

**A SEMINAR PAPER REPORT
ON**

**Promoting Small Scale Industries :Role of BSCIC
Industrial Estate Narsingdi**

Submitted to

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Certificate

This is to certify that **Mohammed Yousuf**, Project Director(Deputy Secretary), Extension of BSCIC Industrial Estate,Narsingdi, Ministry of Industries, bearing Roll number 130 of 126th Advanced Course on Administration and Development (ACAD) has prepared this Study paper title on “**Promoting Small Scale Industries: Role of BSCIC Industrial Estate Narsingdi**”. The paper has been prepared under my direct supervision and guidance accomplishing all the activity satisfactory. The quality of the paper is above satisfaction to me and course management can accept the paper as a fulfilment of the course.

I wish him every success.



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Promoting Small Scale Industries :Role of BSCIC Industrial Estate Narsingdi

ABSTRACT

Small and Cottage industries are the seedbed on industrial development in a developing country like Bangladesh. A lot of small and Cottage industries in Bangladesh have been established with the support and services from BSCIC. The Small scale industries contribute a significant role in our GDP. The total number of small scale industries of BSCIC is 1.26 lakh while the total number of cottage industries of BSCIC is 8.57 lakh as per MIS report of BSCIC (upto June 2019). The contribution of small and Cottage industries to GDP is 3.85% and the rate of growth of small and Cottage industries (manufacturing) to GDP is 10.26%. As per MIS report of BSCIC, the total number of export oriented industrial units are 946 and total sale value of that exported products are in the FY 2018-19 Tk 24,755.40 crore. The total number export oriented industrial units of BSCIC Industrial estate, Narsingdi are 12 and total sale value of that exported products are Tk 3424.13 lakh in the Financial year 2018-19. Some challenges are sorted out accomplishing the study and on the basis of that challenges some initiatives are recommended for future action.

Keywords

Promoting, BSCIC, Small scale industries, Industrial estate, Poverty Reduction

INTRODUCTION & LITERATURE REVIEW

Bangladesh Small and Cottage Industries Corporation (BSCIC) is the prime mover organization in Bangladesh and plays a vital role for promotion and development of Small, medium and Cottage Industries in the country. It is a statutory and autonomous organization. It provides support services to the small and cottage industries sector in Bangladesh. Huge number small and Cottage Industries in our country have been established with the help of the BSCIC all over the country. Its history is not new. It has started its journey in 1957. It is the successor of the then East Pakistan Small and Cottage Industries Corporation (EPSCIC) established by an act of the parliament in 1957. The bill was placed by Bangabandhu Sheikh Mujibur Rahman as the then Minister for commerce & Industries of the provincial Assembly of East Pakistan. The Act 1957

stated three objectives. Such as (a) To reduce poverty by creating employment opportunities (b) To protect balanced regional growth. (c) To rise production of the existing Small and Cottage Industrial units. Soon after independence, again it started its journey in the name of BSCIC. BSCIC has country-wide institutional network to provide door step services for entrepreneurs. There is a board of Directors consisting of 6 Directors to conduct the organisation properly. The Chairman is acting as Head of organisation. There are six divisions and a Secretariat in BSCIC. The divisions are a) Finance and Audit b) Planning and Development c) Promotion & extension d) Marketing and Design e) Project f) Technology. There is a secretary (equivalent to deputy secretary) posted in BSCIC's Secretariat. BSCIC has country wide network with number of 2410 manpower. It has four regional offices sixty four district offices named as Industrial Services Centre (ISC). Besides, there are 76 Industrial estates (IE) in district and upazilla level. The Estate officer is the chief of Industrial estate (IE) while the chief of Industrial Services Centre (ISC) is Assistant General Manager. The industrial estates (IE) are overall controlled by ISC chief i.e. Assistant General Manager. In addition to that, there are 15 Skills Development Training centres and 27 Development & Training centres and 3 cottage Industries Development Program offices in the Hill Tracts District. There is a Design Centre in the BSCIC Head quarter Dhaka. There is a salt production and development office in the district of Cox's bazaar. Further more, there are six breeding centres of bee in six districts.

