic leadership, sporting achievements, and significant contributions to the export sector, Mr. Mohammad Mushtaque Ahmed Tanvir continues to inspire and make impactful strides in the business areas.

Mr. Muhammad Mushtaque Ahmed Tanvir thanked everyone and began his speech. Mr. Tanvir presented insightful observations on the current state and future prospects of Bangladesh's bicycle export industry. His remarks highlighted key strengths, opportunities, and challenges that require focused attention.

Mr. Tanvir identified a crucial advantage for Bangladeshi exporters: our ability to compete effectively with developed nations in the bicycle import market. This unique position warrants careful consideration and strategic action. He emphasized the significant influence of technological advancements in Europe, specifically the rising demand for electric bicycles (e-bikes). This presents a substantial opportunity for Bangladesh to capitalize on this growing market segment. Mr. Tanvir stressed the need for the industry to adapt to evolving market demands. He noted the current low export volume and urged for industry expansion.

To remain competitive, he underlined the critical importance of investing in battery and motor technologies, areas where domestic production capabilities exist. This approach minimizes reliance on imported Chinese products, promoting self-sufficiency and cost control.

He acknowledged the disadvantage of lacking dedicated testing facilities for bicycles and their components. While presenting a challenge, Mr. Tanvir expressed confidence in overcoming this hurdle through collaborative efforts.

Finally, he addressed the high cost of e-bikes, typically ranging from USD 8,000 to USD 10,000. This price point could hinder wider adoption. Exploring cost-reduction strategies and developing more affordable e-bike models are crucial considerations for market success.

*Moderator Dr. Shariat Ullah appreciated the insights from Mr. Tanvir. Then the moderator requested Mr. Salim Ullah, Senior Assistant Secretary in the Policy Wing of the Ministry of Industries, to express his views on the affordability of battery tester economically.*



## **Mr. Md Salim Ullah**

**Senior Assistant Secretary  
in the Policy Wing of  
the Ministry of Industries**

Mr. Salim Ullah is a Senior Assistant Secretary in the Policy Wing of the Ministry of Industries, boasting nine years of experience in formulating key industrial policies for our nation. With a background in English Literature and advanced degrees in Diplomacy, Public Policy, and Management, he brings a blend of academic rigor and practical expertise to his role. Having spearheaded the drafting of pivotal policies such as the National Handicraft Industry Development Policy 2015 and the National Agro-Food Industry Development Policy 2022, he is deeply committed to driving industrial progress.

Apart from this his international engagements, including speaking at prestigious summits and undergoing training abroad, underscore his dedication to staying abreast of global best practices.

Guided by a passion for excellence and a desire to contribute to our nation's socioeconomic growth, he remains steadfast in his pursuit of advancing industrial development through strategic policy formulation and implementation.

Mr. Md. Salim Ullah thanked the moderator for providing the opportunity to share his thoughts. Mr. Md. Salim Ullah acknowledged current initiatives in Bangladesh regarding automobile testing infrastructure but expressed concern over their effectiveness. He emphasized the need to adhere to BSTI standards, which necessitates a time-intensive process. In contrast, Mr. Selim Ullah highlighted the establishment of need-based institutions in other countries like India, Japan, and Thailand, demonstrating faster progress.

Crucially, he identified the absence of a dedicated automobile testing laboratory in Bangladesh as a critical obstacle to automotive exports. He commends the Ministry of Industry's initiative to establish one this year with secured foreign funding but stressed the necessity for complementary need-based institutions to accelerate development and prevent export hindrance. Mr. Selim Ullah concluded by reiterating the importance of taking necessary initiatives in this regard and expressed his appreciation to the audience and Dnet for organizing this much needed exchange with all the stakeholders of the Light Engineering industry.

