

CHAPTER 14

PRIVATE SECTOR DEVELOPMENT

The private sector has been playing a very significant role in the economic development of Bangladesh. The Government has taken prudent steps to strengthen the private sector to enable it to make substantial contribution to the overall economic development of the country. The share of private investment in the national economy recorded at 19.55 percent of GDP in FY2008-09 which was recorded at 13.58 percent of GDP in FY1995-96.

Developing a Private Investment Friendly Environment

The Government has been taken necessary steps to set up institutions and infrastructure and to bring required reform programmes in Capital Market, Board of Investment and Privatisation Commission to create a private investment- friendly environment. The significant growth of RMG and knitwear industry in the private sector has brought dynamism in the manufacturing sector that plays a catalytic role in creating an investment-friendly environment in the country. As a result, this sector has been attracting foreign investment.

Industrial Policy Reforms

The Government has formulated an outline of draft Industrial Policy 2009 to realise the vision 2021. The major goal of the Industrial Policy is to revamp the small and medium enterprises, create employment generation and expand information technology to take Bangladesh to the higher trajectory of growth.

Board of Investment (BOI)

Adoption of the investment-friendly policy and strategies by the Government has encouraged the private investors from home and abroad to invest in Bangladesh considering it as a ‘competitive destination’ for investment and to include the country in their ‘investment maps’.

With a view to enhance the pace and magnitude of the investment trend by both the local and foreign entrepreneurs, the Government has been keen to improve the overall investment climate including formulation and reform of investment-friendly laws, rules and regulations.

The recent private sector industrial investment scenario is presented following the categories as noted below:

- Investment Registration (Local & Foreign)
- Actual Investment (Local & Foreign)
- Employment Opportunities
- Capital Machinery Import

- GDP in the Manufacturing Sector
- Private Investment as Percentage of GDP
- Investment Climate

Investment Registration (Local and Foreign)

Generally, investment process starts with registration which is implemented after necessary feasibility analysis. In FY 1995-96, a total of 1338 projects involving an amount of Tk. 11,097 crore was registered with BOI which grew to 1,468 projects in FY 2008-09 with a total proposed investment of Tk. 31, 867 crore. Table 14.1 presents annual statistics on the projects registered with BOI since FY 1995-96.

Table 14.1: Private Investment Proposals Registered

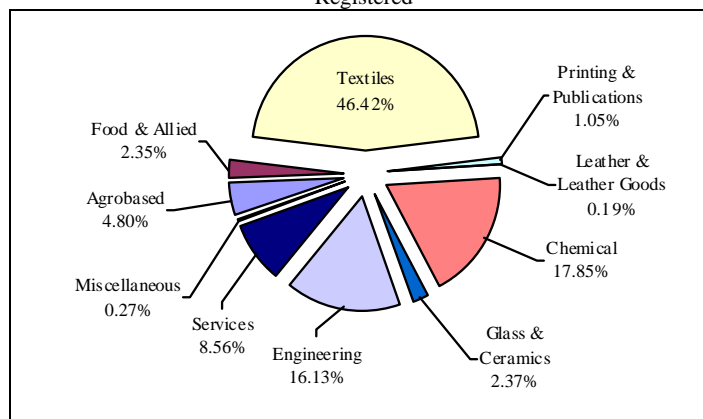
Fiscal Year	Local Investment Proposals Registered		Foreign /JV Investment Proposals Registered		Total Investment Proposals Registered		Growth in Project Value (%)
	Projects	Project Value (Crore Taka)	Projects	Project Value (Crore Taka)	Projects	Project Value (Crore Taka)	
1995-96	1,211	4,836	127	6,261	1,338	11,097	76.1
1996- 97	1,247	4,746	138	4,515	1,385	9,261	-16.5
1997- 98	1,448	5,061	140	15,308	1,588	20,368	119.9
1998-99	1,535	5,677	161	9,243	1,696	14,920	-26.8
1999-2000	1,428	6,621	135	10,594	1,563	17,215	15.4
2000-01	1,788	7,809	80	6,993	1,868	14,802	-14.0
2001-02	2,875	8,806	89	1,734	2,964	10,540	-28.8
2002-03	2,101	11,653	104	2,067	2,205	13,720	30.2
2003-04	1,624	13,546	130	2,644	1,754	16,190	18.0
2004-05	1,469	14,005	120	5,298	1,589	19,302	19.2
2005-06	1,754	18,370	135	24,986	1,889	43,356	125
2006-07	1,930	19,658	191	11,925	2,121	31,583	(-27)
2007-08	1,615	19,553	143	5,433	1,758	24,986	(-21)
2008-09*	1,336	17,117	132	14,750	1,468	31,867	27.5

Source: Board of Investment, Bangladesh. *Provisional

Local Investment Registration

During FY 1995-96, the value of projects registered with BOI stood at Taka 4,836 crore which increased to Tk. 17,117 crore in FY 2008-09. Textile (46.42%) was the largest sector registered during this period. Other major sectors include chemicals (17.85%), engineering (16.13%), services (8.56%) and agro-based (4.80%), as shown in Graph 14.1.

Graph14 1: Sectoral Break-up of the Local Investment Projects Registered

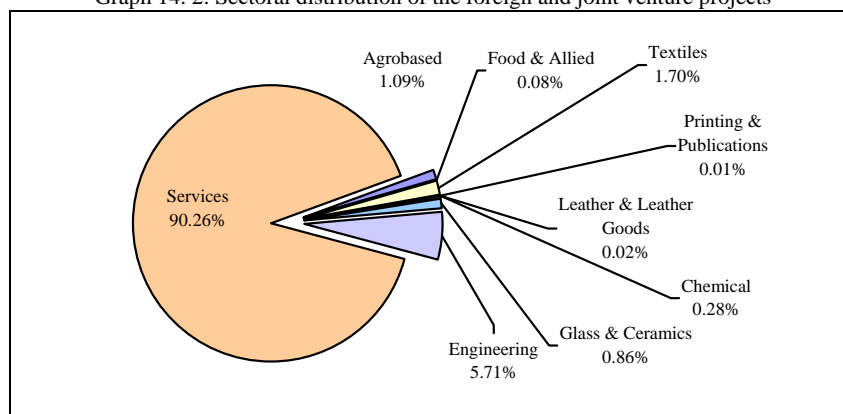


Source: Board of Investment, Bangladesh. Provisional

Foreign and Joint Venture Investment Registration

In FY 2008-09, a total of 132 new foreign and joint venture projects having the total proposed investment of Tk. 14,457.72 crore was registered with BOI. Besides, 90 registered projects had amended their proposed investment which increased the registered investment by Tk. 291.89 crore. Altogether, the total investment registered during this period stood at Tk. 14,749.61. Major sectors of the newly registered 132 foreign and joint venture projects are services (90.26%), engineering (5.71%), textile (1.70%) and agro-based (1.09%). Graph 14.2 presents the sector-wise distribution of the foreign and joint venture projects.

Graph 14. 2: Sectoral distribution of the foreign and joint venture projects



Source: Board of Investment, Bangladesh. Provisional

The sources of foreign and joint venture projects registered in FY2008-09 were 30 countries/economies representing different regions of the world. The West Asia is the largest source in terms of investment amount followed by South, East and South East Asia, European Union, North America and CIS region. Table 14.2 presents the source-wise distribution of the new projects registered with BoI in FY 2008-09.