The promotion of small and medium Industries needs a package of services including infrastructural facilities. Development of Industrial estate with appropriate facilities is one of the main functions of BSCIC. BSCIC acquires land, develop plots and infrastructure such as:- road, drain and culvert through ADP budget. It also ensures power supply, connection of telecommunications, gas and water and all other necessary facilities for the entrepreneurs.

The role of BSCIC is commonly phenomenon. Though BSCIC has been engaged in various activities towards small scale industrial development, no independent evaluation of specific estates has been done yet in promoting small scale industries. In Bangladesh the available literature and existing knowledge about the role of BSCIC in promoting small scale industries is very limited and offer not very much clues for better conception. Rahman et al (2014) conducted a study with a view to quantify "Waste Generation and Management

practices in BSCIC Mymensingh". BIDS (2018) evaluated BSCIC on the basis of some specific activities of BSCIC industrial estates with the instruction of the Honourable Prime Minister. Haider et al. 2015 focused that BSCIC tried to advance the industrial sector ahead of the agriculture sector to play the principal role in economic development of Bangladesh. It mentioned that BSCIC has a significant role in poverty reduction as compared to non-BSCIC households. They showed that BSCIC significantly contributes in poverty alleviation. Planned expansion of industrial estates is needed for the development of industrial and economic sector of the country. Nasrullah & Rahim, (2012) focused that BSCIC always works to implement government agenda under the strict guidance of Ministry of Industries. Latif and Abdullah (2014) conducted a study with a view to focus sick industrial units of industrial estates in Sylhet division. Bangladesh Enterprise Institute (BEI, 2004) focused the importance of radical reform in BSCIC for its desired goal. Alam and Ullah (2006) finds that BSCIC is not able to provide the necessary services to small firms due to its proper management. They suggests for the reorganizing of BSCIC so that enacted policy for small and medium enterprises (SMEs) can be implemented for growth of small firms in the country in a better manner. Rahman (2005) describes that the poor performance of industrial units can be improved through developing subcontracting practices in BSCIC. Alam (2005) emphasises the environmental issues in addressing BSCIC industrial units. In some cases BSCIC fails to provide required support and services due to its unorganised management. So the problem of study is to examine the role BSCIC industrial estate Narsingdi in promoting small scale industries.

PROBLEM STATEMENT

The previous discussion shows that the objective of establishing BSCIC was to encourage the expansion of a long- sighted private sector, promote small enterprises and raise export oriented activities. The vision of Industrial estates under BSCIC is to accelerate the industrial growth through promotion and extension of small scale industries. Its activities are motioned, catalyzed and supported by promotion and extension services to the small, medium and cottage industries (SMC). Earlier it was reported that the industrial estates under BSCIC face numerous problem and challenges in playing its role and providing services to entrepreneurs. There were not much more researches regarding BSCIC in Bangladesh. Even though a few studies done in

this area were not cover all the vast area or activities of BSCIC rather dealing with specific issues. No Study was taken yet to identify the role of BSCIC Industrial Estate Narsingdi in promoting small scale industries. So there is a gap between literature and real practices of BSCIC estates. This study ,therefore, undertaken to fill the above noted gap. Therefore, this study attempts to examine the role of BSCIC and identify the problems & challenges in promoting small scale industries evaluating BSCIC industrial estate, Narsingdi.

OBJECTIVES

The study sought to achieve the following objectives:

1. To examine the role of Bangladesh Small and Cottage Industries Corporation (BSCIC) in promoting small scale industries in Narsingdi .
2. To find out the challenges of providing support and services to the entrepreneurs.

RESEARCH QUESTION

The study was guided by the following research questions:-

- a) What are the role of BSCIC Industrial Estate, Narsingdi in promoting small scale industries?
- b) What are the problems and challenges of BSCIC Industrial Estate?