*Moderator Dr. Shariat Ullah thanked Mr. Salim Ullah for his valuable speech. He expressed that he feels Bangladesh has come to a point where necessary policies and operation plans are all in place for implementation. He emphasized on focusing on the practical implementation of the policies and operation plans in place.*

*After the discussion, moderator M. Shahadat Hossain acknowledged the speakers for their valuable speech. Then he invited Mr. Ashraf Ibn Noor to express his views and expert opinion on the topic being discussed.*





## Ashraf Ibn Noor

### Director of BEIOA

A graduate of Dhaka University, a Marine Engineer & worked as Chief Engineer on various kinds of large vessels at sea. Left Sea and started business in the 1980s in Shipping, Ship Chartering, Agency, etc. Diverted to industrial products and founded R. Industries Ltd. some 25 years ago. Involved socially with many organizations. Was Sr. Vice President of Dhaka Chamber of Commerce & Industries [DCCI]. Presently involved with the Light Engineering sector: Vice Chairman of Light Engineering Industry Skill Council, VP of Bangladesh Engineering Owners' Association [BEIOA], and many other institutions & organizations. Have many publications on Marine Technical and Business Challenges with suggested solutions.

Mr. Ashraf Ibn Noor expressed gratitude to Dnet and the audience before delving into critical concerns surrounding Bangladesh's electric bicycle industry. He highlighted the inconsistency of BITAC's regulations, proposing BSTI as a potentially more suitable governing body. Notably, he stressed the significant cost inflation of electric bicycles, attributing it to factors like battery production dependence on imports. Mr. Noor further criticized the National Board of Revenue (NBR) for neglecting established policies, particularly regarding foreign currency limitations. To address these challenges, he advocated for prioritizing export promotion and emphasized the crucial role of import substitution, particularly in battery production. Mr. Noor urged the implementation of a comprehensive policy framework that tackles regulatory coherence, cost competitiveness, battery production, and import substitution to ensure sustainable growth in the electric bicycle industry.

Mr. Noor emphasized the potential for domestic production of raw materials to reach 30-40%, urging further exploration of policy inconsistencies to unlock this potential and reduce foreign exchange expenditure.

While acknowledging the market's growth, he stressed the need to accelerate expansion to match global leaders like China, Turkey, and Korea, where local market volumes significantly surpass Bangladesh's. Mr. Noor highlighted the substantial global demand for Bangladeshi products but expressed concern about the domestic industrial system's capacity to meet this demand efficiently. He further noted the limitations imposed by policy inconsistencies on accessibility, despite existing local market demand. In response to a query about limited product visibility, Mr. Noor identified public perception alongside taxes as key challenges, emphasizing the tendency of consumers to prioritize foreign-labeled products. He concluded by acknowledging the importance of strong national and brand values in commanding higher prices and impacting market share. Mr. Noor expressed his sincere gratitude to all participants in the round table discussion.

*Moderator M. Shahadat Hossain praised Mr. Noor for his insightful speech observations. After that, the moderator requested Mr. Mirza Nurul Ghani Shovon to talk about SME's export potentiality, as many SMEs are included in light engineering industries.*



## Mr. Mirza Nurul Ghani Shovon

### the President of the Central Board of Directors at the National Association of Small and Cottage Industries of Bangladesh (NASCIB).

Mr. Mirza Nurul Ghani Shovon is a distinguished professional currently serving as the President of the Central Board of Directors at the National Association of Small and Cottage Industries of Bangladesh (NASCIB). In addition to his role at NASCIB, he holds the position of Managing Director at MNG Metal Industries.

Mr. Shovon's extensive contributions to the industrial sector including serving as the Chairman of the Informal Sector Industry Skills Council (ISISC). Furthermore, he plays a crucial role as a Member of the Board of Directors for various prominent organizations, including the Bangladesh Small and Cottage Industries Corporation (BSCIC), the Bangladesh Technical Education Board (BTEB), and the Small and Medium Enterprise Foundation (SMEF). With a wealth of experience and a commitment to fostering growth in the small and cottage industries of Bangladesh, Mr. Mirza Nurul Ghani Shovon stands as a key figure in shaping the landscape of the country's industrial development. His dedication to skills development, coupled with his strategic roles in influential boards, reflects his significant impact on the industrial and technical education sectors in Bangladesh.

