CHAPTER 14

PRIVATE SECTOR DEVELOPMENT

In an open market economy private sector plays a very significant role in the economic development of a country. The Government has taken a number of prudent steps to create an enabling environment for the private sector so that it plays its due role as an effective economic agent and makes substantial contribution to the overall economic development of the country. As a result, the manufacturing and productive activities of the private sector, is gaining increasing momentum. The contribution of private investment in the national economy recorded at 20.19 percent of GDP in FY2009-10 which stood at 19.67 percent of GDP in FY2008-09.

Developing a Private Investment Friendly Environment

The Government has been taken required steps to set up institutions and infrastructure and to introduce required restructuring programmes in the Capital Market, Board of Investment and Privatisation Commission to create a private investment-friendly environment. The significant development 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.

Industrial Policy Reforms

The Government has formulated an outline of draft Industrial Policy 2009 to realise the goals of **Vision 2021**. The major goals of the proposed Industrial Policy are to revamp the small and medium enterprises, create employment generation and expand information technology to attain the planned trajectory of growth.

Investment Scenario

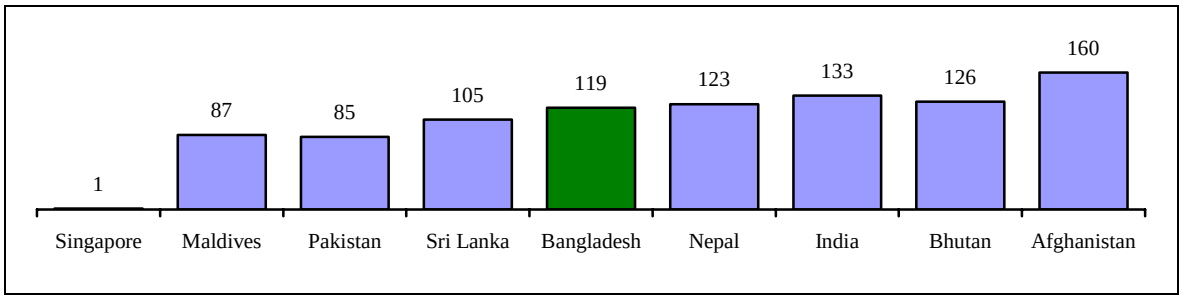
Due to pro-investment policy and strategy of the Government, Bangladesh is being considered as a Competitive Location in the Investment Map of the local and foreign private investors. The recent private sector industrial investment scenario is presented below from the following seven perspectives:

1. Investment Climate
2. Actual Investment (Local and Foreign)
3. Investment Registration (Local and Foreign)
4. Capital Machinery Import
5. GDP in the Manufacturing Sector
6. Private Investment as Percentage of GDP
7. Employment Opportunities

Investment Climate

The Doing Business 2010 report published by the World Bank and IFC ranked Bangladesh 119th in terms of ease of doing business: Global Rank among 183 economies (Graph 14.1). However, Bangladesh was ranked 20th in terms of protecting investors. Besides, the country was also ranked 89th in getting credit and 98th in starting a business and paying taxes.

Graph 14. 1: Ease of Doing Business: Global Rank



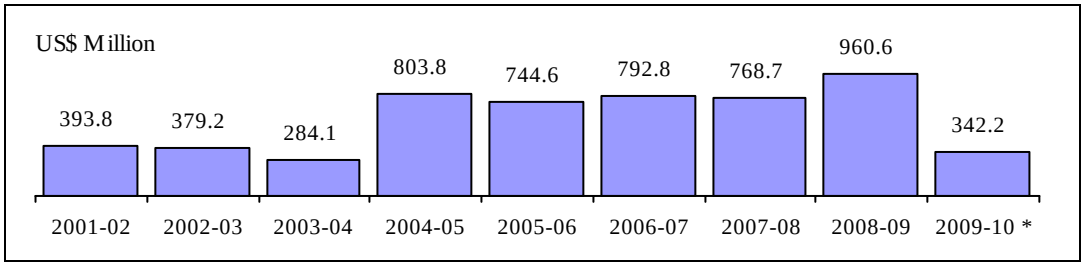
Source: Doing Business 2010, IFC, The World Bank 2010

Actual Investment (Local and Foreign)

Actual Foreign Direct Investment - FDI :

The actual FDI recorded US$ 768.7 million in 2007-08, the actual FDI recorded US$ 960.6 million in 2008-09 and in FY2009-10 (upto Dec'10) the actual FDI recorded US$ 342.2 million. Following Graph 14.2 present the recent trend in FDI inflow:

Graph 14.2: Recent Trend in FDI Inflow in Bangladesh



Source: Enterprise Survey, Bangladesh Bank and *July-Dec'10, Estimated

Table 14.1 indicates that equity is the major component of FDI followed by reinvestment and intra-company borrowing.

