Independent Performance Evaluation (IPE) Report

on

Bangladesh Small and Cottage Industries Corporation (BSCIC)

For 2023-24

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Executive Summary

The Finance Division of the Ministry of Finance is implementing the "Strengthening Public Financial Management Program to Enable Service Delivery (SPFMS)." One of the key components of this program is the "Strengthening of State-owned Enterprises' Governance" scheme, which aims to strengthen the governance of State-owned Enterprises (SOEs) and Autonomous Bodies (ABs). To achieve this, the Finance Division has developed and approved an Independent Performance Evaluation Guideline (IPEG) for SOEs and ABs to evaluate their performance independently. Based on selection parameters of IPEG, Monitoring Cell, Finance Division has selected 10 (ten) more SOEs and ABs in addition to previously selected 20 (twenty) SOEs/ABs in total 30 (thirty) SOEs/ABs to conduct Independent Performance Evaluation for the FY 2023-24.

Bangladesh Small and Cottage Industries Corporation (BSCIC) has been evaluated for three (03) consecutive years and is among the 30 (thirty) selected State-Owned Enterprises (SOEs) and Autonomous Bodies (ABs) for Independent Performance Evaluation (IPE) for FY 2023-24. According to the evaluation results, BSCIC achieved a weighted average score of 2.40 out of 4.00, earning a "Good" grade.

1. Introduction

The Bangladesh Small and Cottage Industries Corporation (BSCIC) provides support services to small, rural, and cottage industries across the country. Established under "The East Pakistan Small and Cottage Industries Corporation Act, 1957," it was renamed as Bangladesh Small and Cottage Industries Corporation (BSCIC) after the independence of Bangladesh. Recently, the Bangladesh Small and Cottage Industries Act, 1957 was repealed and replaced by the Bangladesh Small and Cottage Industries Act, 2023. BSCIC plays a pivotal role in promoting environment-friendly industries within its industrial estates and contributes significantly to reducing unemployment in the country. With a nationwide institutional network, it delivers services directly to entrepreneurs. Additionally, BSCIC provides comprehensive assistance for the development of key industries such as salt, honey, and leather. The Ministry of Industries oversees BSCIC's activities and operations. The key operational activities of BSCIC are provided below:

Table 1: Key Operational Activities

SL	Particulars	Unit	FY 2021-22	FY 2022-23	FY 2023-24
1	Total Industrial Estates	Nos.	80	82	82
2	Total Industrial Plot	Nos.	11,922	12,313	12,360
3	Allotment of total Industrial Plot	Nos.	10,761	10,992	11,271
4	Setup of total Industrial Units	Nos.	5,949	5,984	6,200
5	Total Closed/Sick Industrial Units	Nos.	554	432	357
6	Total Export Oriented Industrial Units	Nos.	962	934	887
7	Entrepreneurs Investments	Million Taka	4,32,597.70	4,53,949.90	564,560
8	Loan to Entrepreneurs from BSCIC's Own Fund	Million Taka	226.65	178.70	114.78
9	Created Job Opportunities	Nos.	63,214	60,358	58,114
10	Issued Registration Certificates	Nos.	7,814	5,207	5,934
11	Salt Production	Million MT	1.83	2.24	2.44
12	Honey Production	MT	10,656	7,328	7,449

Source: BSCIC Annual Report, 2022-23 & 2023-24

The year-on-year analysis of key operational activities of Bangladesh Small and Cottage Industries Corporation during FY 2021–22 to FY 2023–24 reflects mixed performance with progress in several development indicators alongside declines in some operational areas. The total number of industrial estates increased from 80 in FY 2021–22 to 82 in FY 2022–23 and remained unchanged in FY 2023–24, indicating stabilization of estate expansion. The total number of industrial plots gradually increased from 11,922 to 12,313 and 12,360, while allotment of industrial plots also rose steadily from 10,761 to 10,992 and 11,271, demonstrating continued utilization of industrial land. Similarly, the number of established industrial units grew from 5,949 in FY 2021–22 to 5,984 in FY 2022–23 and 6,200 in FY 2023–24, indicating gradual industrial development. At the same time, the number of closed or sick industrial units declined significantly from 554 to 432 and further to 357, reflecting improvement in operational sustainability of enterprises.