Table 14.2: Sources of the foreign and joint venture projects registered in the FY2008-09

Source Economies	Projects	Proposed Investment (Crore Taka)
1. Saudi Arabia	2	12,128.04
2. Germany	2	507.05
3. USA	17	451.70
4. Thailand	3	384.35
5. India	11	190.85
6. South Korea	16	166.97
7. Indonesia	1	119.94
8. Netherlands	8	109.23
9. China	19	105.52
10. Japan	7	49.97
11. United Kingdom	8	47.40
12. Singapore	3	45.97
13. Denmark	6	32.49
14. Pakistan	3	32.02
15. Sri Lanka	6	15.46
16. Malaysia	1	9.01
17. Canada	2	8.25
18. Finland	1	7.88
19. Taiwan	3	7.24
20. Philippines	1	6.00
21. Russia	1	5.80
22. France	3	5.43
23. Australia	1	4.90
24. Portugal	1	4.30
25. Turkey	1	4.29
26. Greece	1	2.89
27. Spain	1	1.28
28. Italy	1	1.20
29. Sweden	1	1.20
30. Hong Kong	1	1.06
Total	132	14,457.72

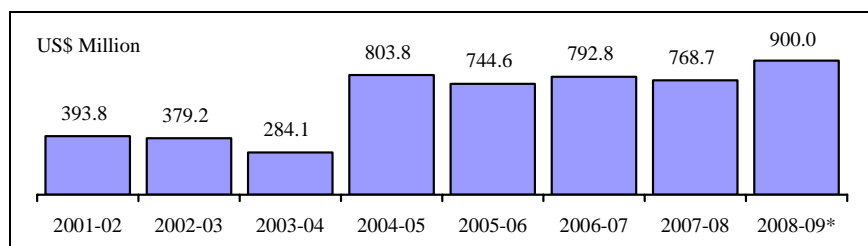
Source: Board of Investment, Bangladesh. Provisional

Actual Investment (Local and Foreign)

Actual Foreign Direct Investment - FDI

The actual FDI Inflow statistics are collected and compiled by Bangladesh Bank through half-yearly Enterprise Survey. Graph 14.3 presents the recent trend in FDI inflow:

Graph 14. 3: Recent Trend in FDI Inflow in Bangladesh (In Million US\$)



Source: Enterprise Survey, Bangladesh Bank and Major Economic Indicators: Monthly Update, June 2009, Bangladesh Bank. * Estimated

Analysis of data indicates that equity is the major component of FDI followed by reinvestment and intra-company borrowing, shown in Table 14.3.

Table 14. 3: Actual FDI Inflow in Bangladesh by Components (US\$ Million)

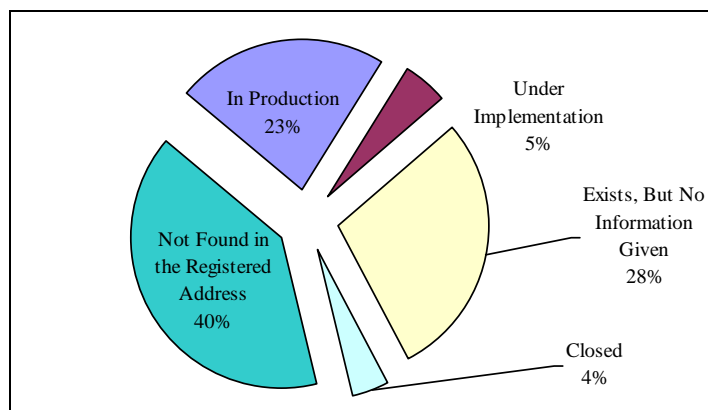
Components	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08*	2008-09*
Equity	230.1	164.0	111.2	361.14	447.22	464.50	545.69	-
Reinvestment	84.8	164.9	161.4	297.11	198.64	281.01	197.71	-
Intra-Company Borrowing	78.9	50.3	11.5	145.53	98.75	47.25	25.29	-
Total	393.8	379.2	284.1	803.74	744.61	792.75	768.69	900*

Source: Enterprise Survey, Bangladesh Bank * Estimated

Actual Local Investment

To identify the actual status of the projects registered with BOI, an implementation survey was undertaken by BOI under World Bank funded ISBBPB Project which was completed in June 2009. The survey conducted on 12,665 projects, revealed that around 60 percent of the registered projects were implemented/under implementation stage and about 4 percent projects were closed due to various reasons. Following is a summary of the implementation status of the projects surveyed shown in Graph 14.4:

Graph 14.4: Implementation Status of the Projects Registered with BOI

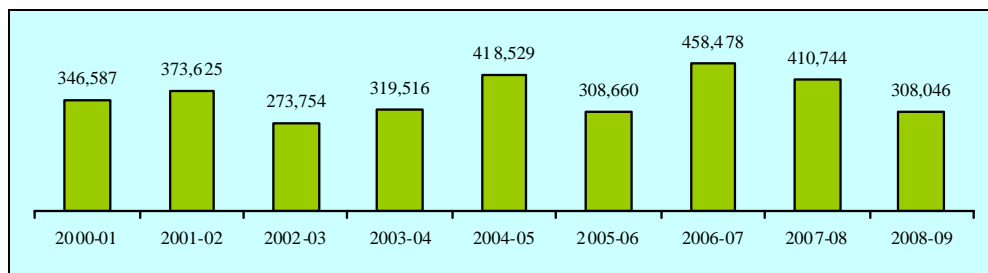


Source: The Implementation Survey of BOI Registered Projects, ISBBPB Project, BOI, Provisional

Employment Opportunities

Creating ample opportunities of employment through industrialization is a major objective of the National Strategy for Accelerated Poverty Reduction. Investment in the industrial sector generates large number of managerial, technical, supervisory and skilled-unskilled job opportunities. In the projects registered with BOI as shown in Graph 14.5, about 3,08,046 job opportunities have been created in the FY2008-09.

Graph 14 5: Commitments for Creating Employment Opportunities by the BOI-Registered Projects (Person)

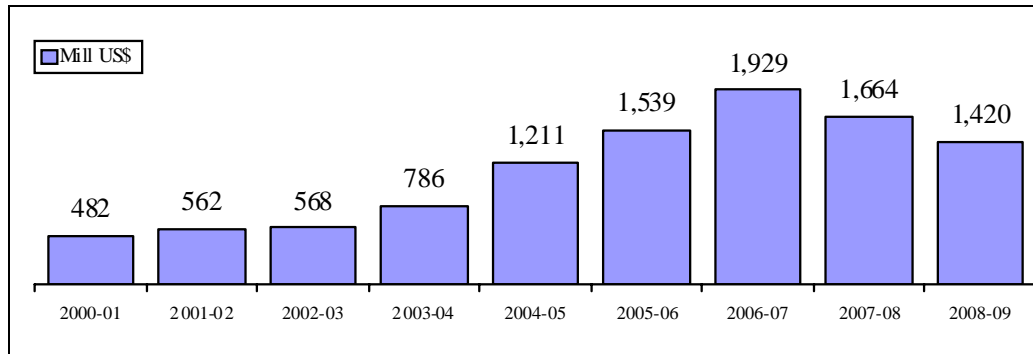


Source: Board of Investment, Bangladesh. Provisional

Import of Capital Machinery

The trend in import of capital machinery is considered as an important indicator of industrialization. During the FY2008-09, the total import of capital machinery in Bangladesh stood at US\$ 1420 million. Graph 14.6 presents the trend in import of capital machinery since FY 2000-01.

Graph 14.6: Trend in Capital Machinery Import (US\$ Million)

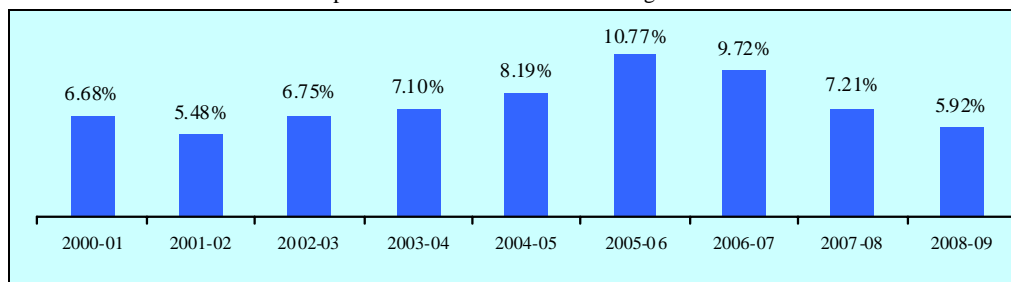


Source: Bangladesh Bank,

The Manufacturing Sector's Contribution to GDP

The growth in the manufacturing sector has significant positive impacts on the socio-economic condition of the country. These include creation of new jobs, development of backward linkage industries, value addition, skills development and enhancement of the technical and managerial capabilities etc. It may be noted that the share of manufacturing GDP in Bangladesh has been surpassing the other sectors. In 2008-09, the manufacturing sector's share in GDP was 17.78percent and the growth was 5.92percent. Graph 14.7 presents the manufacturing sector's growth trend since FY 2000-01.