Table 14.1: Actual FDI Inflow in Bangladesh by Components

(US$ Million)

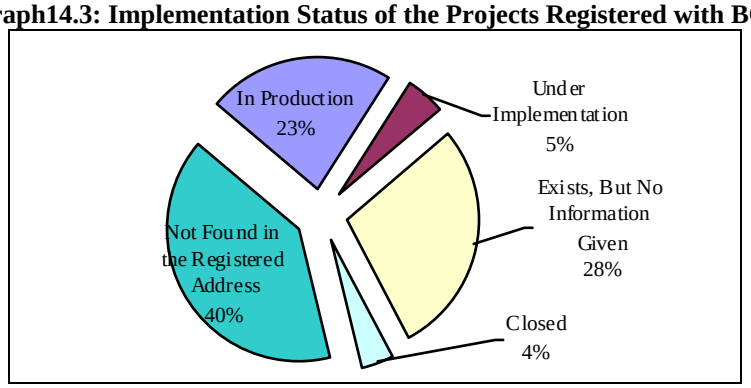
Components	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10*
Equity	164.0	111.2	361.14	447.22	464.50	545.69	353.42	113.47
Reinvestment	164.9	161.4	297.11	198.64	281.01	197.71	336.61	178.05
Intra-Company Borrowing	50.3	11.5	145.53	98.75	47.25	25.29	88.56	50.70
Total	**379.2**	**284.1**	**803.74**	**744.61**	**792.75**	**768.69**	**960.59**	**342.22**

Source: Enterprise Survey, Bangladesh Bank* Estimated

Actual Local Investment

To identify the actual status of the BOI-registered projects, an implementation survey was undertaken by BOI under World Bank-funded Institutionalise Strengthening of BOI, BEPZA, BSCIC and Privatisation Commission (ISBBBP) Project which was completed in June 2009. Carried out at 12,665 projects, the survey found 60 percent of the registered projects has been implemented/under implementation stage. About 4 percent projects were closed due to various reasons. Graph14.3 presents the implementation status of the projects:

Graph14.3: Implementation Status of the Projects Registered with BOI



Source: The Implementation Survey of BOI Registered Projects, ISBBPB Project, BOI, July 2009

Investment Registration (Local and Foreign)

Table 14.2 presents annual information on the projects registered with BOI since FY1991-92. In FY 1991-92, a total of 258 projects with an investment proposal of Tk. 660 crore was registered with BOI which increased to 1,630 projects in FY2009-10 with an overall proposed investment of Tk 33,674 crore.

Table 14.2: Private Investment Proposals Registered with BOI

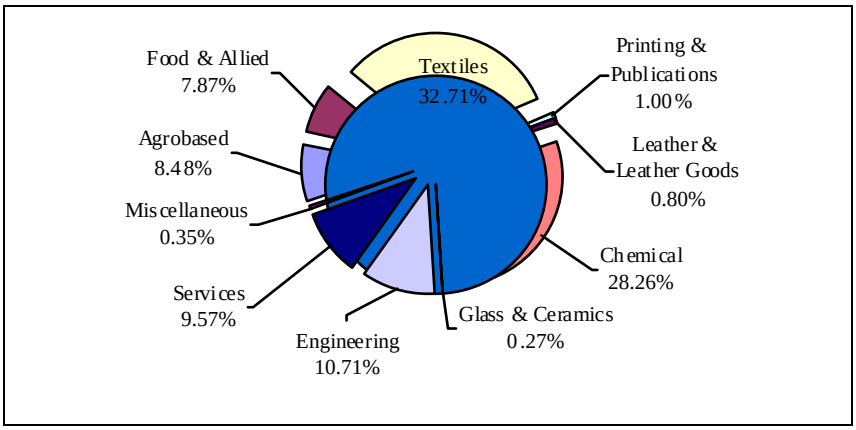
Fiscal Year	Local Investment Proposals Registered		Foreign /JV Investment		Total Investment Proposals Registered		Growth in Project Value (%)
	Projects	Project Value	Projects	Project Value	Projects	Project Value (Crore Taka)	
1991- 92	233	365	25	294	258	660	-
1992- 93	353	360	28	211	381	571	-13.4
1993-94	846	1,827	100	3,217	946	5,043	782.9
1994-95	1,113	3,383	145	2,920	1,258	6,303	25.0
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
1999-00	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
2009-10*	1,470	27,413	160	6,260	1,630	33,674	5.67

