# CHAPTER 14
# PRIVATE SECTOR DEVELOPMENT

*[Private sector plays a significant role in taking Bangladesh to the higher trajectory of growth . The Government has, therefore, taken a number of steps to create an enabling environment for this sector so that it can play its due role as an effective economic agent. After a decade In FY2001-02, a total of 2,964 projects with an investment proposal of Tk.1,05,400 million was registered with BOI. After a decade in FY2011-12, the proposed investment has increased to 8,78,932 million. Apart from this, the Government has started reinvigorating Public Private Partnership (PPP) initiative to scale up investment within the economy. The areas that are receiving priority under this initiative include interalia: Power and Energy; Transport; Information Technology; Air Transport and Tourism; Industry; Education and Research; Health and Family Welfare and Housing. The 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, foreign investors are looking at Bangladesh as a preferred investment destination. The present Government has declared its commitment to take ICT to the doorsteps of the mass people by involving the private sector. Steps taken to meet this commitment have started yielding results which are evident from the level of digital literacy in the country. ]*

The Government has been taking required steps to set up institutions and infrastructure and to introduce required programmes for restructuring the Capital Market, Board of Investment and Privatization 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.

**Investment Scenario**

Bangladesh Economy is on an accelerated growth path, with the private sector playing a lead role. In manufacturing and productive sector, the demand of private investment is growing. Implementation of private-sector led growth strategies, undertaking pragmatic reforms and enhancing the supportive role of the regulatory agencies and institutions are the prime agenda of the Government. The Board of Investment (BOI) acts as the major designated state sector agency for providing counselling to all private enterprises-local and foreign. The recent private sector industrial investment scenario is presented below from the following seven perspectives:

- Investment Climate
- Actual Investment (Local and Foreign)

- Investment Registration (Local and Foreign)
- Capital Machinery Import
- GDP in the Manufacturing Sector
- Private Investment as Percentage of GDP
- Employment Opportunities

**Investment Climate**

The Doing Business 2011 report published by the World Bank and IFC ranked Bangladesh 122nd in the Ease of Doing Business: Global Rank among 183 economies (Graph:14.1). However, Bangladesh was ranked 24th in terms of protecting investors. Besides, the country was also ranked 78th in getting credit and 86th and 100th in starting a business and paying taxes respectively.

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

Source: Doing Business 2011, IFC, The World Bank 2012

## Actual Investment (Local and Foreign)

**Actual Foreign Direct Investment - FDI:**

The actual FDI recorded US$913.3 million in 2010 and the actual FDI recorded US$ 1136.4 million in 2011. The following Graph 14.2 presents the recent trend in FDI inflows:

Source:Bangladesh Bank

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 to Bangladesh by Components**

(In Million US Dollar)

| Year | Components | | | |
|---|---|---|---|---|
| | Equity | Reinvestment | Intra-Company | Total FDI |
| 2001 | 233.80 | 65.00 | 55.70 | 354.50 |
| 2002 | 133.80 | 116.80 | 77.70 | 328.30 |
| 2003 | 156.10 | 170.20 | 24.00 | 350.30 |
| 2004 | 155.90 | 239.80 | 64.70 | 460.40 |
| 2005 | 425.60 | 247.50 | 172.20 | 845.30 |
| 2006 | 503.70 | 264.70 | 24.10 | 792.50 |
| 2007 | 401.60 | 213.20 | 51.50 | 666.30 |
| 2008 | 809.25 | 245.73 | 31.33 | 1086.31 |
| 2009 | 218.55 | 364.94 | 116.67 | 700.16 |
| 2010 | 519.98 | 364.62 | 28.72 | 913.32 |
| 2011 | 431.85 | 489.63 | 214.90 | 1136.38 |

**Source:** Bangladesh Bank.

**Actual Local Investment**

There is no organisational statistics to identify the actual status of the BOI -registered local projects. However, by a sample survey conducted by BOI, it is observed that 68percent of the registered local investment proposals were either implemented or at the varying stages of implementation.

Table 14.2 presents annual statistics on the projects registered with BOI since FY 2001-02. It would appear from the table that in FY 2001-02, a total of 2,964 projects involving Tk. 1,05,400 million were registered with BOI. After a decade in FY 2011-12 with 1,955 projects the proposed investment has increased to Tk 8,78,932 million.

