

# SME production boost effort through common facility centres stalled for lack of funds



## COMMON FACILITY CENTRES (CFCs)

### KEY OBJECTIVES

- Enhancing product quality
- Diversifying offerings
- Increasing production rates

First Introduced In 2023 In Rajshahi

SME Foundation advocating for CFCs

It selects 43 clusters for CFCs

Around Tk1cr needed to establish CFC per cluster

But effort stalled for lack of funding

### STATE OF SMES

- There are 177 SME clusters
- They house 70,000 enterprises

Number of workers	20 lakh
	74% male, 26% female

Annual turnover: TK30,000CR

SME sector contributes 30% to GDP

SME - BANGLADESH

JAHIR RAYHAN

An effort by the SME Foundation to establish common facility centres (CFCs) for small and medium enterprise (SME) entrepreneurs across Bangladesh, aimed at enhancing production and improving product quality through the use of modern technology and machinery, has remained stalled for years due to a lack of adequate funding.

A CFC is a centralised hub equipped with state-of-the-art, high-end, and capital-intensive ma-

chinery, offering a range of services at cost-effective rates.

The primary objectives of these CFCs are to enhance product quality, diversify offerings, increase production rates, and foster overall business development for entrepreneurs, according to the SME Foundation.

Mohammad Jahangir Hossain, general manager of the SME Foundation, told TBS, "We have around 177 SME clusters. CFCs are needed to provide heavy machinery for small entrepreneurs. It costs Tk1 crore to establish a CFC in a cluster. Despite our demand, we can't set up CFCs in all SME clusters due to a lack of funds. Therefore, we need a separate allocation in our budget for the upcoming fiscal year."

He further said, "We have submitted a written proposal to the industries ministry to ensure that there is an allocation for the SME Foundation in the budget. We are also in discussions with foreign partners to secure funding."

Anwar Hossain Chowdhury, managing director of SME Foundation, said the government allocates budget for the SME sector as a whole, but not for the Foundation specifically.

"We have urged the government to allocate funds for the Foundation specifically so that we can further develop the sector including establishing CFCs," he added. The SME Foundation established the country's first CFC in 2023 in Rajshahi's Kaluhati footwear cluster, equipped with 13 state-of-the-art machines.

The Business Standard

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In Bauphal, about 80 pottery entrepreneurs use manual methods, despite the availability of machinery for clay preparation and pottery making. Kamal Pal, a local entrepreneur, said, "A well-equipped common facility centre with various machines would benefit many micro and small entrepreneurs. An improved kiln would also provide customers with more options in one place, helping out business grow."

Babu Dutta, executive director of Natchhi Shital Patil Shipa Juba Foundation, said, "There are 250 Shital Patil SME clusters here. We have applied to the SME Foundation for a common facility centre. If it's established, it will enhance product competitiveness and increase production capacity for marginal entrepreneurs."

According to 2013 data from the Bangladesh Bureau of Statistics, there are around 78 lakh micro, small and medium enterprises in the country, employing about 2.1 crore people. The Bangladesh Economic Survey 2024 highlights that the SME sector contributes around 30% to GDP and 37.95% of industrial sector participation.

The SME Foundation points out that this share is considerably lower than in neighbouring countries, where SMEs contribute about 40% in Vietnam, 52% in Sri Lanka, 58% in Cambodia, around 45% in India, and 60-70% in China, Japan and South Korea.

Natchhi, TBS observed that many entrepreneurs face challenges in upgrading product quality and diversifying due to the lack of common facilities.

Director of the SME Foundation, said small entrepreneurs often lack funds to buy modern machines, making CFCs essential for cluster-based production. "We want all entrepreneurs to access these CFCs. With budget support from the government, we can speed up implementation," she said. She highlighted the example of Narendrapur's cricket bat cluster in Jashore. Currently, wood seasoning there takes six months, but a sea-sourcing plant at a CFC could reduce this to 15 days.

As head of Cluster Development, Farzana said, "CFCs will give entrepreneurs modern machinery to improve product quality and productivity." Experts argue that government funding alone won't be enough. Public-private partnerships are vital to provide technology, finance, and market support. They noted that India has gained from establishing CFCs on a large scale.