Source: Board of Investment, Bangladesh. July 2010, *Provisional

Local Investment Registration

During FY1995-96, the worth of projects registered with BOI recorded Tk.4,836 crore which increased to Tk. 27,413 crore in FY2009-10. Textile (32.71 percent) recorded the largest segment registered during this period. Other major segment include chemicals (28.26 percent), engineering (10.71 percent), services (9.57 percent) and agro-based (8.48 percent). Graph14. 4 presents information on Local Investment Projects Registered with BOI during FY2009-10.

Graph14.4 Break-up of the Local Investment Projects Registered with BOI.



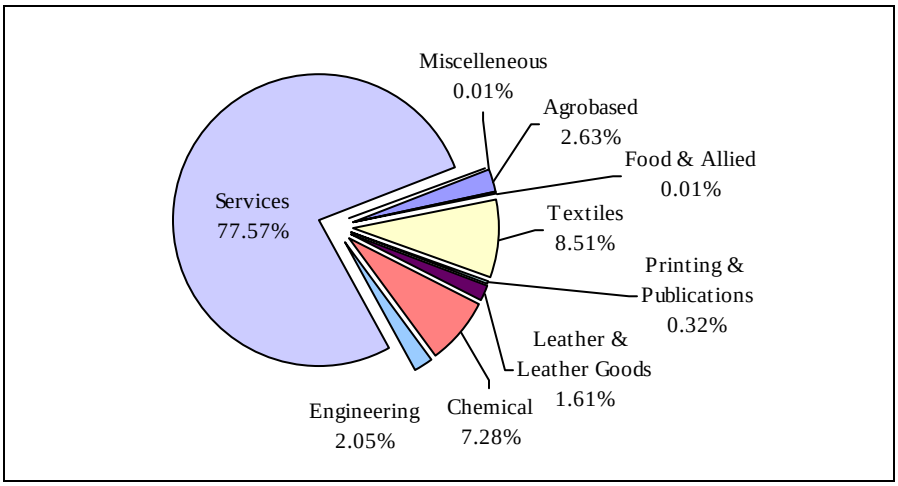
Source: Board of Investment, Bangladesh. July 2010*Provisional

Foreign and Joint Venture Investment Registration

In FY2009-10, as many as 160 new foreign and joint venture projects registered with BOI have proposed an investment of Tk.5,916 crore. Besides, 101 registered projects had amended their proposed investment which increased the registered investment by Tk.344 crores. On the whole, investment registered during this period stood at Tk. 6,260 crore.

Major sectors of the newly registered 160 foreign and joint venture projects are services (77.57 percent), textile (8.51 percent) and chemical (7.28 percent). Graph14.5 presents the sector-wise contribution of the foreign and joint venture projects.

Graph14.5 distribution of the foreign and joint venture projects



Source: Board of Investment, Bangladesh. July 2010*Provisional

The sources of foreign and joint venture projects registered in FY 2009-10 represent 26 countries/economies from different regions of the world. The West Asia is the largest source in terms of investment portfolio followed by South, East and South East Asia, European Union, North America and CIS region. Table 14.3 presents the source-wise distribution of the new projects registered with BOI in FY 2009-10.

Table 14.3: Sources of the foreign and joint venture projects

Source Economies	Projects	Proposed Investment (Crore Taka)
1. Saudi Arabia	3	3,302.700
2. Germany	3	14.884
3. USA	12	999.980
4. Thailand	6	21.232
5. India	14	108.356
6. South Korea	19	263.977
7. Netherlands	6	63.254
8. China	21	188.324
9. Japan	15	47.620
10. United Kingdom	6	30.705
11. Singapore	7	32.431
12. Denmark	1	8.400
13. Pakistan	3	8.692
14. Sri Lanka	4	7.828
15. Malaysia	4	38.190
16. Canada	3	8.419
17. Finland	2	20.865
18. Taiwan	3	76.727
19. Philippines	1	142.000
20. Australia	6	25.786
21. Turkey	2	1.641
22. Greece	1	1.082
23. British Virgin Island	1	22.351
24. Italy	3	28.308
25. Sweden	4	21.511
26. Hong Kong	10	431.044
Total	160	5,916.307