RATIONALE OF THE STUDY

It is hoped that this study may be considered immensely helpful at the formulation and policy stage of BSCIC as well as Ministry of Industries. The BSCIC would also develop policy interventions that would improve BSCIC management skills. The findings may provide data for future research on any issue of BSCIC Industrial Estate. It is hoped that the study would be of importance to a number of stake holders, for instance: for the management of small industry and cottage industry as well as any BSCIC estate, for the management of entrepreneurs industrial unit, for bank and financial organization related to the loan. These issues include the requisites of successful Estate management, critical success factors in entrepreneurs management.

The findings of the current study would assist the government and policy makers in identifying the critical areas in the small and cottage industry which requires strict monitoring and

evaluation, adjustment of the guiding principles especially the bureaucratic approach and formulation of better and sustainable policies. Further, the study would add on to the existing literature on BSCIC Estate management especially in the context of the small scale industry. However, several points may become a topic of discussion in to the academic arena.

CONCEPTUAL FRAMEWORK

The title of our study is:-Promoting small scale industries: Role of BSCIC Industrial Estate, Narsingdi. If we break it down or analyse it, we get four important terms. Such as- Promotion, Small scale Industries, Role, BSCIC industrial estate. It is essential to take a clear idea about this. The study has been conducted on the basis of these concepts.

The word **promotion** generally refers to any type of marketing used to inform or persuade target audiences of the relative merit of a product, service or issue. The aim of of promotion is to increase awareness, create interest, generate sales or create brand loyalty. Similarly, The Economic Times 2019 defines Promotion as entire set of activities, which communicate the product, brand or service to the user. The idea is to make people aware, attract and induce to buy the product, in preference over others.

The Industrial Policy 2016 defines small industry', 'micro industry' . **Small industry** is the industry engaged in manufacturing sector whose total value (replacement cost) of fixed assets excluding land and building between Tk. 5 - 100 million, or establishment between 25 - 99 workers. For service sector, it will correspond to total investment value of fixed assets excluding land and building between Tk. 0.50- 10 million, or establishment between 10 -25 workers.

'**Micro industry**' is the industry engaged in manufacturing sector whose total investment or value of fixed assets excluding land and building between Tk Tk. 0.50- 5 million, or establishment between 10 -24 workers. For service sector, it will correspond to total investment value with either the value (replacement cost) of fixed assets excluding land and building is limited to Tk. half a million, or establishment limited to 10 workers, including household members. In cottage industry it may be smaller and they run either full time or part time by family members. The United Nations Industrial Development Organization (UNIDO) defines an

industrial estate as a “planned cluster of industrial enterprises offering standard factory buildings erected in advance of demand and a variety of services and facilities to the occupants” (UNIDO, 1967). Industrial estates has been defined as an area or a site utilized for the development of a planned cluster of industrial enterprises which are provided utility services and technical facilities, with the objective to strengthen and develop these industries as a part of a broad program of industrialization and social development (Bredo, 1960; UN, 1961; Alexander, 1963).

BSCIC is the only organization that plays a vital role in promoting small scale industries in Bangladesh. Now to see if BSCIC is doing above noted role especially how much Narsingdi BSCIC industrial estate is doing the role properly. And if not, what is the problem and challenges behind them? We need to find a ways to remove them. This is how the study can be done.

METHODOLOGY:

According to best and khan (2009), descriptive survey design is concerned with conditions or relationships that exists opinions that are held, processes that are going on, effects that are evident, or trends that are developing. The descriptive survey design enabled collection of data without manipulating the research variables.

According to Babbie (1989) questionnaires are the most appropriate when addressing sensitive issues particularly on surveys that deal with anonymity to avoid reluctance or deviation from respondents, questionnaires can be statement or questions and in all the cases the respondent was responding to something written for specific purposes. According to Mcmillan and Schumacher (2001) an interview guide is flexible and adaptable as it involves direct interaction between individuals.