Fahmida Khatun, executive director of the Centre for Policy Dialogue, also urged the government to allocate funds for CFCs. "The required funding is not large, but the return on investment will be huge."

She added that large and private sector investment is still limited in this field. "The SME sector can create jobs and boost GDP. The government should allocate more funds here."

During recent visits to Bauphal's pottery cluster in Patuakhali and the Shital Patil cluster in Jhalakathi, Farzana Khan, deputy managing director of the SME Foundation, said the government allocates budget for the SME sector as a whole, but not for the Foundation specifically. "We have urged the government to allocate funds for the Foundation specifically so that we can further develop the sector including establishing CFCs," he added. The SME Foundation established the country's first CFC in 2023 in Rajshahi's Kaluhati footwear cluster, equipped with 13 state-of-the-art machines.

What is a cluster? An industrial cluster refers to a geographical area within a 5km radius where 50 or more enterprises – ranging from cottage to large industries – produce similar goods or provide related services. These enterprises can also support production through backward and forward linkages. A 2013 cluster mapping study shows that Dhaka, Rajshahi, Chittagong, and Khulna divisions have a higher number of cluster-based enterprises compared to other regions. Among these, 79% are micro, 16% are small, and 5% are medium-sized enterprises.

Establishing CFCs linked to sustainable development

# Hortex-Partner project launches trade of GAP-certified mangoes

Exporters to benefit from single-point customs security clearance: Agriculture secretary

**FE REPORT**

Agriculture Secretary Dr Mohammad Emdad Ullah Mian on Friday said that the government was working to develop a country-specific export plan for mangoes to access mainstream markets abroad.

He said that customs and security clearances for mangoes and other fruits and vegetables would be streamlined at a single location, ensuring greater competitiveness in terms of time and quality.

The announcement came during the inauguration of a mango marketing Initiative featuring produce grown using Good Agricultural Practices (GAP). The launching ceremony was held at Krishoker Bazar (Farmers' Market), in the Jatiya Sangsad area in Dhaka, jointly organised by the Hortex Foundation, the Department of Agricultural Extension (DAE), and the Department of Agricultural Marketing (DAM), with support from Jahera Seed Corporation, Arat Agro BD, and SK International. Gardeners from Kolaroa in Satkhira, with support from the Programme on Agricultural and Rural Transformation for Nutrition, Entrepreneurship, and Resilience in Bangladesh (PARTNER) project, exhibited their mangoes. Dr Mian emphasised the government's commitment to modernising agricultural exports by removing long-standing logistical and regulatory obstacles.

"We are developing country-specific export action plans to access mainstream global markets, beyond just ethnic consumer bases," he said. "Although Bangladeshi mangoes are in high demand internationally, export volumes have remained low due to various challenges. Through the adoption of GAP and advanced technologies, we are actively working to overcome these barriers."

He announced that mango exporters would soon benefit from a streamlined process where customs and security clearance would be provided at a single point, reducing both time and cost. "This integration will significantly enhance the competitiveness of our

▶ **Country-specific export action plans to capture mainstream market apart from ethnic ones**

▶ **BD targets 50,000 tonnes of mango export in coming years**



fruit and vegetable exports in terms of both quality and efficiency," he said. Efforts are also underway to address inter-ministerial bottlenecks in logistics and processing. Discussions are ongoing to lower air freight costs, while improvements in post-harvest handling -- such as hot water treatment and cold chain infrastructure -- are being implemented, he said. Currently, hot water treatment facilities are operational in Gabtoli, with additional facilities under construction in Shyampur and Purbachal.

He said plans were also there to relocate customs operations to Shyampur, enabling joint clearance by customs and civil aviation authorities.

"Last fiscal year, we exported just 1,300 tonnes of mangoes. However, Bangladesh has the capacity to export up to 50,000 tonnes annually while still meeting domestic demand."

He also focused on the importance of visual appeal -- particularly colour and quality -- in international markets and mentioned that ongoing research was focused on aligning local production with global consumer preferences.