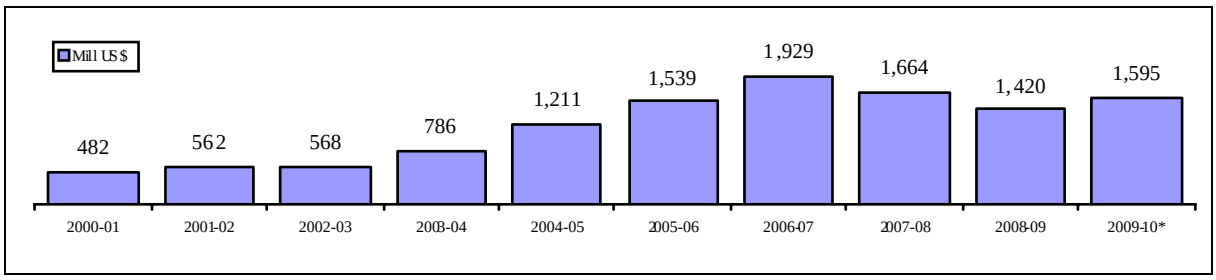
Source: Board of Investment, Bangladesh. July 2010*Provisional

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.

Import of Capital Machinery

The trend in import of capital machinery is considered as an important indicator of industrialization. During FY2009-10, total import of capital machinery in Bangladesh stood at US$1,595 million. Graph14.6 presents the trend in import of capital machinery since FY2000-01.

Graph14. 6: Trend in Capital Machinery Import (US$ Million)

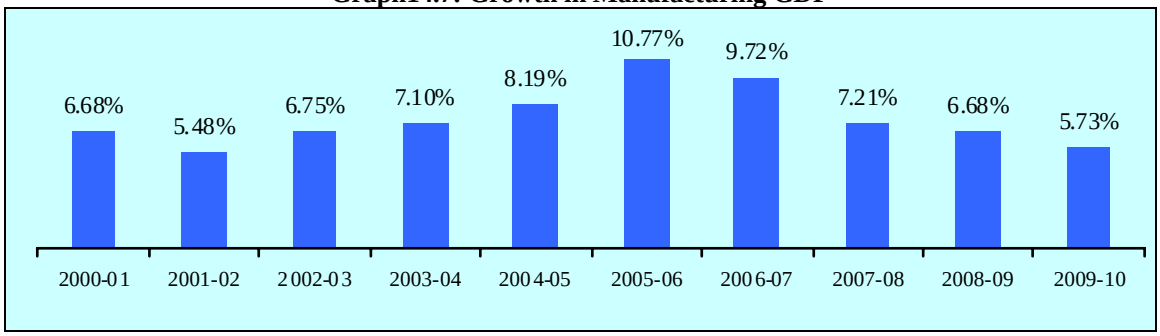


Source: Bangladesh Bank, July 2010*Provisional

GDP in the Manufacturing Sector:

Growth in the manufacturing sector has significant optimistic impact on the socio-economic situation 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 FY2009-10 the growth in manufacturing GDP recorded 5.73 percent. Graph14. 7 presents the manufacturing growth trend since FY2000-01.

Graph14.7: Growth in Manufacturing GDP



Source: BBS

To facilitate an accelerated growth in manufacturing GDP, Board of Investment has been strengthening its facilitation services to the investors. Among various capacity development

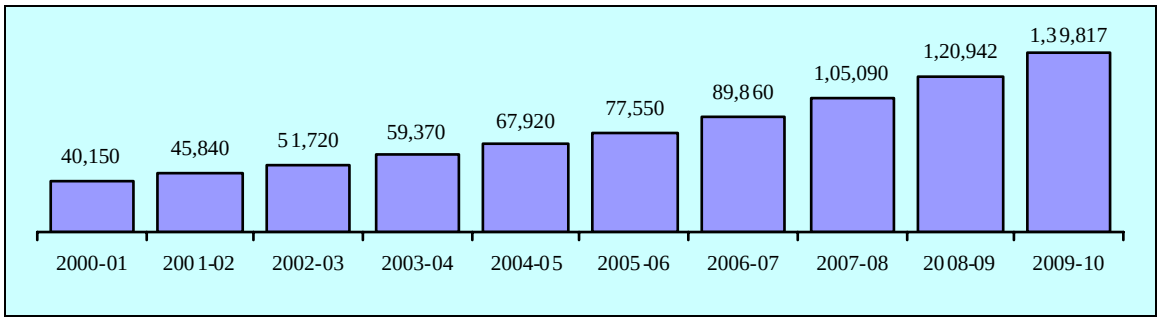
initiatives, an online service tracking system is already in place. Preparatory works are in progress to install and implement an Online Registration System.