Graph 14. 7: Growth in Manufacturing GDP



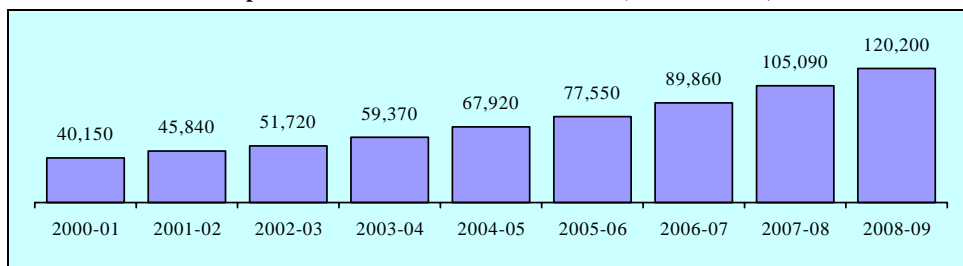
Source: BBS

To facilitate an accelerated growth in manufacturing GDP, the Board of Investment has been strengthening its facilitation services to the investors. Among various capacity development initiatives, an online service tracking system is already in place. Preparatory works are undergoing to install and implement an Online Registration System.

Private Investment as Percentage of GDP

Almost 81 percent of total investment in Bangladesh is contributed by the private sector. In the FY 2008-09, the total private investment was Tk. 1,20,200 crore which is 14.4 percent higher than the FY 2007-08. Besides, the private investment stood at the 19.6 percent of GDP in FY2008-09. A trend in total private investment as shown in Graph 14.8:

Graph 14. 8: Trend in Private Investment (Taka in Crore)

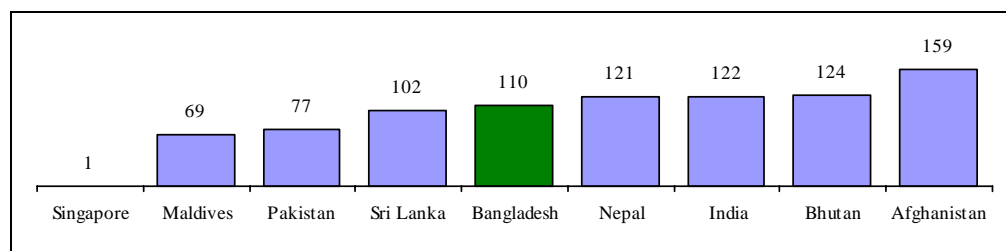


Source: BBS

Investment Climate

The Doing Business 2009 report published by the World Bank and IFC ranked Bangladesh 110th in the Ease of Doing Business: Global Rank among 181 economies as shown in Graph 14.9. However, Bangladesh was ranked 18th in terms of protecting investors. Besides, the country was also ranked 59th in getting credit and 90th in starting a business and paying taxes.

Graph 14. 9: Ease of Doing Business: Global Rank



Source: Doing Business 2009, IFC, The World Bank 2008

Considering a competitively better and advantageous position of Bangladesh during current global economic crisis, a number of entrepreneurs from Far East ASEAN, EU, North America and other Asian countries have been showing their interest to invest in Bangladesh. The Government and the Board of Investment have been undertaking necessary initiatives for investment facilitation and aftercare services and improvement of the investment and business climate of the country.

Formation of Privatisation Commission

Since the establishment of the Privatisation Board (The Privatisation Commission) in 1993, a total of 74 enterprises has been privatised. Out of this, 54 enterprises were privatised by outright sale and 20 by offloading of shares. About Tk. 707.00 crore has been deposited to the Government exchequer as sale proceeds of the enterprises. Recently, 21 industrial enterprises has been identified for privatization. Among them, one enterprise has already been handed over to the private sector and two more enterprises are in the process of privatised. Aside from this, tender has been invited for privatization of one enterprise and steps have been taken to privatize two enterprises through alternative process instead of direct sale.

Public-Private Partnership (PPP)

The Government plans to initiate a new budget modality by introducing Public Private Partnership (PPP) budget to accelerate overall national development. The Government has taken a number of programmes to attract private local-foreign investors to facilitate infrastructure development. In this regard, the Government intends to go beyond the traditional public-private interrelationships and establish strategic, target-oriented functional relationships which are evident in the recent policy and implementation initiatives.

Under the PPP initiative, infrastructure development especially power and energy, telecommunication and port development have been assigned the highest priority. Development in infrastructure sector through private sector participation will provide a boost to every sector of the economy. In addition to the sectors mentioned, the government welcomes infrastructure development through PPP initiative in health, education, tourism, industry, information technology, supply of safe drinking water, sanitation, housing sector and so on. Private initiative and innovations play an important role in the provision of public goods and services.

The Government formed by the Grand Alliance has mentioned in its Election Manifesto that they believe in long term perspective planning and medium term strategic planning. The Government would like to set future goal and to achieve that, it has created the Vision for 2021. Now the Government has started the process of realising that Vision.

The Election Manifesto of the Government envisages that GDP growth rate will accelerate to 8 percent in 2013 and to 10 percent by 2017 which will then be maintained till 2021. Preliminary assessment of the required investment to boost growth rate has been prepared till 2014. The estimate assumes that desired investment will be achieved from 2009-2014 with participation of the private sector and target growth rate has been set in line with the Government's Election Manifesto. According to the estimate, from FY2009-10 till FY2013-14, there will be US\$ 28 billion investment deficit. The Government is determined to raise GDP growth to 8 percent by

augmenting investment by mobilising private sector's resources, expertise and experience through the PPP initiative.

Table 14.4: Required Investment for Attaining Target Growth Rate and Investment Deficit (Optimistic Scenario)

	2009-10	2010-11	2011-12	2012-13	2013-14
GDP Growth (percent)	6.0	6.8	7.5	8.0	8.0
Required Investment (Billion US\$)	24.59	30.63	37.18	43.82	49.69
Investment (% of GDP)	24.0	27.02	29.25	30.40	30.40
Required Investment-MTMF* (Billion US\$)	23.55	27.10	31.36	35.54	40.29
Investment Deficit (Billion US\$)	1.04	3.53	5.82	8.27	9.40

Source: Preliminary Estimates of Finance Division

The Government is eager to involve private sector in all sectors barring a few for national security reasons. Modern and reliable infrastructure is a must to uplift the country's economy from the current state to a higher growth trajectory. Realising the demand for change, the present Government's election manifesto accorded highest priority to infrastructure development, particularly to power generation and welcomes PPP investment in the following areas: Power and Energy; Transport Infrastructure (roads, rail, ports, airport and water transport); Pure Drinking Water and Sewerage; Information Technology; Air Transport and Tourism; Industry; Education (particularly secondary and technical) and Research; Health and Family Welfare; Housing, etc.