**Table 14.2: Private Investment Proposals Registered with BOI**

| Fiscal Year | Local Investment Proposals Registered | | Foreign /JV Investment Proposals Registered | | Total Investment Proposals Registered | | Growth in Project Value (%) |
|---|---|---|---|---|---|---|---|
| | Projects | Project Value (Million Taka) | Projects | Project Value (Million Taka) | Projects | Project Value (Million Taka) | |
| 2001-02 | 2875 | 88060 | 89 | 17340 | 2964 | 105400 | - 28.8 |
| 2002-03 | 2101 | 116526 | 104 | 20670 | 2205 | 137196 | (+) 30 |
| 2003-04 | 1624 | 135461 | 130 | 26440 | 1754 | 161901 | (+) 18 |
| 2004-05 | 1469 | 140046 | 120 | 52977 | 1589 | 193023 | (+) 19 |
| 2005-06 | 1754 | 183703 | 135 | 249857 | 1889 | 433560 | (+) 125 |
| 2006-07 | 1930 | 196581 | 191 | 119251 | 2121 | 315832 | (-) 27 |
| 2007-08 | 1615 | 193530 | 143 | 54328 | 1758 | 247859 | (-) 22 |
| 2008-09 | 1336 | 171174 | 132 | 147496 | 1468 | 318671 | (+) 27 |

| Fiscal Year | Local Investment Proposals Registered | | Foreign /JV Investment Proposals Registered | | Total Investment Proposals Registered | | Growth in Project Value (%) |
|---|---|---|---|---|---|---|---|
| | Projects | Project Value (Million Taka) | Projects | Project Value (Million Taka) | Projects | Project Value (Million Taka) | |
| 2009-10 | 1470 | 274137 | 160 | 62608 | 1630 | 336743 | (+) 5 |
| 2010-11 | 1746 | 553690 | 196 | 365243 | 1942 | 918933 | (+) 173 |
| 2011-12 | 1735 | 534769 | 220 | 344163 | 1955 | 878932 | (-) 4 |

**Source:** Monthly Report (2011-12), Policy & Planning, Board of Investment

## Local Investment Registration

During FY 2001-02, the value of projects registered with BOI was Tk. 88,060 million which increased to Tk.5,34,769 million in FY 2011-12. As it will appear from the chart below, the service sector (29.00%) was the largest sector registered during this period. Other major sectors include textiles (19.74%), chemicals (17.86%) and agro-based (11.44%).

**Chart 14.3 Sector wise Local Investment Projects Registered with BOI FY 2011-12**

**Source**: Board of Investment

Table14.3 below presents the sector wise distribution of local investment projects registered with BOI during the period from FY 2005-06 to 2011-12

**Table14.3: Sector wise Distribution of Local Investment Projects**

| Sector's Name | 2005-2006 (Million Tk) | 2006-2007 (Million Tk) | 2007-2008 (Million Tk) | 2008-2009 (Million Tk) | 2009-2010 (Million Tk) | 2010-2011 (Million Tk) | 2011-2012 (Million Tk) |
|---|---|---|---|---|---|---|---|
| 1. Agro based Industry | 9656.549 | 8161.801 | 9511.075 | 8223.292 | 23251.031 | 52006.881 | 61195.268 |
| 2. Food & Allied Industry | 3137.449 | 4265.611 | 4370.736 | 4027.625 | 21573.717 | 17440.413 | 10822.179 |
| 3. Textile Industry | 89297.301 | 135848.373 | 108091.749 | 79451.151 | 89661.896 | 154036.544 | 105575.785 |
| 4. Printing & Publishing Industry | 3120.821 | 5786.504 | 3668.347 | 1801.317 | 2739.027 | 2556.144 | 4151.387 |
| 5. Tannery & Leather Industry | 2277.462 | 737.764 | 202.740 | 330.362 | 2188.389 | 2018.320 | 1385.795 |
| 6. Chemical Industry | 35878.957 | 15234.209 | 22364.674 | 30555.931 | 77462.814 | 65092.305 | 95491.440 |
| 7. Glass & Ceramics Industry | 95.795 | 969.143 | 1720.112 | 4055.210 | 730.214 | 2076.370 | 2399.327 |
| 8. Engineering Industry | 21658.094 | 9596.208 | 18568.696 | 27615.804 | 29352.127 | 35861.584 | 49581.377 |
| 9. Service Industry | 17671.410 | 15341.614 | 23567.714 | 14648.908 | 26224.698 | 222317.022 | 155061.465 |
| 10. Miscellaneous | 909.128 | 639.675 | 1434.230 | 465.316 | 952.969 | 284.883 | 49.105.034 |
| **Total** | **183702.966** | **196580.902** | **193530.073** | **171174.916** | **274136.882** | **553690.466** | **534769.057** |