The government was also working to make seasonal fruits like mangoes more accessible through initiatives such as Krishoker Bazar, which supports both export goals and domestic market availability, he said. Among the distinguished guests at the launch event were Md Saiful Alam, Director General of the Department of Agricultural Extension (DAE); Nasr-

Ud-Doula, Director General of the Department of Agricultural Marketing (DAM); Dr Nazmun Nahar Karim, Acting Executive Chairman of the Bangladesh Agricultural Research Council (BARC); Dr Syed Md Rafiqul Amin, Managing Director of Hortex Foundation; and Abul Kalam Azad, Programme Coordinator of the PARTNER Project. The launch aligns with the agriculture ministry's broader vision of transforming agriculture into a sustainable, safe, and commercially viable sector to ensure food and nutritional security for future generations.

As part of this effort, the ministry is implementing the Programme on Agricultural and Rural Transformation for Nutrition, Entrepreneurship, and Resilience in Bangladesh (PARTNER), which runs from July 2023 to June 2028.

The programme is being executed across all 8 divisions, 14 regions, 64 districts, and 495 upazilas, with funding support from the Government of Bangladesh, the World Bank, and the International Fund for Agricultural Development (IFAD).

Seven implementing agencies under the Ministry of Agriculture are executing the programme, with the Department of Agricultural Extension's Programme Coordination Unit (PCU) acting as the lead agency.

Eight affiliated organisations, including the Hortex Foundation, are serving as strategic partners in the initiative.

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# সংকট ও বিধিনিষেধ পণ্য রপ্তানির জন্য চ্যালেঞ্জ

আসছে বাজেট  
২০২৫-২৬



রপ্তানি কোনো কারণে ক্ষতিগ্রস্ত হলে  
বৈদেশিক লেনদেনেও প্রভাব পড়বে।

স্বত্বকর কর্মকার, ঢাকা

দেশি-বিদেশি চ্যালেঞ্জের মধ্যেও দেশের পণ্য রপ্তানি ইতিহাসকে ধারণা রয়েছে। বৈদেশিক মুদ্রা আয়ের আরেক উৎস প্রবাসী আয়েও স্বস্তি আছে। ফলে বিদেশের সঙ্গে বাংলাদেশের লেনদেন ভারসাম্য পরিস্থিতির উন্নতি হয়েছে।

রাজনৈতিক অস্থিরতা, গ্যাস-বিদ্যুতের সংকটসহ বিভিন্ন সংকটে দেশের ব্যবসা-বাণিজ্যের গতি এখন কম। সেই সঙ্গে বিনিয়োগে ধরা, উচ্চ মূল্যকীর্ণি, ব্যাংকসমূহের সুদের হার বেশি। এমন পরিস্থিতিতে পণ্য রপ্তানি খাত কত দিন এ ধারণাবাহিকতা ধরে রাখতে পারবে, সেটি নিয়ে শঙ্কা রয়েছে। কারণ, রপ্তানি খাতের সামনে রয়েছে নতুন ধরনের বৈশ্বিক চ্যালেঞ্জ।

একাত্তিক পণ্য রপ্তানিকারক জানান, যুক্তরাষ্ট্রের আরোপ করা পাল্টা শুল্কের কারণে দেশটিতে পণ্য রপ্তানির ক্ষেত্রে একধরনের অনিশ্চয়তা তৈরি হয়েছে। প্রতিযোগী দেশগুলো এ শুল্ক কমাতে যুক্তরাষ্ট্রের সঙ্গে দর-কমাকষিতে এগিয়ে গেলেও বাংলাদেশ সরকারের দিক থেকে এখনো দৃশ্যমান কোনো অগ্রগতি নেই। এ ছাড়া সম্প্রতি ভারত কয়েকটি স্থলবন্দর দিয়ে বাংলাদেশের পণ্য আমদানিতে বিধিনিষেধ আরোপ করায় দেশটিতে রপ্তানির ক্ষেত্রে নতুন সংকট দেখা দিয়েছে। অর্থনীতিবিদরা বলছেন, রপ্তানি কোনো কারণে ক্ষতিগ্রস্ত হলে বৈদেশিক লেনদেনেও তার নেতিবাচক প্রভাব পড়বে। তাই পণ্য রপ্তানিতে গতি ধরে রাখার বিষয়ে বাজেটে বিশেষ উদ্যোগ নিতে হবে সরকারকে। আগামীকাল সেমবার অর্থ উপদেষ্টা সালেহউদ্দিন আহমেদ টেলিভিশনের মাধ্যমে আগামী ২০২৫-২৬ অর্থবছরের বাজেট ঘোষণা করবেন।