Mr. Mirza Nurul Ghani Shovon, began his speech by expressing his gratitude to everyone and emphasized the importance of export development and research documentation, which are the key responsibilities of the Business Promotion Council. He also highlighted the significance of creating favorable policies to support these endeavors.

During his speech, Mr. Shovon mentioned a noteworthy project called "EC4J." This project aims to foster collaboration between government agencies, industry associations, and private companies in order to enhance the competitiveness of the light engineering sector. The primary focus of EC4J is on research and development, with the goal of developing innovative technologies and products specifically tailored for the light engineering industry.

Mr. Nurul Ghani Shovon thanked Dnet and all the participants who attended the round table discussion. His speech shed light on the importance of export development, research documentation, and the EC4J project, which holds great potential for the growth and advancement of the light engineering sector.

***Moderator Dr. Shariat Ullah thanked Mr. Sovon for his speech. Then the moderator asked Md. Mozammel Haque, Senior Vice President of Bangladesh Electrical Cables Manufacturers Association to provide his views.***



## **Md. Mozammel Haque**

**Senior vice president  
Bangladesh Electrical cables  
Manufacturers Association**

Md. Mozammel Haque is a seasoned professional serving as the Senior Vice President of the Bangladesh Electrical Cables Manufacturers Association. With a wealth of experience in the electrical industry, he has demonstrated exceptional leadership and expertise in promoting the growth and development of the sector. Throughout his career, Mozammel has been dedicated to advancing the interests of electrical cable manufacturers, advocating for industry standards, and fostering collaboration within the sector. His commitment to excellence and innovation has earned him respect among his peers and has been instrumental in driving the association toward greater success. As Senior Vice President, Mozammel continues to play a pivotal role in shaping the future of the electrical cables manufacturing landscape in Bangladesh.

Md. Mozammel Haque initiated the discussion and informed the participants about the current progress regarding the export of BRB cables and ceiling fans. He expressed hope that the export of sockets would follow suit. Additionally, he highlighted the financial burden imposed by the Value Added Tax (VAT) on raw materials and suggested that reducing it to below 5% would be advantageous for the industry which in turn can aid in the exports.

However, Mr. Md. Salim Ullah corrected him stating that the VAT percentage had already been reduced to 1% as per the new policy.



*Moderator Dr. Shariat Ullah extended gratitude to Md. Mozammel Haque for his contribution to the discussion. After a brief exchange among most of the participants regarding industry needs and government policies M. Shahadat Hossain introduced Abdus Samad Al Azad and requested him to his views and as he was an expert of Free Trade Area, IIT from Commerce Ministry and also conversant on tax policy to respond to some of the observations made by the different participants.*



## **Abdus Samad Al Azad**

**Joint Secretary  
Ministry of Commerce**

Md. Abdus Samad Al Azad is a seasoned bureaucrat serving as a Joint Secretary in the Ministry of Commerce, Bangladesh. After graduating with honors and a master's degree in English from the prestigious University of Dhaka, he embarked on a distinguished career in the Bangladesh Civil Service. Specializing in the Taxation Cadre, Mr. Azad's journey began in 1995, where he diligently served across various capacities within the Direct Taxes Field Offices, National Board of Revenue, Ministry of Finance, and Ministry of Commerce. Throughout his career, Mr. Azad has undertaken extensive training both domestically and internationally, honing his expertise in diverse areas such as budgeting, auditing multinational enterprises, national savings, and trade diversification. His training spans institutions like the IMF, UNESCAP, and OECD, covering topics crucial to trade, economics, and public policy. Mr. Azad has represented Bangladesh in numerous bilateral and multilateral talks, contributing significantly to the nation's trade endeavors. Notable among his accomplishments are his participation in workshops and seminars focusing on financial crime, fraud awareness, and

money laundering, organized by esteemed institutions such as the IMF, OECD, and leading banks. Mr. Azad continues to contribute significantly to Bangladesh's trade endeavors, participating in initiatives aimed at enhancing cross-border trade and fostering international cooperation.

