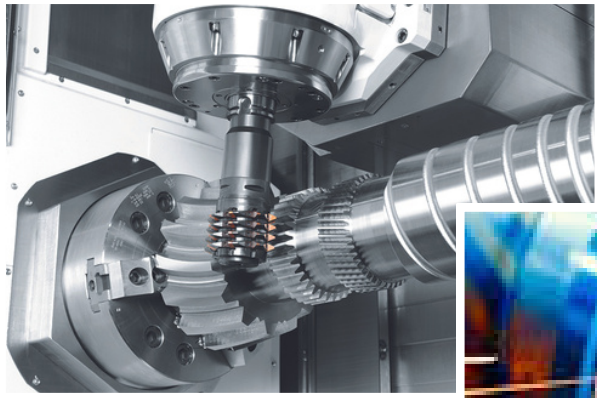




Bangladesh Investment  
Development Authority

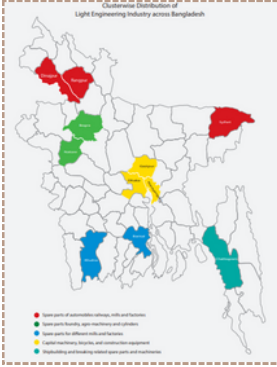


# Light Engineering Industry

June 2024

# HUGE GROWTH POTENTIAL

**"Product of the year" in 2020**  
*The mother of all industries*



The significant concentrations of LE are situated in **Dhaka, Chattogram, Narayanganj, Bogura, Jessore, Gazipur and Kishoreganj** with each area being specialised in making different parts.

Government decides to establish more dedicated LE industrial parks in **Narsingdi, Munshiganj, Mymensingh and Madaripur.**



## Benefits of LE

- The Business Promotion Council, operating under the Commerce Ministry, estimates that local Light Engineering industries produce more than 3,815 types of machinery, spares and accessories.
- Huge demand met at cheaper prices of materials
- Can produce parts of modern machineries
- Increase in purchasing leading to a rise in economic activity.

## 10,000 TYPES OF PRODUCTS



**3% CONTRIBUTION TO GDP**



### High Priority Sector

LE was declared a High-Priority Sector in the National Industry Policy of 2022.



### Special Development Sector

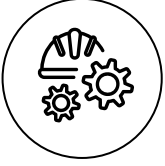
LE was declared a Special Development Sector in the Export Policy of 2018-2022.

Local production only meets 50% of the total demand.

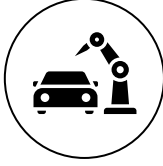
**\$8.2bn Domestic Demand**



## SECTORS



CONSTRUCTION



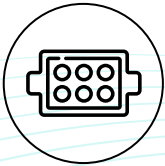
AUTOMOBILE



PAPER & PULP



PHARMACEUTICAL



MOULD & DIE



RAILWAY



SHIPBUILDING



RMG

## RELEVANT MANUFACTURING GOODS



Material processing services for parts fabrication



Agricultural machinery



Textile machinery



Parts and components production for motorcycle/bicycle



Battery



Electronics parts and components



Bicycle Manufacturing



Manufacturing sector in Bangladesh growing at a Compound annual growth rate (CAGR) of 14%.



Domestic Market size in the Fiscal Year '23-'24 is 8.2 billion US\$.

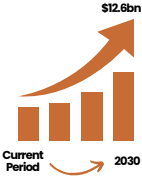
## US\$795.63m shipment in FY 2022

\$241.56m from engineering equipment export

\$167.95m from bicycle

\$154.68m from iron steel

\$100.10m from electric products



The light engineering roadmap projected that export earnings from the sector would stand at \$12.56 billion in 2030 .



## Growth Drivers

- **Potential Prospects:** The existence of abundant low-cost labour and high domestic and external demand are the dominant reasons behind the burgeoning prospects of the LE sector in Bangladesh.
- **Export Opportunities:** Increasing access to international markets and favorable trade agreements.
- **Technology Adoption:** Integration of modern technology and automation to enhance productivity and quality.
- **Infrastructure Development:** Improvements in transportation, logistics, and industrial zones.
- **Training and Education:** Establishment of vocational training centers and engineering institutes.



## Major Export Destinations



India



Japan



Thailand



Netherlands



United Kingdom



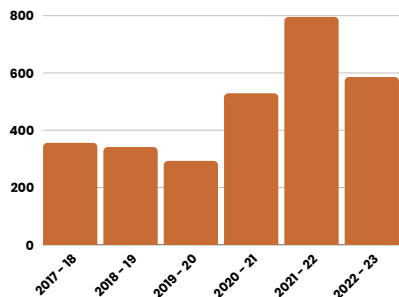
South Korea



Taiwan

### Year Export of LEP (Million USD)

Year	Export of LEP (Million USD)
2017 - 18	355.97
2018 - 19	341.30
2019 - 20	292.92
2020 - 21	529.00
2021 - 22	795.63
2022 - 23	585.85



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

# Hot Spots for Foreign Investments



## Technical and production expertise:

In the evolving industrial context, the production techniques and processes are provided where precision and sophistication are presumed. Foreign investors can capitalize on these advancements, where there is a strong focus on high-quality production standards and a skilled workforce ready to meet global demands.



## Precision Machining and Tooling:

Investment in high-precision machining tools and equipment, such as CNC machines and precision lathes will enhance the production quality and capacity of light engineering products, catering to both domestic and international markets and give an access to a growing market with high demand for quality precision tools.