রপ্তানি উন্নয়ন ব্যুরোর (ইপিবি) তথ্যানুযায়ী, চলতি ২০২৪-২৫ অর্থবছরের প্রথম ১০ মাসে (জুলাই-এপ্রিল) ৪ হাজার ২১ কোটি মার্কিন ডলারের পণ্য রপ্তানি হয়েছে। এ রপ্তানি গত অর্থবছরের একই সময়ের তুলনায় ৯ দশমিক ৮ শতাংশ বেশি।

দেশের পণ্য রপ্তানি ৮০ শতাংশের বেশি তৈরি পোশাক বাত থেকে আসে। ফলে তৈরি পোশাকের রপ্তানির প্রবৃদ্ধির কাছাকাছি সামগ্রিক পণ্য রপ্তানিতে প্রবৃদ্ধি হয়। চলতি অর্থবছরের প্রথম ১০ মাসে পোশাক রপ্তানিতে ১০ শতাংশ প্রবৃদ্ধি হয়েছে।

সংকটে জর্জরিত রপ্তানি খাত

সীমিত ধরে গ্যাস-বিদ্যুতের সংকটে ভুগছে শিল্পকারখানা। গত মাসে সেটি প্রকট আকার ধারণ করে। গাজীপুরের চন্দ্রা এলাকায় টাওয়ার টেক্স কারখানায় গ্যাস থাকলে দিনে সাড়ে চার হাজার কেজি টাওয়ার উৎপাদিত হয়। গত ১৪ এপ্রিল থেকে কেজি টাওয়ার উৎপাদিত হয়। গত ১৪ এপ্রিল থেকে কারখানাটিতে গ্যাস নেই। বিকল্প ব্যবস্থায় বিদ্যুৎ ব্যবহার করে প্রতি ২৮ ঘণ্টায় ১ হাজার ৬০০ কেজি টাওয়ার উৎপাদন করা হচ্ছে। এতে প্রতিষ্ঠানটির টাওয়ার রপ্তানি মারাত্মকভাবে বাধাগ্রস্ত হচ্ছে।

টাওয়ার টেক্সের ব্যবস্থাপনা পরিচালক এম শাহাদাত হোসেন গত বৃহস্পতিবার বলেন, 'জ্বালানি উপদেষ্টার ঘোষণার পর আমরা আশায় ছিলাম ২৮

রপ্তানি খাতে যেসব চ্যালেঞ্জ

- গ্যাস-বিদ্যুতের সংকট।
- আইনশৃঙ্খলা পরিস্থিতি।
- ট্রাম্পের পাল্টা শুল্ক।
- ভারতের বিধিনিষেধ।

মে থেকে গ্যাসের সরবরাহ বাড়বে, তবে কিছু হয়নি। অধিকাংশ সময় গ্যাসের চাপ শূন্যের কাছাকাছি।'

ব্যাংকসমূহের উচ্চ সুদহারও সংকটে ফেলেছে রপ্তানিকারকদের। গত বছর সরকার পরিবর্তনের পর থেকে আইনশৃঙ্খলা পরিস্থিতি তৈরি পোশাকশিল্পকে বেশ চাপের মুখে ফেলে দেয়। শ্রমিক অসন্তোষের কারণে রপ্তানি কার্যক্রম বাধাগ্রস্ত হয়েছিল।

জানতে চাইলে নিউ পোশাকশিল্পের মালিকদের সংগঠন বিকেএমইএর সভাপতি মোহাম্মদ হাতেম বলেন, 'বিভিন্নভাবে তৈরি পোশাকশিল্পের প্রতিযোগিতা সক্ষমতা ধ্বংস করা হচ্ছে। ব্যাংকের অসহযোগিতা, গ্যাস-বিদ্যুতের সংকট, অমৌক্তিক আইনকানুনসহ অনেক সমস্যায় ভুগছে পোশাক কারখানা। আমরা প্রত্যাশা করি, আগামী বাজেটে ব্যবসা-বাণিজ্য সহজ করার উদ্যোগ থাকবে।'