In 1996, the Government adopted a private sector power generation policy to promote private sector participation. In 1997, under the administrative control of the Economic Relations Division, Infrastructure Development Company Ltd (IDCOL) was established in order to promote private sector investment in infrastructure development. Similarly, Infrastructure Investment Facilitation Center (IIFC) was established by the Government to assist relevant ministries, divisions or agencies with formulation of project proposals and screening as well as to provide technical assistance. Later in 2004, under Public Private Partnership initiative, Bangladesh Private Sector Infrastructure Guidelines (PSIG), which forms the basis of the current PPP, were issued in order to boost individual investment in the development and maintenance of infrastructure. In 2007, a 5- year term Investment Promotion and Financing Facility (IPFF) endowed with Tk.4.18 billion (equivalent to USD 60 million) was set up in Bangladesh Bank to finance government approved PPP- based infrastructure development projects to be implemented by the private sector. Later in 2008, a policy to promote private sector participation in power sector was formulated. Although these initiatives have been successful in financing and implementing a few small scale infrastructure development projects, they are not sufficient to cater to the

requirements and potential of the country. Therefore, to reduce the plight of the public and to boost economic development, an initiative is being undertaken to revisit the current PPP framework and facilities.

BOI engaged Infrastructure Investment Facilitation Center (IIFC) as Technical Advisor to Private Infrastructure Committee (PICOM) to assist in implementation of the Guidelines.

IIFC prepared a business plan for PICOM including the actions to be taken by BOI, for rapid operationalization of the guidelines. A nationwide capacity building and awareness programme is being pursued after PSIG launching workshop. IIFC has been assisting Bangladesh Land Port Authority (BLPA) to release the land ports of the country for private sector development. BLPA signed contracts with the winning investors for development and operation of the land ports.

In addition to the projects undertaken by the public and private sectors separately, the Government has been encouraging to undertake infrastructure development projects on public-private partnership basis with a view to contribute to the national economic development. Two of the initiatives at the Board of Investment are described below:

Private Infrastructure Committee (PICOM)

An 11-member Private Infrastructure Committee (PICOM) was constituted with the Principal Secretary as the Chairman of the committee. PICOM aims to facilitate initiation of private infrastructure projects and to assist line Ministries in achieving successful private sector projects. PICOM coordinates and monitors the channelling of resources, strengths and capabilities of private and public sector for the benefit of the nation through implementation of Private Infrastructure Projects.

Table 14.5: List of PPP Projects under the Existing Framework Financed by IDCOL

Sector	SI	Project Name	PPP Model	Investment (Million BDT)
Power and Energy	1	Meghnaghat 45 MW Power Plant	BOO	21000.0
	2	Summit Power 33 MW Power Plant	BOO	1250.0
	3	Summit Uttaranchal Power Company 44 MW Power Plant	BOO	1970.0
	4	Summit Purbanchal Power Company 66 MW Power Plant	BOO	3000.0
	5	VERL 34 MW Power Plant at Bhola	BOO	1200.0
	6	BEDL 51 MW Power Plant at Sylhet	BOO	1830.0
	7	34 MW Malancha Holdings Power Plant at Dhaka EPZ	BOO	1650.0
	8	Shah Cement 11.6 MW Power Plants	Captive Power Plant	590.0
	9	Thermax Trade Limited CNG Refueling Station	Under License from Petrobangla	55.0
Renewable Energy	10	IDCOL Solar Energy Programme	Implemented by NGO and Private Sector	20060.0
	11	National Domestic Biogas and Manure Programme		2150.0
	12	250 KW Bimas Gasification Based Power Plant	Under a License from BERC	25.0
	13	50 KW Biogas Based Power Plant	Under a License from Government	5.0
Port and Communication	14	Panama Hilli Land Port	BOT	180.0
	15	Panama Sonamasjid Land Port	BOT	200.0
Tele-communication Technology	16	Grameen Phone Network Expansion Project	Under a License from BTRC	45340.0
	17	Pacific Telecom Network Expansion Project		21560.0
	18	Ranks Tel PSTN Project		2300.0
	19	DNS Satcomm Satellite Earth Station Project		160.0
	20	BanglaTrac International Communication Gateway Project		670.0
	21	M & H Telecom Interconnection Exchange Project		660.0
Information Technology	22	Shoanchalok ICT Programme	Implemented by some Banks and Financial Institutions	500.0

Table 14.6: List of Implemented and Under-implementation PPP Projects by IPFF

Sector	SI	Project Name	PPP Model	Investment (Million BDT)
Power and Energy	1	Three 22 MW Doreen Power Generations & System Ltd (2 in Tangail and 1 in Feni)	BOO	3430.0
	2	11 MW Doreen Power House and Technologies Limited at Mahipal, Feni	BOO	564.3
	3	22 MW Regent Power Limited	BOO	1108.2
	4	Malancha Holdings Ltd.(44 MW Captive Power Plant at CEPZ)	BOO	1919.0
	5	Malancha Holdings Ltd.(35 MW Captive Power Plant at CEPZ)	BOO	1649.0

Table 14.7 List of PPP Projects with Technical Assistance of IIFC

Sector	SI	Project Name	PPP Model	Investment (Million BDT)
Power and Energy	1	Meghnaghat 45 MW Power Plant	BOO	21000.0
	2	Summit Power 33 MW Power Plant	BOO	1250.0
	3	Summit Uttaranchal Power Company 44 MW Power Plant	BOO	1970.0
	4	Summit Purbanchal Power Company 66 MW Power Plant	BOO	3000.0
	5	VERL 34 MW Power Plant at Bhola	BOO	1200.0
	6	BEDL 51 MW Power Plant at Sylhet	BOO	1830.0
	7	34 MW Malancha Holdings Power Plant at Dhaka EPZ	BOO	1650.0
	8	Shah Cement 11.6 MW Power Plants	Captive Power Plant	590.0
	9	Thermax Trade Limited CNG Refuelling Station	Under License from Petrobangla	55.0
	10	Haripur 360 MW Power Plant	BOO	16280.0
	11	Khulna 110 MW Power Plant	BOO	5000.0
	12	Haripur 115 MW Barge Mounted Power Plant	BOO	5350.0
	13	Westmont Baghabari Barge Mounted Power Plant	BOO	5950.0
	14	Three 22 MW Doreen Power Generations & System Ltd(2 in Tangail and 1 in Feni)	BOO	3430.0
	15	11 MW Doreen Power House and Technologies Limited at Mahipal, Feni	BOO	564.3
	16	22 MW Regent Power Limited	BOO	1108.2
	17	Malancha Holdings Ltd.(44 MW Captive Power Plant at CEPZ)	BOO	1919.0
Power and Energy	18	Malancha Holdings Ltd.(35 MW Captive Power Plant at CEPZ)	BOO	1649.0
	19	Ashulia 45 MW Power Plant	BOO	2090.0
	20	Narsingdi 35 MW Power Plant	BOO	1420.0
	21	Chandina 25 MW Power Plant, Comilla	BOO	1120.0
	22	Jangalia 33 MW Power Plant, Comilla	BOO	1400.0
	23	Rupgang 33 MW Power Plant, Narayanganj	BOO	1260.0
	24	Maona 33 MW Power Plant, Gazipur	BOO	1400.0
Renewable Energy	25	IDCOL Solar Energy Programme	Implemented by NGO and Private Sector	20060.0
	26	National Domestic Biogas and Manure Programme		2150.0
	27	250 KW Biomas Gasification Based Power Plant	Under a License from BERC	25.0
	28	50 KW Biogas Based Power Plant	Under a License from Government	5.0
Port and Communication	29	Panama Hilli Land Port	BOT	180.0
	30	Panama Shonamasjid Land Port	BOT	200.0
Tele-Communication	31	Grameen Phone Network Expansion Project	Under a License from BTRC	45340.0
	32	Pacific Telecom Network Expansion Project		21560.0
	33	Ranks Tel PSTN Project		2300.0
	34	DNS Satcomm Satellite Earth Station Project		160.0
	35	BanglaTrac International Communication Gateway Project	Under a License from BTRC	670.0
	36	M & H Telecom Interconnection Exchange Project		660.0
Information Technology	37	Shoanhalok ICT Programme	Implemented by some banks and Financial Institutions	500.0

Many countries, particularly ASEAN and SAARC countries have successfully implemented PPP projects. In so doing, these countries have managed to increase production capacity without putting any pressure on government revenue and could achieve double digit growth rates. There is no other way for us than to invest heavily in infrastructure if we want to develop like our neighbouring countries. In the uncertain external environment, the plan to raise GDP growth to 8 percent by 2013 will become real if infrastructure is developed under the PPP initiative. The vision for a prosperous and developed Bangladesh will become a reality in 2021- the year of golden jubilee of Bangladesh's independence, if we lay the foundation today to raise GDP growth to 8 percent by 2013, and to 10 percent by 2017 and beyond.