Thanking everyone Mr. Abdus Samad Al Azad, Joint Secretary in the Ministry of Commerce, Bangladesh, offered a candid assessment of the light engineering sector, highlighting both its potential and the critical challenges it faces. Mr. Azad acknowledged a stark difference between his initial expectations and the current state of the sector, describing it as "much worse than he thought." He emphasized the need to address the "contradictions in the mindsets of stakeholders," suggesting that researchers should delve deeper to identify the root causes of issues, whether they lie in imports, policy implementation, or sector definition itself. He also pointed out some gaps in understanding: Mr. Azad pointed to a lack of clarity and consensus on the light engineering sector's definition, hindering effective policy development and stakeholder alignment. He stressed the need for a clear and shared understanding of the sector's scope and objectives. He highlighted a number of major areas to focus on. (i) Absence of Large Enterprises: Mr. Azad identified the absence of large enterprises as a major challenge, limiting the sector's ability to compete effectively and scale up production. (ii) Implementation Lag: He argued that implementation gaps are often more significant than policy shortcomings. He cited the Indian state of Gujarat as an example of successful policy implementation and support for light engineering industries. (iv) There is a need for a clear vision and appropriate recommendations. (v) Clear Differentiation: Mr. Azad emphasized the need to clearly differentiate between light and heavy industries to ensure targeted support and avoid overlap. (vi) Domestic Market Potential: He stressed the sector's potential to contribute significantly to the domestic market, particularly as countries like Japan and China shift their focus towards heavy industries. (vii) Export Potential: Mr. Azad identified capturing the European market for light engineering products as a key opportunity for Bangladesh. Mr. Azad's insights provided valuable perspectives for policymakers and stakeholders seeking to revitalize Bangladesh's light engineering sector. By addressing the identified challenges, fostering collaboration, and implementing effective policies, the sector can unlock its immense potential, contributing to economic growth, job creation, and export diversification. Mr. Azad concluded his speech by thanking Dnet and everyone present at the round table discussion.

*Moderator M. Shahadat Hossain thanked Mr. Azad for his insights and spelling out the various aspects that need to be addressed. He also agreed with Mr. Azad regarding the need to define LE as most times the definitions are more manufacturing oriented and not market oriented. This leads towards a myopic view of the industry. During an open discussion it was also the consensus of the participants that the product-country image was an important part for our products in the global market. There is a need to conduct research on this.*

*The moderator appreciated it also as these insights will be valuable moving forward with the research.*



## **Mr. Abdur Razzaque**

**President  
Bangladesh Engineering Industry  
Owners Association (BEIOA)**

Mr. Md. Abdur Razzaque is the President of Bangladesh Engineering Industry Owners Association (BEIOA) a leading trade body organization of the light engineering sector of Bangladesh. Besides, currently he held many industry leadership positions, including that of Chairman of the Light Engineering Sector Industry Skills Council (LEISC), Chairman of the Project Standing Committee of Light Engineering Training Centre funded by Ministry of Finance, Vice-Chairman of the Light Engineering Product Business Promotion Council (LEPBPC) under Ministry of Commerce, Governing Body Member of Bangladesh Industrial Technical Assistance Center (BIITAC) under Ministry of Industries, Convener of Sub-Committee on VAT, FBCCI and Executive Member of Asian Productivity Organization (APO) Society, Bangladesh.

In the past, he was the Director of the country's apex trade body the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) four times. During his tenure with FBCCI, he held the position of Director, in Charge on the SME Standing Committee. He played a pivotal role in organizing the SME Fair –2002 with the participation of 100% local SMEs' products through which FBCCI earned a unique image as well as generated a good amount of funds. This event was the first initiative of FBCCI since its inception. National daily newspapers took note of appreciation of the event in their publication even with their Editorials. He served as the director of the SME Foundation three times.

Mr. Abdur Razzaque, President of the Bangladesh Engineering Industry Owners Association (BEIOA), offered a comprehensive overview of the light engineering sector's current state and future potential. He highlighted several critical areas for improvement, emphasizing collaboration between the government, industry stakeholders, and policymakers.