Entrepreneurs' investment increased substantially from Tk. 432,597.70 million in FY 2021–22 to Tk. 453,949.90 million in FY 2022–23 and Tk. 564,560 million in FY 2023–24, indicating growing private sector participation in the small and cottage industry sector of Bangladesh. However, loans to entrepreneurs from BSCIC's own fund decreased from Tk. 226.65 million to Tk. 178.70 million and Tk. 114.78 million, suggesting a decline in direct financial support. In terms of employment generation, job opportunities declined from 63,214 to 60,358 and further to 58,114, which may indicate slower expansion of labor-intensive activities. Likewise, registration certificates issued dropped from 7,814 to 5,207, though slightly improved to 5,934 in FY 2023–24.

Regarding sectoral production, salt production increased steadily from 1.83 million MT to 2.24 million MT and 2.44 million MT, demonstrating growth in this subsector, whereas honey production declined sharply from 10,656 MT to 7,328 MT, with a slight recovery to 7,449 MT in FY 2023–24. Additionally, the number of export-oriented industrial units decreased from 962 to 934 and further to 887, indicating a contraction in export-focused small industries. Overall, the data suggests that while infrastructure development, private investment, and certain production sectors improved, challenges remain in employment generation, financial support to entrepreneurs, and export-oriented industrial growth.

2. Role and Function

Bangladesh Small Cottage Industries Corporation (BSCIC) mainly performs the following functions:

i. Registers of all small cottage industries.
ii. Develops environment friendly infrastructure for industrial park/city;
iii. Allots Plots, Buildings and Spaces to Entrepreneurs.
iv. Arrange loans for small and cottage industries from their own funds and other sources.
v. Arranges fair, seminar, workshop, and conference for sellers and buyers.
vi. Provides technical and job-oriented training to create efficient manpower for BSCIC estate.
vii. Encourage salt farmers to produce more salt by adopting modern technology and providing proper training.
viii. Arrange marketing events for the products of small cottage industries.
ix. Assists sick small and cottage industries.
x. Assists farmers' apiculture by applying modern technology to produce more honey.
xi. Provides technical and consultancy services for establishing new industrial units and quality improvement of SCI products.

3. Core Business

i. Ensure proper utilization of all allotted industrial plots.
ii. Assist to setup up more environment-friendly small and cottage industries in BSCIC estate.
iii. The entity regulates small cottage industries by Rules & Regulations.
iv. Undertakes women entrepreneur development program.
v. Innovate and adopt appropriate technology in the SCI sector.
vi. Conduct Research studies and survey in the SCI sector.

4. Evaluation Parameters

Criteria: Business and Governance
Indices: A. Business Strategy and Social Responsibility

Table 2 (a): Standard of Indices A FY 2023-24

		* Standard						
Serial No.	**Indicators & Sub-indicators**	**Types of Measurement**	**Weight for Sub-indicators**	**Grade: Excellent Score: 4**	**Grade: Very Good Score: 3**	**Grade: Good Score: 2**	**Grade: Fair Score: 1**	**Grade: Under-performing Score: 0**
1	**Entity Strategy**							
	Entity Strategic Plan	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
2	**Growth Trajectory**							
	2a. Net Surplus Growth	QN	4	30.00% or more	25.00% to 29.99%	20.00% to 24.99%	15.00% to 19.99%	Below 15.00%
	2b. Service Revenue Growth	QN	4	10.00% or more	8.00% to 9.99%	6.00% to 7.99%	4.00% to 5.99%	Below 4.00%
	2c. Other Growth	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%
3	**Effective Implementation of Public Policy** Implement activities to achieve policy goal	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%
4	**Efficiency of Project** Implementation/ Project Goal Achievement: • Percentage of estimated target achieved	QN	4	91-100%	81-90%	71-80%	41-70%	Below 41%
5	**Social Contribution** •Environmental Contribution •CSR/WPPF •Training/Volunteering	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 2 (b): Achievement of Indices A

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	**Entity Strategy**						
	Entity Strategic Plan	QL	4	88.00%	Very Good	3	Note 1
2	**Growth Trajectory**						
	2a.Net Surplus Growth	QN	4	212.59	Excellent	4	AFS
	2b Service Revenue Growth	QN	4	(11.29%)	Under Performing	0	AFS
	2c. Other Growth	QL	3	89.00%	Very Good	3	Note 2
3	**Effective Implementation of Public Policy**	QL	3	85.00%	Very Good	3	Note 3
4	**Efficiency of Project**	QN	4	97.53%	Excellent	4	Note 4
5	**Social Contribution** • Environmental Contribution • CSR/WPPF • Training/Volunteering	QL	3	89.00%	Very Good	3	Note 5
		Sub-Total	25				

Note-1: Bangladesh Small and Cottage Industries Corporation has undertaken a strategic initiatives to establish 28 eco-friendly industrial parks in three phases across 21 districts in the southwestern region of Bangladesh. These parks will include 4 agro-based parks, 2 light engineering-based parks, 1 leather-based park, and 21 multi-sectoral parks. Each industrial park will be equipped with modern environmental and utility facilities such as Effluent Treatment Plants (ETP/CETP), dumping yards, lakes, and water reservoirs, and is expected to generate around 5 million employment opportunities.