1. Bangladesh Better Business Forum (BBBF)

To facilitate dialogues between the public and private sectors of Bangladesh with a view to achieve sustainable economic growth upholding an investment and business-friendly environment in the context of the global and local economic and business climate, a 41-member BBBF was constituted by the government on 25 November 2007. BBBF activities are conducted at four (04) organizational levels as follows:

- The BBBF (main forum)
- Thematic Working Group
- Executive Committee
- BBBF Secretariat

As per decision of the BBBF, the following five (05) thematic area-based working groups were constituted:

- Business Finance
- Infrastructure
- Macro Economic Policy
- Business Entry & Operation
- Skills Development

These Thematic Working Groups held 46 meetings and formulated 288 recommendations. Among those recommendations, BBBF approved 248 recommendations in six (6) meetings. 94 recommendations have already been implemented by the different ministries and agencies. Besides, 152 recommendations are under implementation and the rest 34 recommendations have been sent back to the working groups for further review and reformulation. It may be noted that 8 recommendations were discarded by the BBBF. Following is a summary of the meetings and recommendations by the 5 working groups of BBBF:

Table 14.8: Summary of the meetings and recommendations by the 5 Working Groups of BBBF:

Sl No.	Working Group (WG)	Number of WG Meetings	Number of WG Recommendations	Approved Recoms. Upto 6th Meeting of BBBF	Total Recoms. Implemented	Recomms. Under Implementation	Recomms. Under Review
1.	Business Finance	8	58	48	33	15	3
2.	Infrastructure	12	164	137	28	109	27
3.	Macro Economic Policy	6	26	25	7	8	1
4.	Business Entry & Operation	12	27	25	17	8	1
5.	Skills Development	8	15	13	1	12	2
Total		46	288	248	96	152	34

Source: BBBF Secretariat, 2009

Privatisation Activities in Various Sectors of the Economy

Infrastructure Sector

Bangladesh Private Sector Infrastructure Guidelines

The Government has formulated Bangladesh Private Sector Infrastructure Guidelines to foster private sector participation in the projects for the development of infrastructure of the country. Detailed description of procedures for undertaking infrastructure projects in various sub-sectors on private initiative has been provided in the guidelines. The sub-sectors include, among others: telecommunication; power generation, transmission and distribution services; development of ports; building highways and expressways; constructing bridges; tunnels and flyovers; exploration of oil and gas production- transmission-distribution; development of airports and terminals, tourism; development of industrial estate; health and education; waste management and environment, etc.

Textiles

As of December 2008, there were 376 cotton and synthetic spinning mills in the country of which 352 units belonged to private sector. Moreover, 1,098 weaving (large, medium & small weaving units), handlooms 148,342, knitting and knit-dyeing 1200, woven dyeing-finishing 310 and about 2000 local hosiery units exist in the country. Majority of the textile industry of the country mainly belongs to the private sector. Only 24 old textile mills are now under public sector (BTMC), some of which have been put into operation by the private entrepreneurs under Service Charge System.

The year-wise production of yarn and fabrics from FY2000-01 through FY2008-09 is shown in the table below:

Table 14:9 Production of Yarn and fabric in Public and Private sector.

Year	Yarn production (Mln. Kg.)			Fabric (Mln. Metres)		
	Public sector	Private sector	Total	Public sector	Private sector	Total
2000-01	15.81	186.76	271.57	-	1,845.00	1,845.00
2001-02	15.39	204.81	298.50	-	2,050.00	2,050.00
2002-03	9.35	330.65	340.00	-	2,200.00	2,200.00
2003-04	9.70	370.30	380.00	-	2,750.00	2,750.00
2004-05	9.48	440.52	450.00	-	3,100.00	3,100.00
2005-06	8.00	530.00	538.00	-	4090.00	4090.00
2006-07	8.86	600.00	608.86	-	4910.10	4910.00
2007-08	7.95	702.00	710.00	-	5800.00	5800.00
2008-09	2.33	877.00	879.33	-	6380.00	6380.00

Source: Jute and Textile Ministry

It appears from the above table that the total production level of yarn in FY2000-01 recorded 271.57 million kg., which increased to 879.33 million kg. in FY2008-09. On the other hand, the fabric production in FY2000-01 recorded 1845.00 million metres, which has increased to 6380.00 million metres in FY2008-09.

BTMC:

In the FY 2007-08, 4 (four) mills such as (1) Chittaranjam Cotton Mills, (2) Tangail Cotton, (3) Magura Textile Mills, (4) Rangamati Textile Mills, listed for To operate profitably, during the FY2006-07 and FY2007-08, the as many as 571 and 2289 employees respectively were retrenched under Voluntary Retirement Scheme. This has largely reduced the overhead cost in the form of salary and wages and thus created a scope for operating profitably.

Bangladesh Silk Foundation (BSF)- a not-for-profit company was established to carry out some specified activities concerning sericulture development by providing support to different private sector stakeholders. BSF played a key role to implement the Silk Development Project, particularly field related programmes like, production and supply of improved silkworm eggs, training of beneficiaries, extension support, introduction of Chawki rearing technology, field based action research, development of bush mulberry, silk product development etc. were directly implemented with participation from NGOs and private sectors. BSF worked as the coordinator and facilitator and provided necessary financial and technical supports in addition to supervision and monitoring of programme activities.

Jute

At present, there are 88 Jute mills under Bangladesh Jute Mills Association (BJMA) including 38 denationalized. In the private sector, the production and export activities of jute mills are being run by Bangladesh Jute Mills Association (BJMA)., Out of 38 denationalized mills 12 mills are in operation, 15 mills are partially in operation and 11 mills have been closed. Out of 50 mills, 3 mills are closed and the remaining ones are in operation.

Bangladesh Jute Spinners Association (BJSa): The Jute Spinners Association represents the Jute Spinning Industry in Bangladesh, comprising 52 spinning mills under private sector. This industry produces heavy, medium and finer quality of jute yarn and twine.

Jute Diversification Promotion Centre (JDPC):

Jute Diversification Promotion Centre (JDPC) is operating under the Ministry of Textiles and Jute. The major objectives of the project are to accelerate production and uses of diversified high value added jute products through promotion of new enterprises and to expand the existing capacity in the private sector. JDPC so far recommended 40 small and large enterprises for funding from commercial banks and in the meanwhile, 9 medium enterprises have been established. More than 300 cottage enterprises have been established with JDPC, which are engaged in production of jute diversified product.

In order to involve the un-utilized handlooms of rural cottage and micro-enterprises, JDPC has taken up for implementation a three- year project with the financial support of Common Fund for Commodities (CFC) under “Small Scale Entrepreneurship Development in Diversified Jute Products” project. JDPC has also taken up a 5- year programme for establishing 25 medium, 100 small and 500 cottage enterprises, which involve an investment of about Tk. 513.00 crore in private sector. In order to expand the jute diversified activities all over the country, three jute entrepreneurs’ services centre and three raw material banks have been set up in three districts.

Energy and Power

Hydrocarbon Unit

In order to assist the Energy and Mineral Resources Division as Technical Arm, the Hydrocarbon Unit started functioning as a Technical Assistance project under grant financing by the Royal Norwegian Government in July 1999 which continued up to June 2005. Afterwards, the 2nd phase of the project started again under Royal Norwegian Government grant but administrated by the Asian Development Bank and will continue up to December 2011. Hydrocarbon Unit had been made a permanent set up on 28 May 2008(Please check). The Hydrocarbon Unit is playing a very important role in the upstream petroleum sector of the country.