The primary and secondary-both data were compiled and analysed for this study. Primary data were collected to fulfil the research objectives from all listed entrepreneurs in BSCIC Industrial Estate, Narsingdi, BSCIC authorities as well as BSCIC Industrial estate, Narsingdi authorities that are capable of providing. In order to collect relevant information, a detailed interview schedule questionnaire were prepared. This study applied following qualitative approach. This study uses three types semi structured face- to- face interviews. One face- to- face interviews were made with BSCIC directorate staff/officials, another face- to- face interviews

were made with BSCIC estate office staff / officials. Other face- to- face interviews were made with entrepreneurs and management level employees of industrial unit Narsingdi. Secondary data collected from BSCIC Head office, BSCIC estate office, Narsingdi and some of entrepreneur's office. The questionnaire prepared in English for effective evaluation but the communication will made in Bengali for better understanding. Some entrepreneur's answer questions in Bengali and some answered the questions in English.

DATA ANALYSIS

The researcher visited BSCIC Head quarter and Narsingdi BSCIC Industrial estate at the time of data collection as per pre-fixed schedule. As secondary data, the researcher collected various types of papers, records and reports for this study. We have gone through all the records and documents collected from the BSCIC directorate and Narsingdi BSCIC Industrial estate office and gathered a brief idea about the role of BSCIC.

As per record, total number of industrial units established in BSCIC estate are 5867 and total investment in the above noted industry is (until June 2019) 27690 crore. The sale value of product in the year 2018-19 is tk. 50782 crore. Total export oriented industry of BSCIC is 946 in number while the sale value of export product in the year 2018-19 tk. 24755 crore. Huge number of employment were created in BSCIC estate amounts to 5.90 lakh. The total revenue paid to govt. as duty tax, vat etc in the year 2018-19 is tk. 2037 crore.

There are 10,590 number of industrial plots are in the implemented 76 BSCIC estates. Total number of allotted plot is 10,136 while the total number of 5887 industrial units were established till to date. Some of the industrial unit established using two or three allotted plots. Total number of BSCIC industrial units are 4773 in production and 5,89,979 number of manpower were engaged in BSCIC industrial estate. The total number of 709 industrial units are in under construction or waiting to be built while the number of sick or closed industrial units is 405.

BSCIC plays mainly three types of role in promoting small scale industries in Bangladesh. Such as:-a) Development and extension activities b) Controlling activities c) Annual Development Program (ADP) The main function of BSCIC is to make Industrial development in the country. It Provides advanced plot allocation through setting up of industrial facilities with

infrastructure facilities. It also provides long assistance to entrepreneurs through their own programs and in collaboration with financial institutions of the country. BSCIC formulates project profiles and evaluate projects. It also Provides technical and other assistance in the setting up of industrial units, production of products, upgrades etc. Other activities are acquisition and transfer of appropriate technology, conducting necessary surveys etc. As controlling activities, BSCIC is providing registration of existing and proposed small and cottage industries, providing recommendations on waiver of taxes, tariffs etc, providing IRC (Import Registration Certificate) recommendations for importing raw materials and wrapping materials for the industry, providing recommendations for the support of foreign national, etc.

As Annual Development Program (ADP) activities, BSCIC has been implementing development projects in several possibilities in the existing socio-economic context of the country. Generally, the BSCIC industrial estates were established with a view to achieving a lot objectives. The objectives are Promoting small and cottage industries by providing land facilities, service assistance and guidance, decentralization of industries from big cities to districts and up-zilla/urban areas, use of local resources and local raw materials to expand localized business opportunities, development of industries in backward regions in order to achieve regional balance in employment and poverty alleviation, ensuring all types of required facilities in one place for the smooth functioning of industries, and rapid industrialization of the country through the development of small and cottage industries.

There are 76 industrial estates that have been created so far. Information on 74 estates is readily available from the MIS report of BSCIC, as 2 new estates are yet to be functioning. Among 76 estates, Narsingdi BSCIC Industrial estate is also playing an important role in promoting small scale Industrialization of Bangladesh. This estate was established through project implementation in the year 1995. There are 95 ready plots in this estate that are distributed among the entrepreneurs. No plots are undistributed.