### **Key Gaps and Recommendations:**

1. **Import-Export Policy:** Mr. Razzaque identified inconsistencies in import-export policies for various light engineering products. He advocated for stricter regulations to incentivize domestic production over imports, promoting self-reliance and job creation.
2. **Regular Stakeholder Engagement:** The BEIOA President emphasized the need for the Ministry of Industries to maintain regular communication and conduct meetings with all stakeholders, including industry representatives, policymakers, and financial institutions. This collaborative approach would foster understanding and facilitate collective action.
3. **Learning from Developed Nations:** Mr. Razzaque drew attention to the procurement policies of developed countries that support small and medium-sized enterprises (SMEs) while maintaining a balance with heavy industries. He suggested adopting similar strategies to nurture Bangladesh's light engineering sector.

### **Proposed Solutions:**

1. **Establishment of Economic Zones/Local Industrial Parks:** Mr. Razzaque proposed establishing dedicated economic zones or local industrial parks for the light engineering sector. These zones should have well-defined regulations and infrastructure to attract investment and facilitate growth.



2. Strict Policy Enforcement: The BEIOA President stressed the importance of strict policy enforcement within these zones, ensuring compliance and fostering a transparent business environment.

3. Ministry-Led Policy Support: Mr. Razzaque urged the Ministry of Industries to provide continuous policy support, including the establishment of a task force to monitor and ensure adherence to regulations.

4. Target-Oriented Industry Development: The proposal also advocated for establishing target-oriented industries within the zones, focusing on specific products with high export potential.

Mr. Razzaque's insights and recommendations offered a valuable roadmap for the sustainable development of Bangladesh's light engineering sector. By addressing the identified gaps and implementing the proposed solutions, the sector can unlock its full potential, contributing significantly to the country's economic growth and industrial diversification.

He concludes his discussion by thanking everyone and Dnet for organizing this round table discussion.

***Moderator Dr. Shariat Ullah thanked Abdur Razzaque for his knowledgeable speech.***



**Mr. Supal Chandra Saha**

**Director  
Meghna Group**

Mr. Supal Chandra Saha is a seasoned professional with extensive experience and expertise in both corporate and governmental roles. Currently serving as a Director at Meghna Group and having previously held the position of Executive Director at the Export Promotion Bureau,

Mr. Supal Chandra Saha is a seasoned professional with extensive experience and expertise in both corporate and governmental roles. Currently serving as a Director at Meghna Group and having previously held the position of Executive Director at the Export Promotion Bureau, he possesses a wealth of knowledge in export trade and promotional policies. Mr. Saha's commitment to professional development is evident through his participation in numerous training workshops, both domestically and internationally. His dedication has been recognized with fellowships from prestigious institutions such as the Colombo Plan, World Bank, ITC, WTO, KOICA, EU, and Spanish Industrial Organization, where he has gained insights into various aspects of export trade and promotional strategies. With his diverse background and extensive training, Mr. Supal Chandra Saha continues to play a significant role in shaping and advancing the export sector, contributing to the growth and success of organizations like M/S. Uniglory Cycle Components Ltd within the Meghna Group.

Supal Chandra Saha thanked everyone and supplemented the discussion by addressing the classification of the bicycle industry. He elucidated that while the Bangladesh Ministry of Finance does not presently consider bicycles within the realm of light engineering, he advocated for the reclassification of bicycles and their components under this category due to their inherent value. Moreover, he underscored the existence of a fixed minimum duty rate for the importation of bicycles and parts as per current policy.

Specifically, he noted that a duty fee of 10% for basic iron molds and 15% for alloyed iron molds is mandated, resulting in a cumulative charge of 45% inclusive of VAT. Concluding his remarks, Mr. Supal Chandra Saha highlighted a significant discrepancy wherein, despite the absence of official import records, approximately 60% of Bangladesh's bicycles are sourced from external markets, predominantly China. He further referenced his ongoing proposal to the tariff commission over the past two years, advocating for the establishment of separate tariff structures for painted and non-painted bicycle frames.