পাল্টা শুল্ক ও বিধিনিষেধ

বিশ্বের বিভিন্ন দেশের ওপর ২ এপ্রিল ন্যূনতম ১০ শতাংশ পাল্টা শুল্ক বা রেসিপ্রোকাল ট্যারিফ আরোপ করেন যুক্তরাষ্ট্রের প্রেসিডেন্ট ডোনাল্ড ট্রাম্প। ৫৭ দেশের ওপর বিভিন্ন হারে বাড়তি পাল্টা শুল্ক বসানো হয়। ৯ এপ্রিল পাল্টা শুল্ক কার্যকরের দিন অনেকটা 'ইউটার্ন' করে তা তিন মাসের জন্য স্থগিত করা হয়। যদিও সব দেশের ওপর ন্যূনতম ১০ শতাংশ পাল্টা শুল্ক কার্যকর করা হয়। বাংলাদেশি পণ্য রপ্তানির সবচেয়ে বড় বাজার যুক্তরাষ্ট্র। তাই এ শুল্ক নিয়ে দুশ্চিন্তায় রয়েছেন এ দেশের রপ্তানিকারকরা।

ট্রাম্পের শুল্কের রেশ না কাটতেই স্থলবন্দর দিয়ে বাংলাদেশ থেকে পণ্য আমদানিতে গত ১৭ মে বিধিনিষেধ আরোপ করে ভারত সরকার। এতে অনেক ছোট ও মাঝারি প্রতিষ্ঠান বেশি ক্ষতির মুখে পড়েছে। অন্য খাতের চেয়ে প্রক্রিয়াজাত খাদ্য ও প্লাস্টিক পণ্য খাতের কোম্পানিগুলোর ঝুঁকির মাত্রা বেশি, যারা সেভেন সিট্টার-খ্যাত ভারতের উত্তর-পূর্বাঞ্চলের সাত রাজ্যে রপ্তানি করে।

ভারতের বিধিনিষেধের পর মধ্যপ্রাচ্যসহ বিভিন্ন দেশে শাকসবজি রপ্তানিকারকরা চাপে পড়েছেন। বাংলাদেশ ফুটস ভেজিটেবল অ্যান্ড আলিভ প্রোডাক্টস এজপোর্টার্স অ্যাসোসিয়েশনের সাধারণ সম্পাদক মনসুর আহমেদ প্রথম আলোকে বলেন, ভারতের বিধিনিষেধের কারণে কার্গোতে তৈরি পোশাকের চাপ আরও বেড়েছে। ফলে শাকসবজি রপ্তানি আরেকটু কঠিন হয়েছে।

ব্যবসার ব্যয় কমাতে হবে

বেসরকারি গবেষণাপ্রতিষ্ঠান সেন্টার ফর পলিসি ডায়ালগের (সিপিডি) খন্দকার গেলমা মোয়াজ্জেম বলেন, ব্যবসার খরচ কমিয়ে রপ্তানিকারক প্রতিষ্ঠানের সক্ষমতা বাড়াতে হবে। জ্বালানি ব্যয় হ্রাস করার উদ্যোগ নেওয়া দরকার। রপ্তানি খাতের প্রতিষ্ঠানগুলো যাতে সহজে নবায়নযোগ্য জ্বালানিতে যেতে পারে, সে জন্য সরকার প্রাণোদ্য দিতে পারে।

## পণ্য রপ্তানির চিত্র

(হিসাব জুলাই-এপ্রিল)



শীর্ষ তিন খাতের রপ্তানি

- তৈরি পোশাক
 

২০২৩-২৪	: ২,৯৬৭ কোটি ডলার
২০২৪-২৫	: ৩,২৬৪ কোটি ডলার
প্রবৃদ্ধি	: ১০.০০%
- চামড়া ও চামড়াজাত পণ্য
 

২০২৩-২৪	: ৮৫ কোটি ডলার
২০২৪-২৫	: ৯৩ কোটি ডলার
প্রবৃদ্ধি	: ১০.০৮%
- কৃষি প্রক্রিয়াজাত পণ্য
 