BSCIC Industrial Estate, Narsingdi plays an important role in promoting small scale Industries in Narsingdi. It is situated at Kararchar, Shibpur, Narsingdi. This estate established through project implementation. The project started in the year 1986 and completed in the year 1995. The total cost of this project is 228.22 lakh. There are 95 plots in 15.39 acres. There are 3 types plots in this estate such as:- A, B, C, S. These are as follows-

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Table-1: Types of plots in BSCIC Industrial Estate, Narsingdi:

Type	Size(sqf)	Nos.
A	4500	55
B	3000	30
S	Irregular	10
Total		95

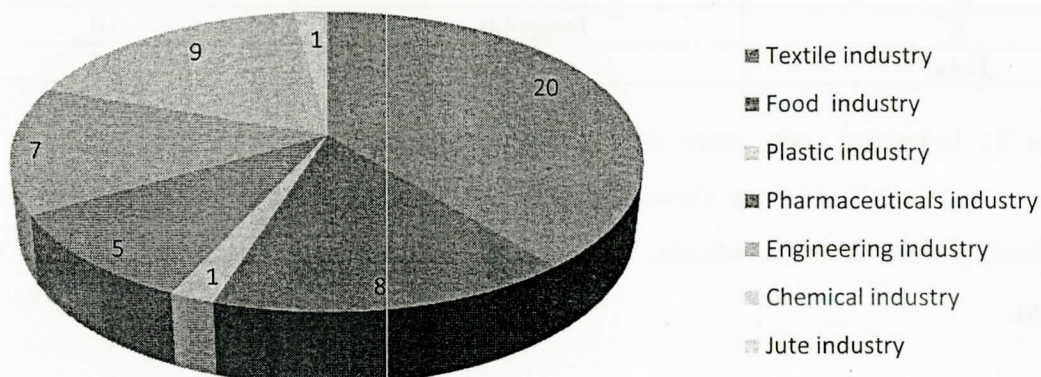
There are 51 industrial units were established in this estate. Out of them 40 units are in production at present,6 units are closed,1 unit is under construction,4 units are sick. There are textile, food, plastic Pharmaceuticals, engineering, chemical, jute product industries are in production.

Table-2: Categorized list of industries in BSCIC Industrial Estate, Narsingdi:

Category of the Industry	Number
Textile industry	20
Food industry	8
Plastic industry	1
Pharmaceuticals industry	5
Engineering industry	7
Chemical industry	9
Jute industry	1
	51

Table-3: Graphical Representation of categorized list of industries in BSCIC Industrial Estate, Narsingdi:

