Attached is a communication received from the delegation of Bangladesh on the subject of the development of the textile industry, as requested in airgrams GATT/AIR/1611 and 1612. It is submitted for the consideration of the Working Group.
INFORMATION ON BTMC SOUGHT BY GATT

Textile Industry in Bangladesh is under both public and private sectors. For management of Public Sector activities, a corporation, namely Bangladesh Textile Mills Corporation (BTMC) has been created in March 1972. BTMC started formal functioning from 1st July 1972.

Development Activities

BTMC took over 0.835 million spindles and 6,300 looms from the private sector at the time of nationalisation in July 1972. The present number of installed spindles and looms are 1.055 millions and 7,582 respectively. This shows an increase of 26.35% of spindles and 11.65% of looms over the taken-over spindles & looms. During the eight years of its existence from July, 1972 to June, 1980, BTMC has invested an amount of total Tk.1376.00 million including foreign exchange component of Tk. 545.60 million.

Foreign exchange component of project finance is met out of grants and credits offered by the foreign countries and international financing agencies, while the local currency finance is provided by the Govt. out of its Annual Development Programme.

Production

Cloths produced are of different varieties of which important varieties are Lawn, Poplin, Sharee, Dhuti, Shirting etc. BTMC’s production of yarn and cloth increased from 88.00 million lbs of yarn (32s av.) in 1972-73 to 112.90 million lbs of yarn (32s av.) in 1979-80 and that of cloth from 58.50 million yds (54 picks av.) to 92.40 million yds (54 pick av.).

Distribution of BTMC products

BTMC produces yarn and cloth. These products are distributed at prices fixed by the Government through private dealers and institutional buyers.

A. Distribution of yarn

Yarn produced by BTMC mills are distributed through the following channels, for the present:

(i) Bangladesh Handloom Board (ii) Bangladesh Jatiya Samshaya Shilpa Samity Ltd. (iii) Bangladesh Handloom Industries Association
and Govt. Departments and Tagged dealers.

The quantum allocated to them changes from time to time based on the requirement of each of the above agencies.

A yarn Allocation Committee formed with the members from the concerned Departments & Organisations looks into the problems and suggests remedial measures for better distribution of yarn in the country.

B. Distribution of cloth

Cloth produced in the BTMC Mills are distributed at the present through the following channels:

(i) Wholesale cloth dealers.
(ii) BTMC Sales and Display Centres.
(iii) Processing Industries.
(iv) Government Departments.

The quantum allocated to the above agencies is also based on their requirements and therefore, varies from time to time.

The above distribution systems have been adopted in order to ensure the availability of yarn & cloth produced by BTMC to the end-users at fair and reasonable price.

BLR Programme

Out of 56 running mills, machinery of about 50 mills have become very old, some of them being completely dilapidated and obsolete. These mills have therefore been taken up for BLR. The BLR of the old mills will be implemented gradually phase by phase. The BLR programme when fully implemented will raise the production by about 38.30 million lbs. of yarn and 55.20 million yds. of cloth per year. The programme will require capital investment of about Tk. 727.40 million in foreign exchange. Foreign exchange finance to the extent of Tk. 286.90 million has been procured from countries like India & U.K. & Poland. In view of limited sources of foreign exchange finance for BLR, World Bank(IDA) has been approached for financing the balance foreign exchange requirement equivalent to Tk. 440.50 million. They are examining the proposal and a favourable outcome is expected.
Second Five Year (FY 1981-85)

The country wants to achieve self-sufficiency in cloth at the shortest possible time. With this end in view, the Second Five Year Plan (SFYP) for textiles which is now in draft form, has been formulated. The plan envisages to provide at least 12 yds of cloth per capita at the end of 1984-85 to its estimated population of 100.00 million by that year. During the SFYP, BTMC aims in undertaking BMR of its old mills and install 42.50 million new spindles, besides completing the carryover projects.

At the end of the terminal year total spindles will be 1.671 million. The estimated capital outlay of BTMC for the SFYP is Tk.3943.00 million including F.E. component of Tk.2143.70 million. The plan sets for BTMC production target of 284.00 million lbs of yarn and 163.80 million yds. of cloth by 1984-85, the terminal year of SFYP.

Raw materials

The present requirement of raw cotton of BTMC is 126.00 million lbs. and manmade fibre 15.00 million lbs. At the end of the Second Five Year Plan (1980-85) raw cotton requirement will be 252.40 million lbs and that of manmade fibre 57.90 million lbs with the installation of additional 0.425 million spindles.

The present requirement of raw cotton and manmade fibre is entirely met by imports. Recently the Government has taken up a programme to increase cotton production domestically. According to the programme, 0.80 million acres of land will be brought under cotton cultivation during the Second Five Year Plan (1980-85) with a view to grow 240 million lbs of raw cotton. This year (1980-81) 0.025 million acres have been cultivated and it is expected that about 16.4 million lbs of raw cotton will be grown.

The Government of Bangladesh has already formed a Board, namely, Cotton Development Board for implementation of this programme as well as, for suggesting appropriate measures to the Government for improvement of cotton growing in the country.

In order to produce non-cotton fibre in the country one viscose staple fibre plant of 7,000 tons per year and a polyester
plant of 12,000 tons per year is under consideration. If these plants materialise, it will reduce the dependence on imports to a considerable extent.

**General Policies**

General policy of the Government is towards a more equitable distribution of the gains of economic growth. Textile Industry is directed towards integration of the existing units and spread of location of new units to less developed areas of the country.

Government objectives are to make quality cloth available at reasonable prices to the mass; to give priority to employment oriented growth through decentralised handloom sector and to reduce the dependence on imported raw cotton by utilising non-cotton fibre, such as, viscose and polyester staples.

BTMC, thought a public sector organisation, has been working as a supplement to private sector weaving industry so as to achieve harmonious growth of both public and private sectors in textiles in conformity with the policy of the Government.