২০২৩-২৪	: ৮২ কোটি ডলার
২০২৪-২৫	: ৮৬ কোটি ডলার
প্রবৃদ্ধি	: ৪.১৯%

সূত্র: রপ্তানি উন্নয়ন ব্যুরো (ইপিবি)



# Bangladesh, China sign two MoUs to boost bilateral trade

TRADE - BANGLADESH

TBS REPORT

Chief adviser, Chinese commerce minister to attend Bangladesh-China trade conference today

Bangladesh and China signed two Memorandum of Understandings (MoUs) yesterday for forming a Joint Working Group and on e-commerce affairs to boost bilateral trade, commerce and investment.

Commerce Adviser Sk Bashir Uddin and Chinese Commerce Minister Wang Wentao signed the MoUs on behalf of their respective sides at a hotel in the capital, reports BSS.

Earlier, the Chinese Commerce Minister arrived in Dhaka yesterday to discuss trade and investment opportunities with Bangladesh and elevate the "Comprehensive Strategic Cooperative Partnership" between the two countries to a new height.

focused on expanding bilateral trade and investment.

According to Bida officials, sessions will cover sectors such as ready-made garments and textiles, agro-processing, ICT, electronics, and others.

"It [the conference] will serve as a platform for business communities of both countries to explore more cooperation opportunities, foster more fruitful outcomes in China-Bangladesh economic and trade cooperation," said Chinese Ambassador to Bangladesh Yao Wen.

## Bangladesh seeks Chinese tech support in agriculture

Yesterday, in a meeting with the Chinese delegation led by Wang Wentao, Sk Bashir Uddin sought support of Chinese drone technology in the agriculture sector of Bangladesh.

Wang is leading a delegation consisting of over 100 Chinese companies to visit Bangladesh.

He is scheduled to attend the Bangladesh-China Investment and Trade Conference in Dhaka today, which will be inaugurated by Chief Adviser Muhammad Yunus, reports UNB.

Business representatives from both countries will engage in discussions to strengthen economic ties at the day-long conference to be held at the "Binlyog Bhaban" (Investment Building) in Dhaka.

According to officials, around 250 investors and businesspeople representing 100 Chinese companies will attend the conference.

Minister Wang is leading the Chinese delegation, which includes representatives from China's textile, pharmaceuticals, electronics, and agro sectors. He will attend the event as a special guest.

Bangladesh Economic Zones Authority (Beza) and Bangladesh Investment Development Authority (Bida) are going to jointly organise the event.

During the conference, Chinese and Bangladeshi business representatives will participate in five separate sessions throughout the day.

"Chinese experiences and its technology can play a pivotal role in Bangladesh's agriculture sector," he added.

Highlighting the benefits of demographic dividends and relatively lower wages in Bangladesh, Bashir sought more Chinese investment in the leather and leather goods, light engineering, agri-machineries, agro-technology, food processing and pharmaceutical sectors of Bangladesh.

In response, the Chinese Commerce Minister emphasised on enhancing cooperation on technology and investment sectors.

Wang Wentao said that China is ready to support Bangladesh in agricultural and digital technology sectors for boosting production by using smart agricultural techniques and drone technology.



# Multiple factors impede MSMEs' growth

FHM HUMAYAN KABIR

Bangladesh's highest job creating small and medium enterprises has been showing a grim picture over the last few years as their production shortfall is casting a long shadow over the nation's employment landscape, analysts said on Saturday. The decline, exacerbated by a confluence of economic pressures and systemic challenges, is hindering job creation and, in some cases, leading to job losses across a sector that is a vital engine of employment in the country, they said.

The Micro, Small and Medium Enterprises (MSMEs) are a cornerstone of Bangladesh's economy, accounting for an estimated 90 per cent of industrial units and 80 per cent of industrial employment.

The MSMEs, contribute 7.17 per cent to the Gross Domestic Product (GDP), and play a crucial role in job creation, poverty reduction, and inclusive growth, especially



for women and youth.

However, recent data from the Bangladesh Bureau of Statistics (BBS) indicates a slowdown in factory output growth, with estimates showing a drop to a mere 5.07 per cent for the fiscal year (FY) 2023-24, significantly lower than previous years. High production costs, erratic energy supply, a surging dollar, and escalating interest rates have forced many MSMEs to operate below

capacity or even shut down, threatening to reverse hard-won gains in job creation, insiders said.