**Source:** Board of Investment

### Foreign and Joint Venture Investment Registration

During FY 2005-06, the value of projects registered with BOI was US$ 3,353 million which increased to US$ 4,469 million in FY 2011-12. Table14.4 shows that engineering (82.99%) was the largest sector registered during this period. Other major sectors include textiles (5.79%), chemicals (3.84%) and food and allied products (2.30%).

**Chart 14.4: Sector wise joint venture and 100% foreign projects FY 2011-12**

Source:BOI

The following table presents the recent trend of joint venture and 100% foreign investment registration during the period from FY 2005-06 to FY 2011-12

**Table 14.4: Sector wise Distribution of Foreign and Joint Venture Investment projects**

| Sector Name | 2005-2006 (Million US$) | 2006-2007 (Million US$) | 2007-2008 (Million US$) | 2008-2009 (Million US$) | 2009-2010 (Million US$) | 2010-2011 (Million US$) | 2011-2012 (Million US$) |
|---|---|---|---|---|---|---|---|
| 1. Agro based Industry | 15.925 | 36.416 | 35.479 | 22.557 | 22.231 | 122.516 | 96.902 |
| 2. Food & Allied Industry | 1.218 | 3.007 | 1.898 | 1.997 | 0.092 | 12.836 | 98.919 |
| 3. Textile | 114.079 | 181.026 | 274.870 | 36.402 | 72.521 | 160.143 | 249.502 |
| 4. Printing & Publishing Industry | 0.147 | 4.428 | 0 | 0 | 2.697 | 0.000 | 0.758 |
| 5. Tannery & Leather Industry | 6.881 | 8.388 | 0.375 | 2.151 | 13.661 | 5.984 | 17.525 |

| Sector Name | 2005-2006 (Million US$) | 2006-2007 (Million US$) | 2007-2008 (Million US$) | 2008-2009 (Million US$) | 2009-2010 (Million US$) | 2010-2011 (Million US$) | 2011-2012 (Million US$) |
|---|---|---|---|---|---|---|---|
| 6. Chemical Industry | 1878.186 | 44.563 | 57.435 | 5.631 | 61.698 | 69.535 | 165.309 |
| 7. Glass & Ceramics Industry | 0 | 0 | 0.169 | 17.695 | 0 | 26.373 | 60447 |
| 8. Engineering Industry | 23.203 | 25.911 | 77.578 | 121.409 | 17.364 | 1285.935 | 3574.137 |
| 9. Service Industry | 1313.860 | 1156.364 | 176.512 | 1863.841 | 651.196 | 3431.525 | 83.661 |
| 10. Miscellaneous | 0 | 0.620 | 0.045 | 0 | 0.092 | 0.735 | 13.355 |
| **Total** | **3353.499** | **1460.723** | **624.361** | **2071.683** | **841.552** | **5115.582** | **4306.514** |

Source: Board of Investment

**Sources of Foreign and Joint Venture Registered**

The sources of foreign and joint venture projects registered in FY 2011-12 represent 34 countries/economies from different regions of the world. South-East Asia is the largest source in terms of investment amount followed by South, East and West Asia, European Union, North America and CIS region. Table 14.5 below presents the source-wise distribution of the BOI-registered new projects in FY 2011-12

**Table 14.5: Sources of the Joint Ventures and 100% Foreign Investment Projects**

| Source of Joint venture and 100% Foreign Investment | 2005-2006 (Mill. US$) | 2006-2007 (Mill. US$) | 2007-2008 (Mill. US$) | 2008-2009 (Mill. US$) | 2009-2010 (Mill. US$) | 2010-2011 (Mill. US$) | 2011-2012 (Mill. US$) |
|---|---|---|---|---|---|---|---|
| 1. Saudi Arabia | 1846.273 | 0 | 0 | 1732.578 | 471.820 | 7.086 | 0 |
| 2. America | 46.294 | 17.887 | 39.550 | 15.348 | 143.625 | 846.707 | 16.416 |
| 3. Thailand | 2.744 | 3.996 | 0 | 54.908 | 3.043 | 97.523 | 1177.723 |