Total gas reserve in all fields in the country is recorded 28.62 TCF and there is estimated proven recoverable reserve of 20.32 TCF. Against these reserves up to January 2009, the cumulative production was recorded at 8.11 TCF and at the same time, the remaining reserve recorded 12.21 TCF. A mini data bank has been established in the HCU to deal with some selected data of the energy sector like cultural data, production data, cost database of PSC activities and resource data. HCU is offering information-based technical opinions about the operations of the production sharing contracts with the foreign oil companies. HCU is also preparing report on the prospect of bio-diesel production and its utilisation in our country.

Power Sector

To provide access to electricity to all by the year 2020, the Government has been encouraging private investment in the power sector. This has resulted in greater participation of private sector in electricity production. Having realised the importance of private investment in power sector, the policy to involve private sector in power generation was adopted by the Government in 1996. To separate the power transmission system, Power Grid Company of Bangladesh (PGCB) and Dhaka Electricity Supply Company (DESCO) were formed in 1996 under the Companies Act of 1994, as part of the power sector reforms. In FY2008-09, the total installed generation capacity recorded at 5719 MW including 3812 MW in public sector and 1907 MW in private sector including REB. Of the total installed generation capacity the contribution of private sector is recorded at 33.34 percent.

Nuclear Power Plant

Bangladesh Nuclear Energy Commission is implementing a project titled “Accomplishment of Essential Activities to Implement Rooppur Nuclear Power” at a cost of Tk 6.76 crore. With the help of the project, the following activities will be completed:

- To carry out economic and environment impact analysis for adoption of nuclear power as an energy mix in the country as a sustainable source of energy;
- To upgrade and finalize the sight safety report for 1000 MW Nuclear Power Plant project;
- To upgrade and finalize the RFP document for 1000 MW Nuclear Power Plant project;
- To implement the project successfully and set up proper training for the employees;
- To prepare safety document on the basis of cost, guides and standard identification (Please check);
- To improve infrastructure for office and project location;

The status of implementation of Power Development Plan (Three years rental Power Plant, fifteen years rental Power Plant and Long Term Power Plant) in Private Sector under IPP is shown in Table 14.10

Table- 14.10: Status of Implementation of Power Development Plan in Private Sector

Name of Project	Name of Sponsor	Implementing Agency/Organisation	Present Status
Short Term Power Plant			
Small IPP Ullapara-11M.W	Summit Uttaranchal Power Co.Ltd	Power Development Bord Summit Uttaranchal Power Co.Ltd	COD completed at 02-03-09
Hobigonj 11 MW	Energypaque confidence	Bangladesh Power Development Board /Energypaque confidence	COD completed at 02-03-09
Feni-22 MW	Doreen Power Gen.and Sys.Ltd.	Bangladesh Power Development/ Doreen Power Gen.&Sys.Ltd	Implemented
Mauna 33 MW	Summit Uttaranchal Power Co.Ltd	Rural Electrification Board Summit Uttaranchal Power Co.Ltd	Progress in end point
Barabkundo 22 MW	Regent Power Ltd	Rural Electrification Board/ Regent Power Ltd	Implementing
Roopgonj 33 M.W	Summit Purbachal Power Co.Ltd	Rural Electrification Board/ Summit Purbachal Power Co.Ltd	Implementing
Jangalia-33M.W	Summit Purbachal Power Co.Ltd	Bangladesh Power Development Bord/ Summit Purbachal Power Co.Ltd	Implementing
Narshingdi 22MW	Doreen Power Gen.&Sys.Ltd	Rural Electrification Bord / Doreen Power Gen.&Sys.Ltd	Implementing
Mohipal Feni M.W	Doreen Power Gen.&Sys.Ltd	Power Development Bord Summit Purbachal Power Co.Ltd	Progress in end point
Tangail 22 M.W	Doreen Power Gen.&Sys.Ltd	Rural Electrification Bord /Doreen Power Gen.&Sys.Ltd	Implemented
Three years rental Power Plant			
Khulna 40 MW	Agrico power Ltd.	Bangladesh Power Development Bord / Agrico Power Ltd	Implemented
Kumargaon 50 M.W	Energy Prima Ltd	Bangladesh Power Development Bord / Energy Prima Ltd	Implemented
Shahjibazar 50 M.W	Energy prima Ltd	Power Development Bord / Energy pima Ltd	Implemented
Bhola 34 M.W	Venture Energy Resources Ltd,	Bangladesh Power Development Board /Venture Energy Resources Led.	Implemented
Bogra 20 M.W	Energy Prima Ltd	Power Development Board Energy prima Ltd	Implemented

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Name of Project	Name of Sponsor	Implementing Agency/Organisation	Present Status
Fenchogonj 50 M.W	Energy Prima Ltd	Bangladesh Power Development Board/ / Energy prima Ltd	Implementing
Ashugonj 617M.W	Precision Energy Ltd.	Power Development Board Precision Energy Ltd.	Implementing
Shikalbaha 55 M.W	Joint Venture of Rocye Power Engg.Ltd. Asian Intake Power Corporation Ltd.	Bangladesh Power Development Board /Joint Venture of Rocye Power Engg.Ltd.Asian Intake Power Corporation Ltd.	Implementing
Fifteen years rental Power Plant			
Bogra 20 MW Rental Power Station	GBB power company Ltd.	Power Development Board / GBB power company Ltd.	Implementing
Kumargaon 10 MW Rental Power Station	Desh Cambridge Kumargaon Power Company Ltd.	Bangladesh Power Development Board/ Desh Cambridge Kumargaon Power Company Ltd.	Implementing
Shahjibazar 86 M.W	Shahjibazar Power company Ltd.	Bangladesh Power Development Board	Implementing
Fenchugonj 50 MW Rental Power Station	Barakatullah electro dynamics Ltd.	Bangladesh Power Development Board/ Barakatullah Electro Dynamics Ltd.	Implemented
Long Term Power Plant			
Maghnaghat 450 M.W	Pandakar energy	Bangladesh Power Development Board/Sponsor	Implementing
Horipur 360 M.W	Pandakar energy	Bangladesh Power Development Board/Sponsor	Implementing
Khulna 110M.W	Samit and united power	Bangladesh Power Development Board/Sponsor	Implementing
RPC 210M.W	REB and Palli power samiti	REB and Palli Power Samiti	Implementing
Baghabari 90 M.W	Westmont Power Company Bangladesh Ltd.	Bangladesh Power Development Board/Sponsor	Implementing
Horipur 110 M.W	Pendacar/Watsila/Kovasta	Bangladesh Power Development Board/Sponsor	Implementing

Source: Power Division

Information and Communication Technology (ICT)

Information and Communication Technology (ICT) is one of the fastest growing sectors of Bangladesh's economy. It has been recognized as the key driving force for socio-economic and industrial development of Bangladesh. Realizing the importance of ICT, the present Government

has declared its commitment to take ICT to the door-steps of the mass people and thereby establishing 'Digital Bangladesh' by 2021. The objectives of 'Digital Bangladesh' are to use and apply ICT in all sectors and all spheres in the society, to eradicate poverty through the employment generation and thus to turn Bangladesh into a middle income country from its status as a low income country.

The Government of Bangladesh has taken several significant initiatives for ICT Infrastructure Development, Human Resources Development (HRD) and legal framework (i.e. law and policy) of ICT. The ICT Act (Revision) -2009 and National ICT Policy-2009 have already been promulgated. These are the key development in establishing the legal framework. The ICT Act has duly addressed the legal and law related issues.

The National Policy on ICT lays emphasis on participation of the private sector alongside the government initiatives in the development of ICT. The main thrust of this policy is to create an ICT literate society in the country. In the light of the National Policy on Information and Communication Technologies, several important steps have already been undertaken to attract private sector.