Private Investment as Percentage of GDP

Almost 81 percent of total investment in Bangladesh is contributed by the private sector. In the FY2009-10, total private investment recorded Tk. 1,39,817 crore which is 13.50 percent higher than what was recorded in FY2008-09. Besides, the private investment stood at the 20.19 percent of GDP in FY2009-10. The Following Graph 14.8 presents a trend in private investment:

Graph14.8: Trend in Total Private Investment

(in Taka Crore)

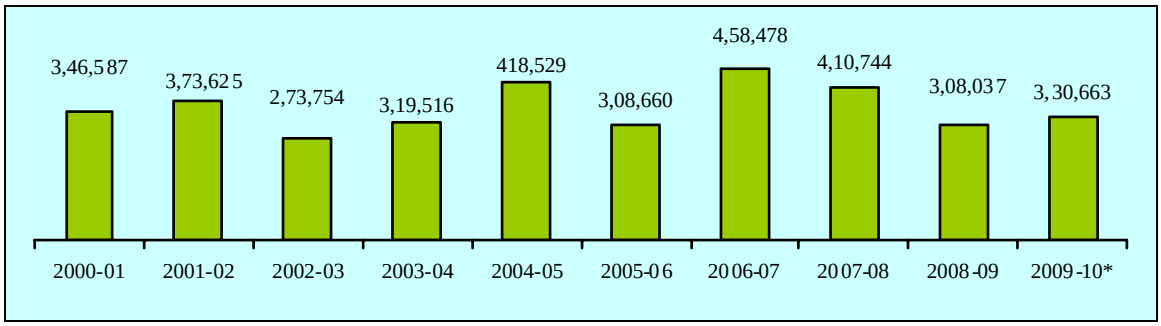


Source: BBS

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 FY2009-10, as many as 3,30,663 job opportunities were created/committed in the BOI-registered projects. Graph14.9 presents year-wise information on Commitments for Creating Employment Opportunities by the BOI-Registered Projects.

Graph14. 9: Commitments for Creating Employment Opportunities (Person)



Source: Board of Investment, Bangladesh. July 2010 *Provisional

Privatisation of State Owned Enterprise

Since the establishment of the Privatisation Board (The Privatisation Commission) in 1993, a total of 75 enterprises have been privatised. Out of this, 45 enterprises were privatised by outright sale and 20 by offloading of shares, 8 enterprises were transferred to the ownership of the worker and employees' association and the remaining two were handed over to Bangladesh Army and Navy. An amount of Tk. 709.9 crore has been deposited to the Government exchequer as sale proceeds of the enterprises. Recently, 23 industrial enterprises have been identified for privatisation. Among them, one enterprise has already been handed over to the private sector and two more enterprises are in the process of being privatised. Aside from this, bidding process has been initiated for privatisation of one enterprise and steps have been taken to privatise 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 economic development. A number of programmes has been undertaken to attract private local-foreign investors to facilitate infrastructure development. In this regard, the Government intends to go beyond the traditional public-private partnership and establish strategic, target-oriented functional relationships which are evident in the recent policy and implementation initiatives.

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 for uplifting 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. In addition, the Government issued a position paper on PPP, titled; "Invigorating Investment Initiative through Public-Private Partnership" dated June 2009. The PPP Budget aims to provide support for upfront development of PPP projects, create a mechanism for targeted subsidies and set long term financing of PPP projects. The Government has already taken two initiatives for the smooth operation of PPP activities. The first initiative is to set of PPP guidelines incorporating new policies, strategies and procedure for selection and approval of projects by replacing existing regulatory frameworks. Besides steps has also been taken to establish a PPP office. The second initiative is the creation of "Bangladesh Infrastructure Finance Fund (BIFF)" to strengthen the PPP activities and to encourage potential investors. An amount of Tk. 1,600 crore as has been placed in this Fund in FY 2009-10.

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.