Under the first phase, 8 industrial parks and 7 skill development centers will be established in 8 districts by 2030. In the second phase (2030–2035), another 8 industrial parks and 6 skill development centers will be developed. In the third phase (2035–2041), the remaining 8 industrial parks along with 6 additional skill development centers will be established.

These initiatives are aligned with the National Strategic Plan and government policy directives outlined in the national budget, and they will contribute to achieving key Sustainable Development Goals, particularly United Nations SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), and SDG 13 (Climate Action).

Note-2: The entity maintains the following facilities for stakeholders:

i. Online registration for trainees and contractors.
ii. Assisted online marketing service for launching new products/service for the customers.

In FY 2022-23

i. Currently salt is cultivated by using ground water that is extracted through deep tube well/sallow machine instead of traditional polythene method. By using ground water, salt is produced 1000 to 1,200 maunds that is 33.33% higher compared to traditional system (Using Canal Water);
ii. Applied for Geographical Indication (GI) for Shitolpati.

In FY 2023-24 :

i. BSCIC completed 3 (three) projects, namely BSCIC Industrial Park at Sirajgonj, Raozan and Barisal region.
ii. Developed BSCIC Geographical Information (GIS) System.
iii. BSCIC Salt Industries Information System.

Note-3: BSCIC plays a crucial role in implementing public policy aimed at fostering industrial growth, entrepreneurship, and rural development through the promotion of small and cottage industries (SCIs). By providing infrastructure, financial assistance, and technical support, BSCIC ensures the proper utilization of industrial plots, encourages environmentally friendly business practices, and supports the establishment of new industrial units.

Note-4: During FY 2023–24, BSCIC achieved 97.51% of its financial target and 97.55% of its physical targets in project implementation. A comprehensive performance score was assigned based on this combined achievement.

Note-5: BSCIC has undertaken several social and environmental initiatives to promote sustainability and community welfare:

i. Ensures environmental compliance by requiring every industrial unit within its estates to obtain an environment clearance certificate from the Department of Environment annually.
ii. In FY 2023-24 the entity provided training to 10,374 entrepreneurs in management and 7,662 entrepreneurs in efficiency development programs, including design, salt production, and beekeeping.
iii. Organized 32 trade fairs across the country to promote local products and industries in FY 2023-24.
iv. BSCIC entrepreneurs Participated in a total 23 fairs including 8 (eight) in the country and 15 (fifteen) abroad.
v. Established a Special Audit Unit in collaboration with the Department of Environment to mitigate environmental pollution in its industrial units.
vi. Mandated the inclusion of dumping yards, green zones, and water bodies in newly constructed industrial estates to ensure environmental sustainability.
vii. Allocated Tk. 2.11 million under its various CSR program to support 168 employees of BSCIC in FY 2023-24
viii. Conducted training on 126 courses for 2,535 employees of BSCIC.

Indices: B. Operational Efficiency

Table 3 (a): Standard of Indices B FY 2023-24

		* Standard						
Serial No.	**Indicators & Sub-indicators**	**Types of Measurement**	**Weight for Sub-indicators**	**Grade: Excellent Score: 4**	**Grade: Very Good Score: 3**	**Grade: Good Score: 2**	**Grade: Fair Score: 1**	**Grade: Under-performing Score: 0**
1	**Service Delivery**							
	Service Benefit & Accessibility	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
2	**Labor Productivity**							
	Added Value per Employee (million Tk.)	QN	5	Tk.1.00 million or more	Tk.0.90 to 0.99 million	Tk.0.80 to 0.89 million	Tk.0.70 to 0.79 million	Below Tk. 0.70 million
3	**Capital Productivity**							
	3a. Added Value per Tk. Value of Assets	QN	5	Tk. 0.10 or more	Tk. 0.08 to 0.09	Tk. 0.06 to 0.07	Tk. 0.04 to 0.05	Below Tk. 0.04
	3b. Added Value Per Tk. Value of PPE	QN	5	Tk. 0.20 or more	Tk. 0.18 to 0.19	Tk. 0.16 to 0.17	Tk. 0.14 to 0.15	Below Tk. 0.14
4	**Production**							
	Asset Turnover (Times)	QN	5	0.15 or more	0.12 to 0.14	0.09 to 0.11	0.06to 0.08	Below 0.06
	Sub-total		25					