| Source of Joint venture and 100% Foreign Investment | 2005-2006 (Mill. US$) | 2006-2007 (Mill. US$) | 2007-2008 (Mill. US$) | 2008-2009 (Mill. US$) | 2009-2010 (Mill. US$) | 2010-2011 (Mill. US$) | 2011-2012 (Mill. US$) |
|---|---|---|---|---|---|---|---|
| 4. India | 27.605 | 31.062 | 24.293 | 58.851 | 15.515 | 68.020 | 197.099 |
| 5. South Korea | 11.107 | 50.144 | 9.682 | 23.869 | 32.475 | 3277.742 | 2354.470 |
| 6. Malaysia | 1.559 | 2.160 | 1.474 | 1.288 | 5.475 | 137.116 | 12.422 |
| 7. The Netherlands | 19.288 | 22.648 | 23.247 | 1085.455 | 9.064 | 113.352 | 67.977 |
| 8. China | 15.733 | 8.768 | 22.167 | 19.031 | 27.180 | 73.090 | 49.279 |
| 9. London | 57.773 | 83.128 | 195.822 | 6.875 | 4.387 | 8.875 | 5.787 |
| 10. Pakistan | 0.988 | 2.930 | 66.747 | 4.583 | 1.242 | 19.600 | 4.165 |
| 11. Japan | 2.851 | 10.052 | 12.065 | 7.172 | 6.805 | 14.989 | 80.605 |
| 12. Denmark | 14.060 | 6.702 | 0.462 | 4.285 | 1.200 | 0.687 | 3.910 |
| 13. Sri Lanka | 0 | 0 | 5.207 | 2.206 | 1.118 | 1.051 | 98.489 |
| 14. Canada | 0.152 | 0.671 | 7.964 | 1.178 | 1.203 | 1.846 | 3.148 |
| 15. Taiwan | 1.423 | 14.134 | 0.150 | 2.841 | 10.961 | 21.637 | 7.214 |
| 16. Singapore | 33.324 | 45.491 | 33.453 | 1.020 | 4.643 | 133.109 | 78.344 |
| 17. Turkey | 0.500 | 0 | 1.102 | 0.613 | 0.400 | 2.611 | 4.743 |
| 18. Italy | 9.949 | 8.799 | 1.528 | 0.171 | 4.074 | 30.903 | 2.982 |
| 19. Hong Kong | 8.284 | 28.821 | 9.285 | 5.698 | 61.810 | 45.108 | 16.406 |
| 20. Africa | 0 | 0 | 0 | 0 | 0 | 1.421 | 0 |
| 21. Armenia & Russia | 0 | 0 | 79.952 | 0.829 | 0 | 3.569 | 0 |

| Source of Joint venture and 100% Foreign Investment | 2005-2006 (Mill. US$) | 2006-2007 (Mill. US$) | 2007-2008 (Mill. US$) | 2008-2009 (Mill. US$) | 2009-2010 (Mill. US$) | 2010-2011 (Mill. US$) | 2011-2012 (Mill. US$) |
|---|---|---|---|---|---|---|---|
| 22. Bermuda | 0 | 0 | 0 | 0 | 0 | 0.492 | 33.884 |
| 23. France | 2.561 | 1.398 | 1.460 | 2.249 | 0 | 1.121 | 10.104 |
| 24. Indonesia | 4.288 | 0 | 27.504 | 17.134 | 0 | 1.940 | 0 |
| 25. Lebanon | 0 | 0 | 0 | 0 | 0 | 25.093 | 0 |
| 26. Mauritius | 0 | 0 | 0 | 0 | 0 | 1.348 | 0 |
| 27. Philippines | 0 | 0.492 | 0 | 0 | 20.286 | 6.740 | 0 |
| 28. Sweden | 0 | 0.704 | 0.128 | 0.890 | 3.073 | 101.702 | 1.545 |
| 29. Switzerland | 1.342 | 4.198 | 1.610 | 0 | 0 | 0.700 | 11.529 |
| 30. Finland | 0 | 3.706 | 0 | 1.126 | 2.978 | 1.420 | 0.624 |
| 31. KSA | 1236.121 | 1096.103 | 47.686 | 17.695 | 0 | 9.132 | 2.312 |
| 32. British Virgin Island | 0 | 4.363 | 0 | 0 | 3.193 | 0.886 | 6.076 |
| 33. German | 0.058 | 8.331 | 8.305 | 72.437 | 2.145 | 83.884 | 26.740 |
| 34. Australia | 2.266 | 0 | 0 | 0.700 | 3.682 | 0.098 | 0.129 |
| 35. Greece | 0.258 | 0.714 | 0 | 0.413 | 0.155 | 0.260 | 0 |
| 36. Portugal | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 37. Spain | 0.313 | 2.090 | 1.057 | 0.183 | 0 | 0 | 0.760 |
| 38. Poland | 0 | 0 | 2.190 | 0 | 0 | 0 | 0 |
| 39. Belgium | 0.424 | 0 | 0 | 0 | 0 | 0 | 1.263 |
| 40. Egypt | 0.542 | 0 | 0 | 0 | 0 | 0 | 0 |