Categorized list of industries in BSCIC **Industrial Estate, Narsingdi**

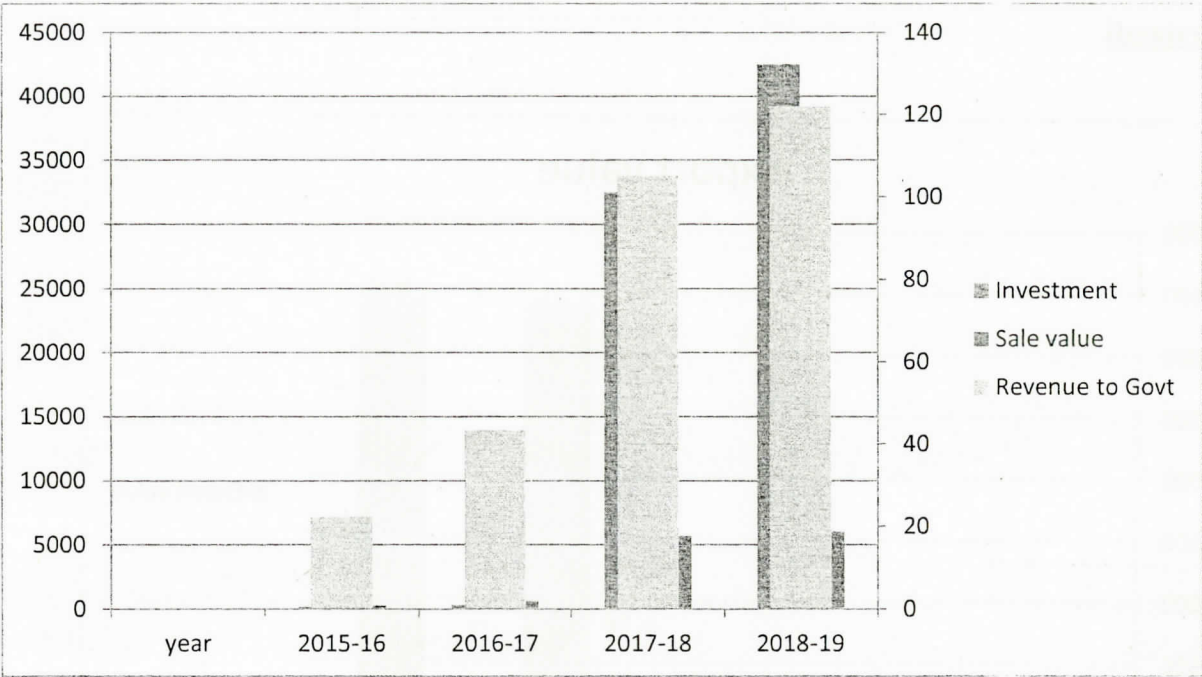


We reviewed all the data of Production, investment, Sale value, Revenue to Govt etc of the BSCIC Industrial Estate, Narsingdi. The entrepreneurs invest tk. 32500.50 lakh in their estates in the financial year 2017-18 and the sale value of that year is tk. 5688.52 lakh. The entrepreneurs paid to the government as duty, tax, vat and other fees amounting to 105 lakh. Accordingly in the financial year 2018-19, the investment, Sale value, Revenue to Govt increased.

Table-4: Statement of Investment, Sale value and Revenue to Govt of BSCIC Industrial Estate, Narsingdi

Financial year	Production	Sick/Close Under const.	Investment (Lakh)	Sale value (Lakh)	Revenue to Govt (Lakh)
2015-16	42	2+5	171.275	312.75	22.276
2016-17	42	2+5	342.55	625.50	43.481
2017-18	43	2+6	32500.50	5688.52	105.00
2018-19	40	4+6+1	42500.50	6022.95	122.00

Table-5: Graphical Representation of Investment, Sale value and Revenue to Govt of BSCIC Industrial Estate, Narsingdi