## Re-Skilling and Up-Skilling the Workforce:

An e-commerce platform for LE entrepreneurs should be provided where there will be training for re-skilling and up-skilling to form a technologically skilled workforce.



## Set up environment-friendly production scope:

Foreign investors can invest in energy-efficient machinery and renewable energy sources for production processes. This reduces energy consumption and operational costs, promoting sustainability along with lowering utility costs, improved environmental footprint, and potential tax incentives for green technologies.

# Policies

The government has issued Light Engineering Industry Development Policy 2022, setting an action plan with a timeframe from 2022 to 2027.

11 strategic targets to achieve by 2027 to attain the goal of increasing industrial sectors' contribution to GDP to 40 per cent.

- 1 Infrastructural Development
- 2 Modernization and Development of Technology
- 3 Development of Forward and Backward Linkages
- 4 Human Resource Development
- 5 Market Development and Expansion
- 6 Research and Development
- 7 Establishment of Industry Clusters
- 8 Development of the Common Facility
- 9 Quality Assurance and Certification
- 10 Access to Finance
- 11 Development of Investment Climate

## Incentives related to Light Engineering Sector

- 1 10-year exemption of corporate income tax for newly established industries.
- 2 Import duty exemption on capital machineries
- 3 Reduced import duties on raw materials, tools and equipment used for Light Engineering
- 4 Bangladesh has duty and quota-free access to 52 countries

## For Exporters

- 1 50% of tax exemption for income derived from export
- 2 No VAT imposition on export goods
- 3 15% cash incentive on export value of light engineering goods including accumulator battery.

# Top Investor Countries



India



U. S. A.



China



Singapore



Japan

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## Global Companies investing in Light Engineering in Bangladesh

Jia Mei Industries LTD

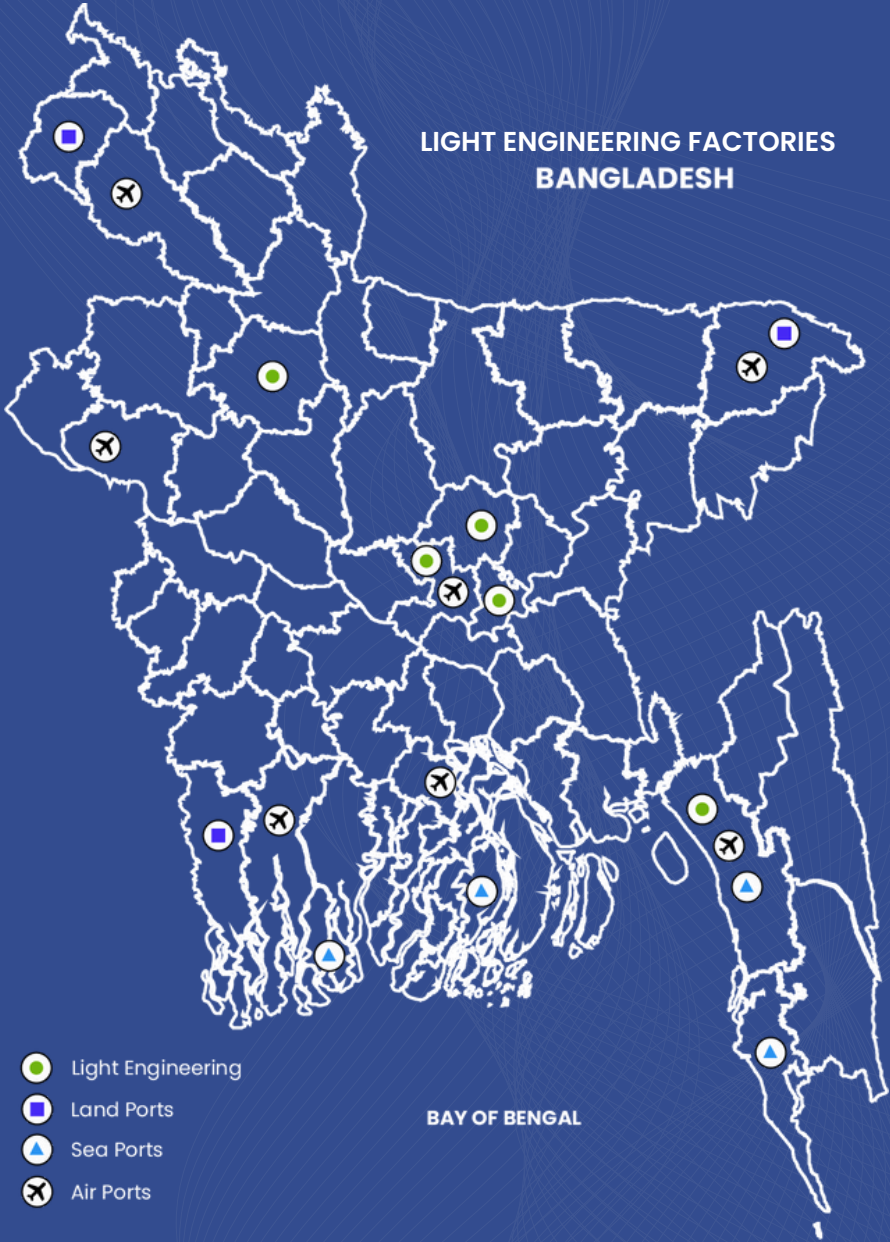


**SINGER**

**SAMSUNG**

oppo

## LIGHT ENGINEERING FACTORIES BANGLADESH



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