Table 3 (b): Achievement of Indices B

Serial No.	**Indicators & Sub-Indicators**	**Types of Measuremen**	**Weight for sub-**	**Actual Performance**	**Achievement**		**Basis of Performance Measuring**
					Grade	**Score**	
1	**Service Delivery**						
	Service Benefit & Accessibility	QL	5	81.00%	Very Good	3	Note 6
2	**Labor Productivity**						
	Added Value per Employee (million Tk.)	QN	5	Tk. 0.82 million	Good	2	AFS
3	**Capital Productivity**						
	3a. Added Value per Tk. Value of Assets	QN	5	Tk. 0.04	Fair	1	AFS
	3b. Added Value Per Tk. Value of PPE	QN	5	Tk.0.19	Very Good	3	AFS
4	**Production**						
	Asset Turnover (Times)	QN	5	0.06	Fair	1	AFS
	Sub-total		25				

Note 06: The entity provided the following automation facilities for the stakeholders:

i. One-stop service (OSS) center for enlistment of subcontracting, industrial registration, cancellation of registration, new registration of contractor, renewal of contractor, contract processing, IRC recommendation, Contractor reregistration and training program etc.
ii. E-registration facilities
iii. Online GIS based database for small and cottage industries.
iv. Established product display and sales center at Rangamati, Bandarban and Khagrachori.
v. Arranged 32 trade fair in Bangladesh.
vi. Assisted salt, honey and leather sectors to ensure quality, production and productivity etc.
vii. Assist salt production, salt mills supervising and ensuring Iodized salt as per Salt Act.
viii. BSCIC online market.

Indices: C. Financial

Table 4 (a): Standard of Indices C FY 2023-24

		* Standard						
Serial No.	**Indicators & Sub-indicators**	**Types of Measurement**	**Weight for Sub-indicators**	**Grade: Excellent Score: 4**	**Grade: Very Good Score: 3**	**Grade: Good Score: 2**	**Grade: Fair Score: 1**	**Grade: Under-performing Score: 0**
	i. Financial Performance							
1	Operating Surplus	QN	2	Tk. 450 mil or more	Tk. 400 to Tk. 449 mil	Tk. 350 to Tk. 399 mil	Tk. 300 to Tk. 349 mil	Below Tk. 300 mil
2	Surplus before Tax	QN	2	Tk.400 mil or more	Tk. 300 to Tk. 399 mil	Tk. 200 to Tk. 299 mil	Tk. 100 to Tk. 199 mil	Below Tk. 100 mil
3	Return on Assets (%)	QN	2	3.00% or more	2.75% to 2.99 %	2.50 % to 2.74%	2.00% to 2.49%	Below 2.00%
4	Return on Service Revenue (%)	QN	2	12.00% or more	10.00% to 11.99%	8.00% to 9.99%	6.00% to 7.99%	Below 6.00%
5	Return on Equity (%)	QN	2	6.00% or more	5.00% to 5.99%	4.00% to 4.99%	3.00% to 3.99%	Below 3.00%
6	Net Worth Growth (%)	QN	2	7.00% or more	6.00% to 6.99%	5.00% to 5.99%	4.00% to 4.99%	Below 4.00%
7	Capital Budget Utilization (%)	QN	3	91-100%	81-90%	71-80%	41-70%	Below 41%
	ii. Financial Risk							
1	Debt Equity Ratio (Times)	QN	3	1.50 or less	1.51 to 2.00	2.01 to 2.50	2.51 to 3.00	More than 3.00
2	Debt to Assets (Times)	QN	3	0.60 or less	0.61 to 1.00	1.01 to 1.40	1.41 to 1.80	More than 1.80
3	Debt Coverage Ratio (Times)	QN	3	2.00 or more	1.75to 1.99	1.50to 1.74	1.25to 1.49	Below 1.25
4	Current Ratio (Times)	QN	3	2.00 or more	1.75to 1.99	1.50to 1.74	1.25to 1.49	Below 1.25
	iii. Transactions with Govt.							
1	Debt Service Liabilities Paid	QN	3	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 4 (b): Achievement of Indices C