Lastly, He concluded his remarks by thanking everyone and Dnet for organizing this round table discussion.

***Moderator M. Shahadat Hossain thanked Mr. Supal Chandra Saha for his insightful deliberations.***



**Mr. Md. Lutful Bari**  
**Chief Operating Officer**  
**And Secretary General**  
**Meghna Group**

Mr. Md. Lutful Bari holds key leadership positions in both the corporate and industry association realms. Currently serving as the Chief Operating Officer of Meghna Group and Secretary-General of the Bangladesh Bicycle and Parts Manufacturer and Exporters Association (BBPMEA), he demonstrates strong managerial skills and industry influence.

With a focus on industrial operations, Mr. Bari brings outstanding experience to his role. As part of the Meghna Group, he plays a crucial role in the operations of M/S. Meghna Innova Rubber Co. Ltd., contributing to its success and growth within the industrial sector. His dual roles signify his commitment to both corporate excellence and industry advocacy, positioning him as a key figure in driving growth and development in the manufacturing and export sectors of Bangladesh.

Md. Lutful Bari commenced the session by extending greetings and expressing gratitude to all participants for their attendance. Md. Lutful Bari initiated the discussion by highlighting the significant price fluctuations within the bicycle industry. He noted that over the past two decades, the average price of a bicycle has risen from USD 50 to USD 180-200. Additionally, he underscored the recent emergence of electric bikes, which are being exported within the price range of USD 500-1500.

**Potential for Lithium-Ion Battery Manufacturing:** Responding to inquiries about local lithium-ion battery production, Md. Lutful Bari emphasized the promising prospects in this domain. He elucidated that while countries like Korea, Japan, and China are prominent exporters of battery components,

Bangladesh could leverage this expertise by importing battery samples and assembling them domestically with the application of a Battery Management System (BMS). This, he suggested, could alleviate the energy consumption associated with electric bike batteries in Bangladesh. However, he cautioned against pursuing this avenue due to the high duty fees amounting to 69% as per Bangladesh's tariff structure.

**Role of BIDA and Factory Establishment:** Mr. Bari highlighted the role of the Bangladesh Investment Development Authority (BIDA) in facilitating export potentialities. He mentioned an overseas company's initial engagement with BIDA and the disappointment with the response they received. Subsequently, the said company established their largest factory in Gujrat. Additionally, he noted the government's official approval for charging electric vehicles with solar panels at their facility.

**Export Incentives and Challenges:** Mr. Bari recounted the impact of changing export incentives, citing a decline in exports following a reduction in incentives from 15% to 4% for whole bicycles. He elaborated on their previous exports of bicycle parts to 18 African and Middle Eastern countries and the subsequent decline in export volume.

Md. Lutful Bari concluded his discussion by thanking Dnet and expressed his gratitude to all participants for their attention and participation in the dialogue.

*Moderator Dr. Shariatullah thanked Mr. Lutful Bari for his detailed insights.*



## Concluding discussion

As the discussion drew to a close, Moderator Mr. Shariat Ullah invited participants to offer any final suggestions or insights for further progress.

Mr. Salim Ullah proposed the establishment of a win-win situation to address inequality within both micro and macro industries, emphasizing the need for representation from every sector and Mr. Azad recommended a formal definition of "Light Engineering" and advocated for distinguishing between local and export products. He underscored the importance of enhancing benefits for local products to bolster competitiveness in the global market. In closing, the round table discussion encapsulated diverse perspectives and constructive suggestions aimed at advancing industrial development and addressing pertinent challenges. Each participant's input contributed to a comprehensive understanding of the issues at hand and offered pathways for collaborative action.

The moderators, Dr. Shariat Ullah and Mr. M. Shahadat Hossain extended gratitude to all participants for their valuable contributions, fostering an enriching and productive discourse. With appreciation for the collective efforts and insights shared, the round table discussion concluded, paving the way for concerted action toward industrial advancement and economic prosperity.





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# Round Table Discussion on Unleashing the Export Potential of the Light Engineering Industries in Bangladesh



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