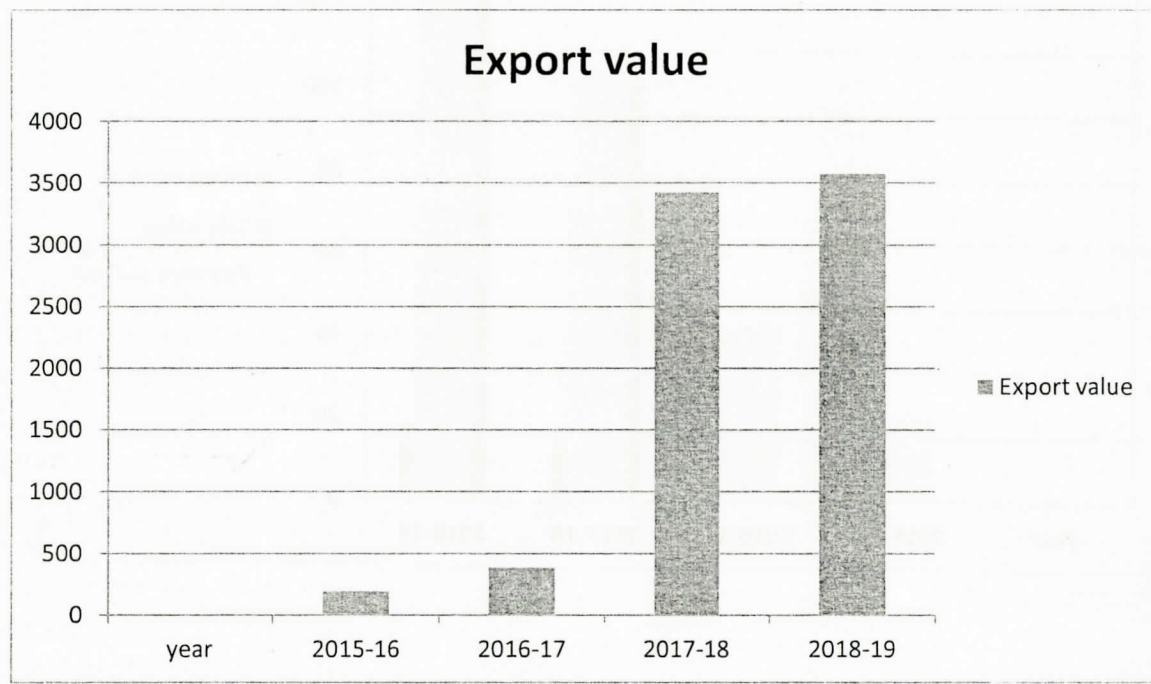


There are 12 export oriented industries are in production in BSCIC Industrial Estate, Narsingdi and earning foreign currencies for the country. The earnings of export oriented industries are increasing gradually.

Table-6: Statement of Export oriented value of BSCIC Industrial Estate, Narsingdi

	Export oriented unit	Export value (Lakh)
2015-16	8	192.575
2016-17	8	385.575
2017-18	12	3424.13
2018-19	12	3575.45

Table-7: Graphical Representation of Export oriented value of BSCIC Industrial Estate, Narsingdi



We analyzed all the face- to- face interviews were made with BSCIC directorate staff/officials, face- to- face interviews were made with BSCIC estate office staff / officials and face- to- face interviews were made with entrepreneurs and management level employees (Managers, administrators and supervisors) as described in the methodology. We came to know details about BSCIC as well BSCIC Industrial estate,Narsindi.

As per our first research question, most of the respondents of the study mentioned that BSCIC Industrial estate Narsingdi plays a lot of roles in performing small scale industries. Such as :-Allotment of plot at low cost price with all infrastructural facilities, registration facilities, training of entrepreneurs, credit facilitation to entrepreneurs from various sources i,e bank or

financial institutions, creation of employment, contribution to GDP, necessary counseling for industrial unit etc. In reply to a question, one respondent mentioned that BSCIC Industrial estate Narsingdi allotted me a ready plot at low cost price with all facilities such as:- electricity, gas, water and physical infrastructure development like roads, drain, culvert etc. He added that BSCIC Industrial estate Narsingdi provided loan assistance to me as entrepreneur on installment basis and all sorts of advice related to BSCIC. He focused about the promoting activities that made him entrepreneur through training, financing, pre and post investment counseling, scouting, after all launching a new product, marketing that product. Terming him as innovator, he added that there were no fish feed at that time. He launched the fish feed and through widely circulation now there are lot of fish feed entrepreneurs in the country. Another respondent informed that BSCIC Industrial estate Narsingdi did a lot for them. Allotment of plot at low cost price, promoting small and cottage industries by providing land facilities, service assistance, loan assistance and guidance—everything done by BSCIC industrial estate Narsingdi. He added that their industrial unit is 100% export oriented. The raw material of this product is jute and Hogla leaves. It is a matter of surprise that a lot of women workers worked in their unit. Even a lot of rural women labour worked with this raw material sitting in their house at their free time and contributed to the GDP of the country. Another respondent (One top level officer of BSCIC) of the study informed that BSCIC is working with a view to reduce poverty through supporting entrepreneurs, through quality training and credit facilities. The other initiatives is employment creation through establishing new industrial estates. He added that besides developing the small and cottage industries BSCIC has been trying to create job opportunities which effects unemployment problem. One respondent mentioned that BSCIC has played an important role in the development of large scale industries beside the development of small scale industries in the country.