Road Sector Development under PPP

The Government of Bangladesh (GoB) is still the principal or rather the sole provider of road infrastructure in the country. In order to develop and maintain the road network to a good standard, a huge amount of money is required to be spent annually both under development and maintenance budget. In order to meet the increasing demand for road transport facility GOB has decided to welcome private investment in infrastructure development activities. GOB published a gazette notification "Policy Strategy for Public Private Partnership (PPP) 2010". 3 mega road projects out of 7 infrastructure projects are primarily selected to implement under PPP. The projects are: Dhaka-Chittagong Access Control Highway at an estimated cost of US$ 3020 million, Dhaka City Elevated Expressway at US$ 1,230 million and Dhaka-Narayanganj-Gazipur-Dhaka Expressway at US$ 1,900 million.

Textiles

As of June 2010, there were 398 cotton and synthetic spinning mills in the country of which 375 units belong to private sector. Moreover, 1,110 weaving (large, medium & small weaving units), handlooms 148,342, knitting and knit-dyeing 1200, woven dyeing-finishing 320 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 23 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 FY2009-10 is shown in the table below:

Table 14:4 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	8.87	600.00	608.86	-	4910.10	4910.00
2007-08	7.99	702.00	710.00	-	5800.00	5800.00
2008-09	2.33	877.00	879.33	-	6380.00	6380.00
2009-10	1.14	950.00	951.14	-	7200.00	7200.00

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 951.14 million Kg. in FY2009-10. On the other hand, the fabric production in FY2000-01 recorded 1,845 million metres, which has increased to 7200 million metres in FY2009-10.

BTMC:

Currently, there are 23 Units of 19 Mills (running, closed/laid-off) under BTMC. Among them, 2 units of 2 mills are in operation under the service charge system. Production activities of 15 mills have been suspended due to non availablity of Service Charge Parties. One mil l(Satrang Textile Mill) has already been sold to the buyer. Action has been undertaken to set-up a "Textile Polli" in Khulna Textile Mills Ltd, Khulna. These running mills are meeting the demand for cotton yarn to a certain extent. BTMC paid Tk.18.71 crore to the Government Exchequer in the form of tax and VAT since the introduction of Service Charge System (Upto June,10). In FY 2007-08, three Mills

namely, Tangail Cotton Mills, Magura Textile Mills and Rangamati Textile Mills were listed with the Privatisation Commission for disposal.

Jute

At present, there are 80 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 14 mills are in operation, 17 mills are partially in operation and 7 mills have been closed. Out of 42 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 64 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 JDPC 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 crore in private sector. In order to expand the jute diversification activities all over the country, three jute entrepreneurs’ services centres 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 with grant financing by the Royal Norwegian Government in July 1999 which continued up to June 2005. Afterwards, the 2nd phase

of the project has begun under the same financing arrangements administrated by the Asian Development Bank which will continue up to December 2011.

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 FY2009-10, the total installed generation capacity recorded at 5,776 MW including 3,481 MW in public sector and 2,295 MW in private sector including REB. Of the total installed generation capacity the contribution of private sector is recorded at 36 percent.

Information and Communication Technology (ICT)

Information and Communication Technology (ICT) is one of the fastest growing sectors in the country. It has been recognised 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 wider community and to establish 'Digital Bangladesh' by 2021 through the development and expansion of ICT use in the country.

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.

Hi-tech 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 providing their services to 30 different countries which include among others USA, UK, Australia, Canada, Denmark, KSA, Japan, Sweden, UAE, Germany, Italy, Netherlands, Norway, Switzerland, France and Nepal. Some important users of Bangladeshi software are Nokia, Japan Airlines, World Bank, HP, US Postal Department and US Department of Agriculture. IT industries are flourishing in Bangladesh. The contribution of IT sector to our economy is increasing day by day. By exporting IT software Bangladesh earned US$ 32.00 million in FY 2009-10. Table-14.5 shows IT software export during-FY 2004-05 to FY 2009-10.

Table-14.5: IT Software Exports

FY	Million in US$
2004-05	4.54
2005-06	27.01
2006-07	26.08
2007-08	24.82
2008-09	26.06
2009-10	32.00

Source: BASIS

Software applications and IT-related services are also available in the field of custom business application, contract programming services, Web content development, Internet-e-government software tools, data conversion and transcription services, call centres and BPO (Business Process Outsourcing) service etc.