| Source of Joint venture and 100% Foreign Investment | 2005-2006 (Mill. US$) | 2006-2007 (Mill. US$) | 2007-2008 (Mill. US$) | 2008-2009 (Mill. US$) | 2009-2010 (Mill. US$) | 2010-2011 (Mill. US$) | 2011-2012 (Mill. US$) |
|---|---|---|---|---|---|---|---|
| 41. Hungary | 1.406 | 0 | 0 | 0 | 0 | 0 | 0 |
| 42. Norway | 0.025 | 0 | 0 | 0 | 0 | 0.224 | 23.600 |
| 43. Vietnam | 3.195 | 0 | 0 | 0 | 0 | 0 | 0 |
| 44. Jordan | 0 | 0.394 | 0 | 0 | 0 | 0 | 0.676 |
| 45. Kuwait | 0 | 0.130 | 0 | 0 | 0 | 0 | 1.043 |
| 46. Austria | 0 | 0.707 | 0.271 | 0 | 0 | 0 | 0 |
| 47. Malta | 0 | 0 | 0 | 0 | 0 | 0 | 3.156 |
| 48. USE | 0 | 0 | 0 | 0 | 0 | 1.500 | 1.894 |
| **Total** | **3353.499** | **1460.723** | **624.361** | **2071.683** | **841.552** | **5115.582** | **4306.514** |

**Source:** Board of Investment, Bangladesh.

**Import of Capital Machinery**

During FY 2011-12, the total import of capital machinery in Bangladesh stood at US$2005 million. Graph 14.5 below shows the trend of capital machinery import during the period from FY2001-02 to FY2011-12.

**Source:** Bangladesh Bank

## Facilitation Services to Investors

To support 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 in progress to install and implement an **Online Registration System**.

## Flow of Private Investment

Almost 78 percent of total investment in Bangladesh is contributed by the private sector. In the FY2010-11, total private investment stood at Tk. 1,53,208 crore which went up to Tk.1,75,104 crore in FY 2011-12. The following Graph presents a trend of private investment over the past decade:

**Graph14.6 Trend in Total Private Investment** (In Crore Taka)

**Source:** BBS

## Employment Opportunities

Investment in the industrial sector generates large number of managerial, technical, supervisory and skilled-unskilled job opportunities. In the FY 2011-12,a total of 4,51,114 job opportunities were created/committed in the BOI-registered projects (Graph:14.8).

**Graph 14. 7 Employment Opportunities by the BOI-Registered Projects (Person)**

**Source**: Board of Investment, Bangladesh.

### Privatisation of State Owned Enterprise

The Privatisation Commission since its inception in 1993, privatised 77 (seventy seven) state-owned enterprises (SOEs) up to June, 2012. Out of which 56 (Fifty-six) enterprises were privatised through direct sale and 21(Twenty one) enterprises were privatised by offloading shares. A sum of Tk. 794.22 crore was deposited with the exchequer received as sale-proceeds of those enterprises. On the other hand, action is underway for privatising 24 (twenty four) enterprises. Moreover, a proposal for privatising 2 (two) enterprises has been sent to the Cabinet Committee on Economic Affairs, and tender has been invited for leasing out 2 (two) enterprises on long-term basis. Besides these, evaluation of 6 (six) enterprises is going on. On completion of evaluation, tender will be invited from the prospective bidders. A committees was formed to identify the additional lands of public industrial and commercial enterprises with a view to enhancing the investment and ensuring the best use of resources. By now, two meetings of the Committee have been held. A decision was taken to inform the Commission about the identified additional lands of different corporations.