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance measuring
					Grade	Score	
	i. Financial Performance						
1	Operating Surplus	QN	2	(Tk.187.94) mil	Under Performing	0	AFS
2	Surplus before Tax	QN	2	Tk.393.28 mil	Good	2	AFS
3	Return on Assets (%)	QN	2	1.34%	Under Performing	0	AFS
4	Return on Service Revenue (%)	QN	2	21.26%	Excellent	4	AFS
5	Return on Equity (%)	QN	2	2.52%	Under Performing	0	AFS
6	Net Worth Growth (%)	QN	2	2.96%	Under Performing	0	AFS
7	Capital Budget Utilization (%)	QN	3	62.32%	Fair	1	SL-27, 28 of Annexure -1
	ii. Financial Risk						
1	Debt Equity Ratio (Times)	QN	3	0.89	Excellent	4	AFS
2	Debt to Assets (Times)	QN	3	0.47	Excellent	4	AFS
3	Debt Coverage Ratio (Times)	QN	3	51.71	Excellent	4	AFS
4	Current Ratio (Times)	QN	3	1.66	Good	2	AFS
	iii) Transactions with Government						
1	Debt Service Liabilities Paid	QN	3	100%	Excellent	4	SL-33, 34 of Annexure -1
		Sub-total	30				

Indices: D. Corporate Governance Practices

Table 5 (a): Standard of Indices D FY 2023-24

		* Standard						
Serial No.	**Indicators & Sub-indicators**	**Types of Measurement**	**Weight for Sub-indicators**	**Grade: Excellent Score: 4**	**Grade: Very Good Score: 3**	**Grade: Good Score: 2**	**Grade: Fair Score: 1**	**Grade: Under-performing Score: 0**
1	**Commitment to Corporate Governance:** • Code of Conduct • Ethics • Key policies of Board • Board structure • Employees service rules/ regulations • Appointment of Board Secretary	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
2	**Board Practices:** • Composition of Board of Directors and number of meetings held • TOR of board • Number of independent Board Directors • Name & Number of board committees and number of meetings held • Number of board decisions that have been implemented	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
3	**Transparency and Disclosure:** • Board of directors and Senior managers name and biographies • Audited financial statement • Citizen charter • APA • Code of conduct	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
4	**Control Environment and Process:** • Entity's internal control systems for different departments • Internal audit procedure and reporting authority • Entity's computer-based management information system (database) • Any authority of the board to mitigate the entity's emergency situation • Measures taken for safe working environment in the entity's premises	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 5 (b): Achievement of Indices D

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	Commitment to Corporate Governance	QL	5	85%	Very Good	3	Note 7
2	Board Practices	QL	5	86%	Very Good	3	Note 8
3	Transparency and Disclosure	QL	5	78%	Good	2	Note 9
4	Control Environment and Process.	QL	5	77%	Good	2	Note 10
		Sub-total	20				
		Grand Total (A+B+C+D):	100				

* Standard for Financial and Non-Financial indicators are set on the basis of IPE process.

Note-7: BSCIC operates under Bangladesh Small and Cottage Industries Act 2023 and adheres to a robust framework of corporate governance, including a Code of Conduct, Rules and Regulations, Employees' Service Rules, and a Citizen Charter. The organization has a Corporate Secretary for its board.

Note-8: The BSCIC Board of Directors consists of 12 (twelve) members nominated by the Government of Bangladesh (GOB). The board includes a chairman, six regular directors from the corporation, and five additional members. Of these, three are representatives from various Ministries/Divisions, while the remaining 2 (two) are independent directors: one with significant experience in commerce and industries, and the other serving as the President of National Association of Small & Cottage Industries of Bangladesh (NASCIB) or a nominee of the President. During FY 2023-24, the board held 12 (twelve) meetings, implementing 121 (one hundred twenty -one) decisions. However, the entity has no Audit Committee.

Note-9: BSCIC discloses its Acts, Rules, Audited Financial Statements, details of Board Directors, Senior Managers and Citizen Charter on its website, ensuring transparency. However, the entity published their Audited Financial Statements lately.

Note-10: BSCIC has implemented various measures to enhance environmental and process controls:

i. Maintains an internal control system through the independent Audit Division which directly report to chairman.
ii. Operates an Audit Department to review, verify, and examine invoices, bills, and collections to ensure transaction authenticity.
iii. The Purchase Committee adheres to the entity's purchase policy, rules, and tender procedures for verifying procurement transactions.
iv. Installed fire extinguishers and CCTV cameras to enhance the security of its Head Office buildings.
v. Assisted in the establishment of Effluent Treatment Plants (ETPs) in industrial estates and a Central Effluent Treatment Plant (CETP) in Tannery Estates to mitigate environmental impacts.
vi. Developing ERP software for Accounts and Finance.