ICT Incubator Centre:

In order to develop software industry, an 'ICT Incubator' has been established in Dhaka. 48 Software and IT enabled service companies invested Tk.38 crore and 1700 software professionals are employed for export of software in the global ICT market.

Hitech Park:

A Hi-tech park at Gazipur district has been established to provide a wide range of modern infrastructure and administrative support services and to create an efficient working environment for the development of IT, electronics, engineering, biotechnology and other knowledge-based industries.

Export of Software:

Currently, more than 50 software and IT service companies in Bangladesh are exporting software and their services to 30 different countries which include USA, UK, Australia, Canada, Denmark, KSA, Japan, Sweden, UAE, Germany, Italy, Netherlands, Norway, Switzerland, France and Nepal. Some important users of Bangladeshi softwares are Nokia, Japan Airlines, World Bank, HP, US Postal Department, and US Department of Agriculture. IT industries are flourishing in Bangladesh. By exporting IT software Bangladesh earned US\$ 26.06 million in FY 2008-09.

Telecommunication Sector

Bangladesh Telecommunication Regulatory Commission (BTRC) is an independent Commission which was established to facilitate affordable telecommunication services of acceptable quality for each and every citizen of Bangladesh regardless of their location and for regulating all matters

related to telecommunications of Bangladesh. The function of the Commission is to maintain and improve competition among the service providers in order to ensure high quality telecommunication services.

The telecommunication sector has experienced phenomenal growth in last few years and is continuing further expansion to meet the unmet demand for the emerging services. The regulator, public and private operators all are working continuously to develop telecommunication sector of the country. Six mobile operators and 13 PSTN operators have been put in the most competitive environment to facilitate the customers with voice services. For narrowing the gap and for the liberalization of innovative VoIP technologies, a number of IP Telephony license have been issued. A good number of internet service providers, new entrant BWA (WiMAX) operators and also the mobile and PSTN operators are playing the same role for data service. Infrastructure operators and the gateway operators (IGW, IIG, & ICX) are the important part of the telecom-skeleton of Bangladesh. Rural telecommunication has been given the topmost priority and BTRC is striving to ensure ubiquitous accessibility for each of the citizen.

Currently, the tele-density (voice) of Bangladesh is about 34 percent. The number of mobile phone subscribers has reached almost 48 million. With the support from the Government and increasing private investment, Bangladesh has stepped into a new digital era, replacing incumbent analogue technology. Two BWA (WiMAX) operators are already in the primary operational phase, licensing of another operator is in the process. IP telephony license has been opened for ISP operators as an overlay services and already 32 licenses have been issued. 05 Vehicle Tracking Service Licenses have been issued. 3G licensing guidelines have been drafted and consultation is in progress with the operators. The licensing guidelines for New Submarine cable (to be issued to private sector) have been almost finalised. For the set-up of a robust infrastructure backbone, Nationwide Telecommunication Transmission Network operator is already in place. The total number of Mobile Phone Subscribers up to July 2009 is shown in Table 14:11

Table 14:11 The total number of mobile phone subscriber up to July 2009

	Operator	Subscriber in million
1	Grameen Phone Ltd (GP)	21.15
2	TMIB (Aktel)	9.90
3	Orascom Telecom Bangladesh Limited (Banglalink)	11.27
4	PBTL(Citycell)	1.96
5	Teletalk Bangladesh Ltd (Teletalk)	1.08
6	Warid Telecom International L. L. C (Warid)	2.61

Source: <http://www.btrc.gov.bd>

Transport Sector

Air Transport

In line with the Privatisation Policy, the Civil Aviation Authority has planned to privatise the non-regulatory operations of the airport. Meanwhile, a local private enterprise has been appointed to conduct the washing and cleaning works of *Shah Amanot* International Airport. Besides, there is a plan to appoint local and foreign institutions to manage other operations of the airport through outsourcing.

As per recommendation of the Privatization Commission, the Council of Advisors converted *Biman* into a Public Limited Company (PLC) by retaining 100 percent ownership by the Government. Turning *Biman* into a PLC has provided it more autonomy for taking commercial decisions.

Bangladesh Railway

The process of involving private sector in commercial and other activities of Bangladesh Railway started since 1997. Currently (February, 2009), commercial activities of total 63 mail/express and local trains and on-board services of 10 intercity trains are run by private companies.

BIWTA

The presence of private sector is mainly confined to transportation of passengers and cargoes in inland waterways. It caters approximately 95 percent transportation of passengers and cargoes. Besides, the private sector operates different launch landing stations including the rural ones through the lease arrangement that are provided with pontoon facilities by BIWTA. These stations are scattered all over the inland waterways network, which are very much controlled under BIWTA's 21 river ports. Moreover, the construction and repair of vessels and pontoons are done at local private dockyards. Till now, the private sector has not been directly involved with the infrastructure development of IWT sector. However, the constructions of infrastructural facilities are partly made through the private contractors.

In the light of the Government policy relating to private sector investment, dredging works are being carried out by private sector dredger(s) under a project titled, "Introduction of circular waterways in and around Dhaka city (2nd phase)." Besides the above dredging programme, BIWTA has taken initiatives for carrying out maintenance of dredgers including hydrographic survey works by private sector(s). Apart from this, Chittagong Port Authority (CPA) and BIWTA are constructing a container terminal jointly at *Pangaon*. However, the responsibilities of its operation will completely be handed over to private entrepreneurs. Moreover, implementation of another project titled,

“Establishment of river port at *Nowapara, Bhairab–Ashuganj and Barguna*” is underway. Upon its completion, the operational responsibilities of the river ports will also be handed over to the private sector(s).

The initiatives taken by BIWTA for involving private sectors with the development activities of IWT will greatly help to expand and encourage the private entrepreneurs. As a result, they will be able to participate extensively in dredging and hydrographic survey activities in inland waterways including infrastructure development of IWT sector to a great extent in future.

Bangladesh Parjatan Corporation(BPC)

Bangladesh Parjatan Corporation started functioning since 1st January 1973. Since its inception, the organisation has built tourism facilities in the form of Hotel, Motel, Picnic Spot, Restaurant, Bar etc at various tourist spots like Cox’s Bazar, Chittagong hill tracts, Sylhet, Kuakata, Rajshahi, Rangpur, Bogra, Dinajpur, Mongla, Meherpur, Gopalganj. Besides, the organization is operating Duty Free Shops at all International Airports of the country. In addition, the organisation has established the National Hotel and Tourism Training Institute to develop human resources for the tourism industry. BPC runs 32 establishments around the country. Out of them 16 are directly managed by BPC and the rest 16 are privately managed. The units/establishments managed by Private Operators include: Motel Laboni, Parjatan Holiday Complex, Cox’s Bazar; Moulavi Bazar Rest House, Moulavi Bazar; Sakura Restaurant and Bar, DCC Super Market, Paribag, Shahabagh, Dhaka; Ruchita Restaurant and Bar, Mohakhali, Dhaka; Bhatiari Golf and Country Club Bar, Bhatiari, Chittagong; Foy’s Lake, Chittagong; Parjatan Motel, Khagrachari, Khagrachari hill district; Parjatan Swimming Pool, Cox’s Bazar; Cottage, Bar and Auditorium, Rangamati; Parjatan Restaurant, Madhabkunda, Moulavi Bazar; Mary Anderson floating Restaurant and Bar, Pagla Narayanganj; Parjatan Motel, Bandarban Hill District; Hotel Modhumati, Tungipara, Gopalganj; Parjatan Complex, Sagordari, Jessore; Hotel Netong, Teknaf, Cox’s Bazar; Parjatan Motel, Benapole, Jessore.

Besides, development of Buddhist Temple at Kuakata, Kuakata Parjatan Motel and Youth Inn at Kuakata, Tourism spot at Mirinja, Lama in Bandarban District are some of the current projects being implemented by the Corporation. In the ADP of FY 2009-10 , a total of projects (which includes 3 package Projects and 5 separate projects) have been included without budget allocation.