Regarding our second research question, most of the respondents mentioned some of the problems and challenges that faced by them during production. Such as : lack of security, lack of Boundary wall with main gate, lack of repairs and maintenance of roads and drainage, Load shedding of REB etc. Terming his industrial unit as 100% export one of the respondent mentioned that water drainage system of BSCIC Industrial estate Narsingdi is one of the main problem in the rainy season. Water is frozen in the roads, roads are full of trenches. Roads need to be improved immediately. Lack of uninterrupted electricity is another problem. There are Load shedding of electricity without prior announcement of REB. This hampers their scheduled export.

Another respondent of the study also depicted the same observations regarding promoting role of BSCIC and proposed a meeting after every three month interval between BSCIC Industrial estate Narsingdi authority and entrepreneurs for speedy solutions of problem. One respondent of the study (One top level officer of BSCIC) expressed that once BSCIC plays an important role to support the trained and developed entrepreneurs through appraising clients project profile and evaluation of project proposal. Now all banks are not giving loan to entrepreneurs. There is no

availability of SME loan as before. Basic bank are not sanctioning loan to entrepreneurs. The salary and allowances of employee of an industrial unit are increasing gradually. Further more the import cost of raw materials is increasing , BSCIC should take measure to solve all the problem for betterment of small scale industries.

IMPLICATIONS AND RECOMMENDATIONS

The purpose of the study was to examine the role of BSCIC in promoting small scale industries and problems & challenges faced by BSCIC. This is a study on BSCIC industrial estate Narsingdi. From the various facts and figures, documents, comments and arguments on industrial estates it is evident that BSCIC industrial estate Narsingdi is doing its role properly. BSCIC Planned clustering of industrial enterprises, construct industrial establishments before entrepreneurial demand, standardize in the construction of industrial buildings and then offers a lot of facilities to the entrepreneurs. Accomplishing these activities, BSCIC faced a lot of problems and challenges. These are lack of security, lack of Boundary wall with main gate, lack of repairs and maintenance of roads and drainage, Load shedding of REB etc. Considering the above circumstances, several initiatives can be recommended for future actions in promoting small scale industries in Bangladesh:-

The rules and regulations should be formulated to make the sector vibrant. The policy guidelines, role of BSCIC should be revised considering time and demand of entrepreneurs.

The fund at present allocated for BSCIC estates, is to reallocated for the promotional activities BSCIC estates that would make it effective.

To organise a meeting after every three months interval with the entrepreneurs for speedy solutions of problems of industrial units.

The manpower of BSCIC industrial estates should be increased.

To sit with the banks and entrepreneurs' association in getting the financial loan smoothly.

Generally, the entrepreneurs in Bangladesh don't know how to start a business, what types of approvals are required, where to go, which documents are required, the required time of getting service. As a result they are a bit of suspicious about the commercial date of operation. This situation hampers the entrepreneurs. To improve this situation, one stop service (OSS) should be established. All services should take under one umbrella or one roof.

Repairs and maintenance of roads, drainage will be undertaken immediately.

BSCIC as well as Ministry of Industries should come forward with different measures to reduce the risks by removing the causes of sickness of industrial unit. To prevent sickness of industrial unit, proper training of entrepreneurs and flow of necessary information should be ensured.

Effective measures should be taken to solve the load shedding of electricity without prior announcement of REB

CONCLUSION

The globalisation policy has changed everything rapidly. The survival philosophy demands that one should adapt with changes. Otherwise, it may lose its importance. The market is open and very competitive.. If the role of BSCIC cannot cope with rapidly change situation, it will suffer in the long run. To combat the situation BSCIC needs to reorganise its present role to cope with the changes and support all the industrial estates like BSCIC industrial estate Narsingdi. Ministry of industries i.e Government needs to support and protect the estates as well as entrepreneurs lastly overall human resources engaged in the sector. BSCIC should become mordant organisation. BSCIC needs to be sharpened and strengthened .If BSCIC could do so, it will become resonant sector and contribute a lot in country's economy.

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