5. IPE Process

i. Performances of non-financial indicators of Bangladesh Small Cottage Industries Corporation (BSCIC) has been evaluated using information and documents of the inception report provided by BSCIC.
ii. Actual performance scores of non-financial indicators is determined through the collective decision of ERT members.
iii. Non-financial Indicators' Score will be based on specific documentary evidence.
iv. According to IPEG, actual financial performances of BSCIC are to be evaluated on the basis of national best practices/standard. However, due to non-availability of such standard and comparable entities in the country, BSCIC's financial performance was assessed based on its performance over the last five years on respective financial indicators.
v. Performances of all financial indicators are evaluated based on audited financial statements.
vi. Measurement tools used for financial indicators are suggested by IPEG.
vii. Grades and scores are assigned according to the IPEG.

6. Performance Evaluation Results

Bangladesh Small and Cottage Industries Corporation
Fiscal Year: 2023-24

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
a	b	c	d	e	f
A	**Business Strategy and Social Responsibility:**	25			
1	**Entity Strategy:** • Entity Strategic Plan		4	3	0.12
2	**Growth Trajectory:** 2a. Net Surplus Growth		4	4	0.16
	2b. Service Revenue Growth		4	0	0.00
	2c. Other Growth		3	3	0.09
3	Effective Implementation of Public Policy Implement activities to achieve policy goal		3	3	0.09
4	**Efficiency of Project Implementation/ Project Goal Achievement:** • Percentage of estimated target achieved		4	4	0.16
5	**Social Contribution:** • Environmental Contribution • CSR / WPPF • Training / Volunteering		3	3	0.09
		Sub Total	**25**		**0.71**
B	**Operational Efficiency:**	25			
1	**Service Delivery:** • Service benefits and Accessibility		5	3	0.15
2	**Labor Productivity:** 2a. Added Value Per Employee		5	2	0.10
	2b. Employees cost on Value addition (%)				
3	**Capital Productivity:** 3a. Added Value Per TK Value of Assets		5	1	0.05
	3b. Added Value Per TK Value of PPE		5	3	0.15
4	**Production:**				
	4a. Asset Turnover		5	1	0.05
		Sub Total	**25**		**0.50**

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
C	**Financial:**	30			
	i. Financial Performance:				
1	Operating Surplus		2	0	0.00
2	Surplus before tax		2	2	0.04
3	Return on assets		2	0	0.00
4	Return on Service Revenue		2	4	0.08
5	Return on equity		2	0	0.00
6	Net worth growth		2	0	0.00
7	Capital budget utilization		3	1	0.03
	ii. Financial Risk:				
1	Debt equity ratio		3	4	0.12
2	Debt to assets		3	4	0.12
3	Debt coverage ratio		3	4	0.12
4	Current ratio		3	2	0.06
	iii. Transactions with Government:				
1	Debt Service Liabilities Paid		3	4	0.12
		Sub Total	**30**		**0.69**

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
D	**Corporate Governance Practices:**	20			
1	**Commitment to Corporate Governance:** • Code of Conduct • Ethics • Key policies of Board • Board structure • Employee's service rules/ regulations • Appointment of Board Secretary		5	3	0.15
2	**Board Practices:** • Composition of Board of Directors and number of meetings held • TOR of board • Number of independent Board Directors • Name & Number of board committees and number of meetings held • Number of board decisions that have been implemented		5	3	0.15
3	**Transparency and Disclosure:** • Board of directors and Senior managers name and biographies • Audited financial statement • Citizen charter • APA • Code of conduct		5	2	0.10
4	**Control Environment and Process:** • Entity's internal control systems for different departments • Internal audit procedure and reporting authority • Entity's computer-based management information system (database) • Any authority of the board to mitigate the entity's emergency situation • Measures taken for safe working environment in the entity's premises		5	2	0.10
5	**Performance against the key Indicators of APA:** • Total Performance score achieved on APA				
	Sub Total		**20**		**0.50**
	Grand Total (A+B+C+D)	**100**	**100**		**2.40**

7. Interpretation of Results

As per Independent Performance Evaluation Bangladesh Small and Cottage Industries Corporation (BSCIC)Scored 2.40 out of 4.00 in the year 2023-24.