Moreover,, in order to develop and expand tourism, an integrated development plan has been prepared by dividing Bangladesh into eight zones. A list of 22 projects has been forwarded to the Ministry for implementation under Public and Private Participation (PPP).

Bangladesh Services Limited

Bangladesh Services Limited (BSL) is a public limited company, formed under the Companies Act 1913 (amended in 1994). The authorized and paid-up capital of BSL are Tk.250.00 crore and Tk.35.44 crore respectively. The Government of Bangladesh owns 99.68 percent of the paid-up capital. The Board of Directors of the company comprises eleven members nominated by the Government and has the overall responsibility of managing the affairs of the company. The Secretary of Ministry of Civil Aviation & Tourism is the Chairman of the Board.

BSL has been doing hotel business in the name of Dhaka Sheraton Hotel and Balaka Restaurant & Bar at Zia International Airport under management contracts with Sheraton Overseas Management Corporation (SOMC) signed in 1984 and 2003. After expiry of the contract on 31 December 2008, it has been extended upto 30 September 2009. BSL also owns an office complex comprising 3 buildings with an area of 79,768.08 sft located at the south side of the hotel, which has been rented out to different local and international organizations.

Hotels International Limited

Hotels International Limited is a Public Limited Company established in 1977 under the companies' Act 1913. 100% share of the Company is owned by the Government of Bangladesh. Construction of Pan Pacific Sonargaon Hotel, the lone project of the Company started in 1977 financed by a loan of 6.357 billion Japanese yen (Taka 33.87 crore) from the former O.E.C.F. of Japan under 25- year term. The hotel was completed and opened for commercial operation in August 1981. The loan from O.E.C.F. has accumulated to Tk. 283.16 crore including principal and interest and was fully repaid in 2002 from the own resources of the Company. After 25 years of operation, a renovation project was undertaken in the hotel amounting at a cost of Tk.137 crore in 2006. An extension project worth Tk. 67 crore to construct a 3 level car park to meet the shortage of parking space of the hotel is ongoing.

Banking and Insurance

Apart from two state-owned insurance companies currently, a total of 43 privately owned general insurance companies and 17 life insurance companies are operating in the country. Premiums realised by these companies together stood at Tk.1404.33 crore in 2007 compared to Tk. 907.17 crore in 2006. The total premium income from general insurance increased by 54.80 percent compared to the previous year. The break-up of income from premiums by both private and state-owned general insurance companies are shown in Table 14.12.

Table 14.12: Premium income from General Insurance

(in Crore Tk.)

	Total Premium			Share of public sector %	Share of private sector %	Growth rate		
	Public sector Sadharan Bima Corporation	Insurance companies of private sectors	Total			Public sector Sadharan Bima Corporation %	Insurance companies of private sectors %	Total %
2001	76.00	422.92	418.92	15.23	84.77	23.09	15.97	17.01
2002	81.86	453.46	535.32	15.29	84.71	7.71	7.22	27.8
2003	76.66	517.81	594.47	12.90	87.10	(-) 6.35	14.19	11.05
2004	77.86	606.66	684.50	11.37	88.63	1.57	17.16	15.14
2005	88.61	718.67	807.28	10.98	89.02	12.13	19.40	18.76
2006	104.45	802.72	907.17	11.51	88.49	11.7	11.70	12.37
2007	455.75	948.58	1404.33	32.45	67.55	18.17	18.17	54.80

Source: Insurance Directorate, Ministry of Commerce

Premium income by the state-owned *Jiban Bima* Corporation and 17 private life insurance companies together stood at Tk.3162.84 crore in 2007 compared to Tk. 2361.36 crore in 2006. The total premium income from life insurance increased by 33.94 percent compared to the previous year. The break-up of income from premiums from both private and state-owned life insurance companies are shown in Table 14.13.

Table 14.13: Premium income from Life Insurance

(in Crore Tk.)

	Total Premium			Share of public sector %	Share of private sector %	Growth rate		
	Public sector Jiban Bima Corporation	Insurance companies of private sectors	Total			Public sector Sadharan Bima Corporation %	Insurance companies of private sectors %	Total %
2001	150.00	668.09	818.09	18.34	81.66	-12.45	23.51	16.59
2002	179.00	834.83	1013.83	17.66	82.34	19.33	24.96	23.93
2003	152.00	1058.72	1210.72	12.55	87.45	-15.08	26.28	19.42
2004	197.00	1335.23	1532.23	12.85	87.14	29.61	26.12	26.56
2005	203.65	1841.09	2044.74	9.95	90.04	3.38	37.81	33.45
2006	223.35	2138.00	2361.36	9.46	90.54	9.67	16.13	15.48
2007	244.71	2918.13	3162.84	7.74	92.26	9.56	36.49	33.94

Source: Insurance Directorate, Ministry of Commerce.

In FY2007-08, the total amount of investible life fund of the *Jiban Bima* Corporation and 17 life insurance companies was recorded Tk.7195.47 crore. According to the existing insurance law, 30 percent of the life funds are invested in the government or government approved bonds/securities and 70 percent of the life funds are invested in shares, debentures, unit fund of different capital market institutions, time deposit of different banks and real estates.

Education Sector

The Government has been offering extensive support to primary, secondary, vocational, madrasah and higher education in the private sector alongside the public sector, to promote the quality of education and to ensure 'Education for All'. Private sector participation in education is being supported to minimise pressure on public expenditure as well as to lessen our dependence on foreign countries for education. This initiative encouraged the establishment of many schools, colleges, madrasahs and universities in the private sector.

According to the statistics published by Bangladesh Bureau of Educational Information and Statistics (BANBEIS) of Ministry of Education, currently the number of MPO registered secondary school, college and madrasa are 15,498, 2403 and 7346 respectively. Together with Vocational Institute and Business Management, there are 26335 post primary non-government MPO registered educational institutions. The number of MPO enlisted teacher and staff is 4,82,896 and government provides them with 100 percent of their basic salaries. The amount of salary subvention to the non-government institutions was Tk. 3710.72 crore in revised non-development for FY2008-09. A Non-government Teachers 'Registration and Certification Agency (NTRCA) has been established to have all non-government teachers certified and registered as qualified for teaching by this authority. A similar authority will have the task of coordinating in-service development of teacher's skills. With the ever increasing population, the demand for admission into higher education has increased five-fold. To meet this rising demand, the Private University Act 1992 was enacted permitting establishment of private universities. This has resulted in the establishment of 51 private universities in the country. With a view to improving the quality of education at the private universities as well as widening the opportunities of higher education, the Private University Ordinance 2007 was promulgated. Under the "Higher Education Strategic Plan 2006-26", steps have been taken to restructure the higher education in Bangladesh. A development project named "Higher Education Quality Enhancement" is going to be undertaken with a view to improve the teaching-learning and research capabilities of the public and private universities.

Health Sector

Private sector participation in the health and medical services is gradually increasing. The Government is offering different incentives including grants to the private sector. Presently, there are 40 registered private Medical Colleges, 11 private Dental Colleges, 11 private Medical Assistant Training School and 15 private Institute of Health Technology in the country. The contributions of NGOs in providing health services are also remarkable. A large number of NGOs are involved in implementing HIV/AIDS, and nutrition programmes under health, nutrition and population programmes.

The private sector participation in pharmaceutical sector is quite significant. Currently, a total of 239 pharmaceutical companies are producing 17,433 brands of medicines and raw materials worth Tk. 5334.00 crore annually. More than 96 percent of the total domestic's requirements are

met by local production. At present, Bangladesh is exporting 182 brands of medicines in 71 countries manufactured by 27 companies.

Several NGOs are also working to eliminate tuberculosis, leprosy, malaria and filariasis in collaboration with the Government and the development partners. There are some NGOs which are serving in the urban area to provide the primary health care services in collaboration with the Government. The NGOs are also working for several awareness programmes to control the population and playing a significant role in child health, maternal health and reproductive health services.