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 nine 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 as well as PSTN operators are playing the same role for data service. Infrastructure operators and the gateway operators (IGW, IIG, & ICX) are the important parts 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 47.8 percent (Dec'10). The number of mobile phone subscribers has reached almost 62 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. 9 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 June 2010 is shown in Table 14:6

Table 14:6 The total number of mobile phone subscriber

	Operators	Subscriber in million
1	Grameen Phone Ltd (GP)	27.276
2	Axiata (Bangladesh) Limited	11.326
3	Orascom Telecom Bangladesh Limited (Banglalink)	16.804
4	PBTL(Citycell)	1.996
5	Teletalk Bangladesh Ltd (Teletalk)	1.147
6	Warid Telecom International L. L. C (Warid)	3.296
	Total	61.845

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, *Biman was converted* 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.

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 controlled by BIWTA's 21 river ports. Moreover, the construction and repair of vessels and pontoons are done at local private dockyards. 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 its development activities will encourage the private entrepreneurs. As a result, they will participate extensively in dredging and hydrographic survey activities in inland waterways including infrastructure development of IWT sector in future.

Bangladesh Parjatan Corporation (BPC)

Bangladesh Parjatan Corporation has built tourism facilities across 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. Moreover, in order to develop and expand tourism, an integrated development plan has been prepared by dividing Bangladesh into eight zones. Besides, BPC primarily selected 22 projects for implementation under Public and Private Participation (PPP).

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.1,389.77 crore in 2009 compared to Tk. 1,258.30 crore in 2008. The total premium income from general insurance increased by 10.45 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 14.7.

Table 14.7: Premium Income from General Insurance

(in Crore Tk.)

	Total Premium			Share of public sector %	Share of private sector %	Growth rate		
	Public sector Sadharan Bima Corparation	Insurance companies of private sectors	Total			Public sector Sadharan Bima Corparation %	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	126.58	941.73	1068.31	11.85	88.15	17.48	17.31	17.76
2008	141.90	1116.40	1258.30	11.28	88.72	12.10	18.55	17.78
2009	161.35	1228.42	1389.77	11.61	88.39	13.71	10.03	10.45

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.4,996.04 crore in 2009 compared to Tk.3,905.26 crore in 2008. The total premium income from life insurance increased by 27.75 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 14.8.

Table 14.8: Premium income from Life Insurance

(in Crore Tk.)

	Total Premium			Share of public sector %	Share of private sector %	Growth rate		
	Public sector Jiban Bima Corparation	Insurance companies of private sectors	Total			Public sector Sadharan Bima Corparation %	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	264.98	2916.51	3181.49	8.33	91.67	18.64	36.41	34.73
2008	307.81	3597.45	3905.26	7.88	92.12	16.16	23.35	22.75
2009	400.25	4595.79	4996.04	8.01	91.99	30.03	27.75	27.93

Source: Insurance Directorate, Ministry of Commerce.

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.

The number of MPO assisted non-government institutions is 26,321, including vocational institutions and BM College. Currently there are 15,515 lower secondary and secondary schools 2,385 colleges and 7,344 *Madrashas* under the coverage of MPO subvention. The number of teachers and staff in these institutions are 3,58,512 and 1,03,913 respectively .The Government. provides 100 percent of the basic salaries to these teachers and staff ; house rent and medical allowances are also given to the MPO listed teachers and staff.

With the ever increasing population, the demand for admission into higher education has increased. To meet this rising demand, the Private University Act 1992 was enacted allowing 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 sector is gradually increasing. To encourage private investments, the Government is extending various incentives including financial assistance. At present, there are 40 private medical colleges, 11 dental colleges, 2,114 private hospitals and clinics having 33,727 beds. Alongside 4,509 modern diagnostic centres are operating in the private sector. The involvement of NGOs is also remarkable in health care delivery. A good number of NGOs are working in the field of HIV/AIDS and nutrition under HNPSP. The Government is encouraging the mobile phone operator to ensure health service through the mobile phone. Beside, the television channels are also telecasting some live health programmes to educate the viewers.

The private sector participation in pharmaceutical sector is quite significant. Currently, a total of 255 pharmaceutical companies are producing 20,080 brands of medicines and raw materials worth Tk. 7,000 crore annually. More than 97 percent of the total domestic requirements are met by local production. At present, Bangladesh is exporting 182 brands of medicines in 73 countries including UK and USA.

Several NGOs are working with the Government and the development partners to eliminate tuberculosis, leprosy, malaria and filarias . 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 delivering child health, maternal health and reproductive health services.