7. (A) The performance of BSCIC is graded “Excellent” in the following areas:

- Debt Equity Ratio
- Return on Service Revenue
- Efficiency of Project Implementation
- Net Surplus Growth
- Debt to Assets
- Debt Coverage Ratio

The performance of BSCIC is graded “Very Good” in the following areas:

- Entity Strategic Plan
- Social Contribution
- Corporate Governance
- Board Practices
- Other Growth
- Effective Implementation of Public Policy
- Service Delivery

The performance of BSCIC is graded “Good” in the following areas:

- Transparency and Disclosure
- Control Environment and Process
- Labour Productivity
- Current Ratio

The performance of BSCIC is graded “Fair” in the following areas:

- Capital Productivity
- Capital Budget Utilization
- Assets Turnover

The performance of BSCIC is graded “Under Performing” in the following areas:

- Net Worth Growth
- Service Revenue Growth
- Return on Equity
- Return on Assets

7. (B) Other important aspects of Performance during FY 2023-24:

i. BSCIC has incurred operating loss of Tk. 187.94 million which includes Tk. 1,520.12 million as grant from Government.
ii. The entity earned net Surplus of Tk. 393.28 million.
iii. BSCIC's Current Ratio (Times) 1.66 which indicates entity is in a well position to meet it current liabilities in due period.

8. Recommendation for Performance Based Incentives

Bangladesh Small and Cottage Industries Corporation has obtained a weighted score of 2.40 out of a scale 4.00 and is graded "Good". Therefore, IPEC recommended non-financial incentive for the employees of BSCIC. Also, a certificate from Finance Division may be awarded to BSCIC for being graded "Good" in IPE for the FY 2023-24.

9. Recommendations for Improvements:

To enhance BSCIC's performance, the following measures are recommended:

a) Establish a central database and software/server system to store and manage information on small and cottage industries (SCI).
b) Reallocate unused or long-vacant industrial plots to maximize their utilization.
c) Develop action plans to elevate leather and leather product standards to meet global requirements and obtain the Leather Working Group (LWG) certification, boosting export potential in the leather sector.
d) Form Board Committees such as an Audit Committee, Executive Committee and Procurement Committee etc. to strengthen internal control and compliance.
e) Assist industrial entrepreneurs in installing Effluent Treatment Plants (ETPs) and Central Effluent Treatment Plants (CETPs) to minimize environmental pollution.
f) Prepare financial statements based on International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) to enhance transparency and reliability.
g) Ensure the timely publication of Annual Financial Statements (AFS).
h) Include accumulated costs of ongoing projects under the "Capital Work in Progress" account for fair and accurate financial reporting.
i) Measures should be taken to complete ongoing projects within their stipulated timelines to avoid delays and cost overruns.
j) Enhance financial discipline, disclosure, and reporting by preparing financial statements in compliance with applicable IAS and IFRS standards.
k) Introduce Enterprise Resource Planning (ERP) software to centralize data storage, streamline operations, and generate timely reports for informed decision-making.
l) The entity should take appropriate action plan to meet the challenges of Fourth Industrial Revolution (4IR).
m) BSCIC should take steps to increase their land premium, land development tax and rental income for its sustainable economic position.

n) The entity should encourage and advise sick industries and facilitate access to financial support to help them overcome operational and financial constraints.The entity may consider appointing women directors to its Board in alignment with the OECD Guidelines on Corporate Governance of State-Owned Enterprises (2024), UN Sustainable Development Goal (SDG) 5 on Gender Equality, and World Bank/IFC corporate governance recommendations to promote gender diversity.
o) To implement the government directive the entity should arrange tree plantation programs with an aim to mitigate climate change and address global warming.

10. Disclaimer

BSCIC was unable to collect and compile financial data from its 82 industrial estates within the required timeframe. As a result, it has not yet been able to finalize its audited financial statements for FY 2023–24. In light of this situation, the Finance Division prepared BSCIC's IPE Report for FY 2023–24 based on its unaudited financial statements.

11. Conclusion

Based on the Audited Financial Statements, relevant data, and supporting documents of Bangladesh Small and Cottage Industries Corporation, the Independent Performance Evaluation (IPE) Report for FY 2023–24 has been prepared. The report indicates that BSCIC's financial and non-financial performance remained at a moderate level compared to the previous fiscal year.

To enhance its overall performance, the entity should effectively implement its three-phase master plan to establish 28 environmentally friendly industrial parks and 19 skill development centers by 2041, which is expected to generate approximately 5 million employment opportunities for the people of Bangladesh. Successful implementation of this master plan will contribute significantly to poverty reduction, promote the development of small and cottage industries, and support sustainable industrialization. Furthermore, it will help develop skilled human resources and facilitate the transformation of the rural agro-based economy into a more diversified industrial economy in the country.

