



# LIGHT ENGINEERING

RIDE THE CURRENT

DISCOVER  
LIMITLESS  
OPPORTUNITIES



# ABOUT BANGLADESH

- Strategic hub in South Asia linking India, China, and ASEAN countries
- 5-year GDP growth at a CAGR of 7%, one of the fastest growing economies in the world
- 41st largest economy, poised to become the world's 25th largest economy by 2035
- 10.5% annual growth in country's middle & affluent class population, projected to reach 34 million by 2025

## ACCOLADES & CREDENTIALS

- A 'Next-11' country, Bangladesh is poised to become one of the largest economies of the 21st century, according to Goldman Sachs
- Credit rating of BB- by Standard & Poor in 2021 indicates long-term stability
- As per JETRO survey on Business Conditions of Japanese Companies, 70% of surveyed firms present in Bangladesh want further 'expansion'

## ROBUST AND GROWING INFRASTRUCTURE

- 3 international airports (Dhaka, Chattogram and Sylhet) and 5 domestic airports provides seamless aerial connectivity. 3rd terminal at Dhaka's HSIA airport is expected to become operational by 2024
- 580-km coastline facilitates 90% of country's international trade via ports of Chittagong and Mongla
- Part of Trans-Asian railway network stretching from Europe to South-East Asia
- Extensive network of good quality roads (Asian Highways, National Highways, and regional highway corridors like SASEC, BIMSTEC and SAARC)
- 25,000+ MW Power generation capacity; target to reach 40,000 MW by 2030

# LIGHT ENGINEERING SECTOR AT A GLANCE



Market size stands at USD 12 billion, projected to grow to USD 25 billion by 2025



Local production meets only 50% of local demand, creating tremendous scope for import substitution



FY21 budget allocated USD 350 million+ to incentivize farm mechanization

National Agricultural Mechanization Policy 2020 published to promote adoption of agro-machineries



Automotive component market grew three-fold in last 10 years, market size is USD 189 million



With CAGR of 60%, toy exports have grown 11-fold over past two years to USD 33 million in FY20



With CAGR of 20% since 2013, battery manufacturing market grew to become a USD 1 billion industry



3rd largest non-EU exporter of bicycles to Europe. Domestic demand is around 1.5 million bicycles per year. Annual forecasted growth rate for bicycle market is 30%



RMG industry imports about USD 1 billion worth of machinery annually, creating cost-reduction opportunity of up to 25% through import substitutions and local manufacturing

## DEMAND DRIVERS



### **Demographic dividend:**

Young population (70% aged below 40 years) coupled with rising disposable income (per capita GNI of USD 2,227 in FY21) is a key growth driver for domestic consumption

### **Rising mechanization:**

Rising demand for spare parts and machines due to high growth in key segments: agro-machinery products: 12% | automotive parts: 35% | construction activities: 8%



### **Demand from export markets:**

Bangladeshi products have witnessed demand growth in the developed economies because of high quality and cost competitiveness. Bangladesh's outbound shipments recorded a CAGR of 8.6% during 2011-19

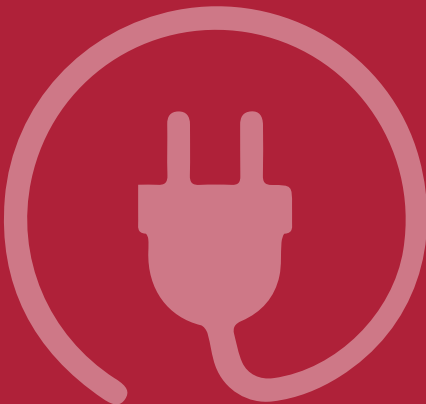
## GROWTH DRIVERS

- Local availability of high-quality raw materials like steel, crude steel (billet) and other metals
- Availability of globally cost competitive and skilled human capital
- 34 light engineering clusters spread over 18 districts across the country
- Development of 10 additional light engineering industrial parks planned by the Ministry of Industry in districts of Dhaka, Narayanganj, Jashore, Bogra and Narsingdi
- Designated as a special development sector in Export Policy 2018-2021

# SECTOR-SPECIFIC INCENTIVES

- Concessionary import duty benefit on raw materials imported by manufacturers of products such as elevator, compressor, generator, refrigerator, air-conditioner and motorcycle.
- VAT exemption for companies engaged in production of compressor, freezer, air conditioner, motorcycle and spare parts.
- 15% cash incentive on export value of light engineering goods including accumulator battery.
- Reduced corporate income tax of 10% for companies manufacturing air conditioners, freezers, refrigerators, compressors, and motorcycles for 11 years.
- 10-year exemption of Corporate Income Tax (CIT) for industries commencing operations in between July 1, 2021 to June 30, 2030.

Detailed list of incentives for the sector is provided at <http://www.bida.gov.bd/light-engineering>.





[www.bida.gov.bd](http://www.bida.gov.bd)

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