An estimated 85-per cent employment of the country is created in the informal sector, which mostly deals with MSMEs.

Economists say lower growth in MSMEs means slim employment generation as these industries are the country's top generator of jobs.

Since MSMEs are the backup industry for larger ones, their production fall will ultimately affect manufacturing at bigger industries too, they add.

The Bangladesh Labour Force Survey-2022 shows an estimated 60-million people, who constitute 84.9 per cent of the total working population here, are engaged with the informal employment.

According to a recent data by the BBS, the year-on-year industrial production growth rate in MSMEs lowered to only 5.07 per cent in FY2024.

The rate was lower than that in the previous two consecutive fiscals of FY2022 and FY2023. According to the MSMEs industrial production index, the FY2022 growth was 15.39 per cent and that in FY2023 was 9.03 per cent, according to the BBS.

According to the BBS, the country's unemployment rate rose to 4.49 per cent during July-September quarter of the year 2024 from that of 4.07 per cent in the same period a year earlier.

The political turmoil and security concerns took a toll on the production at the MSMEs resulting in an impact on the labour market.

The Bangladesh's unemployed people has been reached to 2.66 million in the third quarter of last year, an increase of 0.17 million from a year earlier.

Of the total unemployed population, jobless men accounted for 1.79 million, up from 1.64 million in the same period the previous year, while the number of unemployed women reached 0.87 million, compared with 0.85 million a year earlier, the BBS statistics showed.

Anam Ahmed, a furniture enterprise owner at capital's Shewrapara area, told the FE that their production has been dropped over the last few years as the demand for home-decor has fallen.

"We could sale nearly 250-300 units of furniture per months even before two years ago. Now it has fallen below 200 units. So, I have cut the productions at my factory," he added.

Two years back, some 30 people were working at my factory which now dropped to only 16, Mr Anam said.

Under MSMEs, the production of machinery and equipment has dropped drastically as it marked 45.55-per cent negative growth in FY2024, BBS data showed.

Machinery and equipment output maintained positive growth in FY2022 and FY2023. The production of wood-made goods and corks, printing and reproduction of recorded media, chemicals and chemical products; pharmaceutical products and preparations, computer, electronic and optical products, and transport equipment posted negative growth in FY2024.

Dr Zahid Hussain, a former World Bank economist, said that a gradual fall in demands has affected the production of MSMEs domestically.

The several factors including the political uncertainty, security challenges and economic and financial sector vulnerabilities are the key reasons on the way to the growth at the MSMEs, he added.

"The month-on-month real wage has been declining in the last couple of years. Thus, the purchasing power of people has fallen. So, the demand for MSME products has dropped," the economist added.

Since the demand has dropped over the years, production at smaller and medium industries has ultimately declined, said Dr Hossain.

He urged the government to supply seamless power and gas, formalise smaller manufacturing sectors and

subsectors, ensure internal and external markets, and cut the inflationary pressure with intent to boost production at MSMEs.

Policy Exchange Bangladesh Chairman Dr Masrur Reaz said as the highest number of jobs is created by MSMEs in Bangladesh, their lower growth might affect the employment.

If the trend continues, Bangladesh's employment will shrink further and people will fall behind the poverty line, he said. As these sectors are the backup industry for large manufacturers, their recovery is needed, the economist added.

"Most of the cottage, micro and small industries in Bangladesh are set up on an informal basis. They should be brought under the formal system in a bid to upgrade their capacity to create decent employment," Mr Reaz said. Anwar Hossain Chowdhury, Managing Director of the SME Foundation told the FE that the Covid, flood in last year, July-August uprising had mainly affected the growth and production in the MSMEs.

If the MSMEs are affected, the employment generation as well as the country's development would be hindered, he added.

"The government would have to provide more loans and facilities to the MSMEs for their recovery and flourish. Besides, the market linkage, supportive role of the big corporate to the MSMEs and facilitation of the technological innovation are imperative to develop the sector," Mr Chowdhury said. kabirhumayan10@gmail.com