Annexure 1

Bangladesh Small & Cottage Industries Corporation (BSCIC)

Financial & Other Information

Amount in BDT

Serial No	Statement of Financial Position (Balance Sheet)	Evaluate Fiscal Year	Previous Fiscal Year
		2023-24	2022-23
1	Current Assets:		
	i. Inventories		
	• Material		
	• Other including spare parts	2,241,982	5,145,775
	ii. Receivable:		
	• Trade		
	• Others	7,420,622	7,420,622
	iii. Cash and Cash Equivalent	2,585,380,998	2,535,968,298
	iv. Others Current Assets	984,044,639	475,720,812
2	Total Current Assets (i+ii+iii+iv)	3,579,088,241	3,024,255,507
3	Total Non-Current Assets		
	• Property, Plant & Equipment (PPE)	6,374,362,701	6,694,756,497
	• Investments in FDR, Shares & other assets	19,499,933,893	18,376,701,082
	• Other non-current assets		
4	Total Assets (2+3)	29,453,384,836	28,095,713,085
5	Current Liabilities:		
	i. Payables:		
	• Trade		
	• Others	84,152,018	83,365,212
	ii. Other Current Liabilities	2,072,207,191	2,056,563,560
6	Total Current Liabilities (i+ii)	2,156,359,209	2,139,928,772
7	Non-Current Liabilities:		
	i. Long Term Loans/Debts	1,710,995,238	1,760,995,238
	ii. Fund Account	3,620,055,357	3,617,274,290
	iii. Other Non-Current Liabilities	6,342,832,832	5,403,768,885
8	Total Non-Current Liabilities (i+ii+iii)	11,673,883,427	5,378,269,528
9	Total Liabilities (6+8)	13,830,242,636	12,921,967,185
10	Equity:		
	i. Equity Deposit for Projects	6,573,222,317	6,573,222,317
	ii. Grants	5,114,445,409	5,057,001,715
	ii. Retained Earnings/(Loss)	3,935,474,473	3,543,521,867
11	Total Equity (i+ii+iii)	15,623,142,199	15,173,745,899
12	Total Equity and Liabilities (9+11)	29,453,384,836	28,095,713,085

Annexure 1

Serial No	Statement of Profit or Loss and Other Comprehensive Income (Income Statement)	2023-24		2022-23	
		Amount	Percent	Amount	Percent
13	Net Service Revenue	329,477,898	17.81%	371,403,265	20.99%
	Add: Grant from Government	1,520,120,516	82.19%	1,398,020,181	79.01%
	Total Revenue	1,849,598,414	100.00%	1,769,423,446	100%
14	Less: Cost of Services	1,851,612,302	100.11%	1,865,320,324	105.42%
15	Gross Surplus/(Deficit) (13-14)	(2,013,888)	(0.11)%	(95,896,878)	(5.42)%
16	Less: Operating Expenses:				
	i. Administrative Expenses	185,928,373	10.05%	116,408,865	6.58%
	ii. Marketing Expenses				
17	Total Operating Expenses (i+ii)	185,928,373	10.05%	116,408,865	6.58%
18	Operating Surplus/(Deficit)(15-17)	(187,942,261)	(10.16)%	(212,305,743)	(12.00%)
19	Add: Non-Operating Income	581,218,001		338,115,918	
20	Less: Financial Expenses				
21	Less: Other Non-Operating Expenses				
22	Net Surplus/(Deficit) before Tax (18+19-20-21)	393,275,740		125,810,175	
23	Less: Provision for Tax				
	i. Current tax				
	ii. Deferred tax				
24	Net Surplus/(Deficit) After Tax (22-23)	393,275,740		125,810,175	

Annexure 1

Serial No	Other Information	Evaluate Fiscal Year	Previous Fiscal Year
		2023-24	2022-23
25	Credit Sales		
26	Credit Purchases		
27	Capital Budget Allocation	98,200,000	207,350,000
28	Actual Capital Expenditure	61,200,000	159,054,500
29	Dividend Payable		
30	Dividend Paid		
31	Taxes Payable		
32	Taxes Paid		
33	Debt Service Liabilities (DSL) Payable	50,000,000	50,000,000
34	Debt Service Liabilities (DSL) Paid	50,000,000	50,000,000
35	Fees, Fine and Charges Payable		238,035,000
36	Fees, Fine and Charges Paid		238,035,000
37	New Government Investment:		
	• Equity		
	• Capital Grants		159,054,500
38	Total Government Fund Transferred to SOE/AB under the following heads:		
	• Grants	1,520,120,516	1,398,020,181
	• Other Transfer (Specify)		
39	Operating Cash Surplus/(Deficit)	2,585,300,000	4,215,846,484
40	Added Value	1,208,445,791	1,199,847,295
41	Employee's cost includes wages, salaries, bonus, provident fund contribution and other allowances		
42	Capacity Utilization (%)		
43	Input use Efficiency (%)		
44	Number of Employees (Nos)	1,483	1,456
45	Performance score achieved on APA		96.11%