## Private Sector Participation in Various Sectors of the Economy

### Infrastructure Sector

### Bangladesh Private Sector Infrastructure Guidelines

The Government formulated Bangladesh Private Sector Infrastructure Guidelines to foster private sector participation in the projects for the development of infrastructure of the country. Detailed procedures for undertaking infrastructure projects in various sub-sectors on private

initiative have 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.

**Textiles**

As of 2012, there are 407 cotton and synthetic spinning mills in the country of which 385 units belong to the private sector. The year-wise production of yarn and fabrics in these mills during the period from FY2000-01 through FY2010-11 is shown in the table below:

**Table 14:6 Production of Yarn and Fabrics in Public and Private Sector**

| Year | Yarn Production (In Million Kg.) | | | Fabric (In Million Metres) | | |
|---|---|---|---|---|---|---|
| | **Public sector** | **Private sector** | **Total** | **Public sector** | **Private sector** | **Total** |
| 2000-01 | 15.81 | 186.76 | 271.57 | - | 1,845.00 | |
| 2001-02 | 15.39 | 204.81 | 298.50 | - | 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 |
| 2010-11 | 2.40 | 1105.00 | 1107.40 | - | 8,287.50 | 8,287.50 |
| 2011-12 | 0.93 | 1050.00 | 1050.93 | | 7,875.00 | 7,875.00 |

**Source:** Jute and Textile Ministry

It appears from the above table that the production of yarn by private sector in FY2000-01 was recorded 186.76 million kg, which increased to 1050 million kg in FY 2011-12. On the other hand, the fabric production in FY2000-01was recorded 1,845 million metres, which increased to 7,875.00 million metres in FY 2011-12.

**Handloom**

As per Handloom Census, 2003 the private sector handloom industry could employ about 0.9 million people indirectly and 0.6 million people directly. There are about 0.51 million handloom in the country out of which 0.31 million looms are in operation and the remaining 0.20 million

were closed due to non- availability of working capital. Value addition of handloom industry is about Tk. 150.00 million per annum. Bangladesh Handloom Board provided working capital to the poor weavers under a micro-credit programme amounting to Tk. 7.60 million in 2011-12. The cumulative amount of micro-credit up to FY 2011-12 stood at Tk. 518.10 million.

**Jute**

At present, there are as many as 109 jute mills and 86 spinning mills under the private sector. In order to produce diversified jute products and to increase its uses ,the private sector entrepreneurs have been provided with financial and technical assistance by the Government to take appropriate initiative to diversify jute products. The table below presents a comparative position of the export value of jute products during the period from FY 2000-2001 to FY 2011-12

**Table 14.7 Export Value of Jute Products ( Public and Private )**

(crore Tk.)

| Fiscal Year | PUBLIC | PRIVATE | |
|---|---|---|---|
| | BJMC | BJMA | BJSA |
| 2000-01 | 599.58 | 134.42 | 469.89 |
| 2001-02 | 536.76 | 136.25 | 557.71 |
| 2002-03 | 519.71 | 141.37 | 583.85 |
| 2003-04 | 440.53 | 179.18 | 624.71 |
| 2004-05 | 396.21 | 192.24 | 955.88 |
| 2005-06 | 508.25 | 401.31 | 1161.85 |
| 2006-07 | 438.50 | 447.96 | 1335.19 |
| 2007-08 | 488.81 | 542.39 | 1581.61 |
| 2008-09 | 433.18 | 463.22 | 1,479.93 |
| 2009-10 | 654.69 | 746.14 | 2,548.73 |
| 2010-11 | 943.42 | 681.52 | 3,396.17 |
| 2011-12 | 1058.13 | 919.76 | 3,367.02 |

**Source:** Jute and Textile Ministry

## Energy and Power

### Power Sector

In FY2011-12 access to electricity in the country is about 53 percent and per capita generation including captive is 272 kWhr. To provide access to electricity to all by the year 2020, the Government has been encouraging private investment in the power sector. Meanwhile, the Government has prepared the Power System Master Plan 2010. According to the Plan (PSMP-2010) maximum demand will be about 10,000MW, 19,000MW and 34,000 MW by the year 2015, 2021 and 2030 respectively. To meet this demand short, medium and long term electricity generation, distribution and transmission lines expansion projects are at various stages of implementation which will add 24,000MW and 39,000MW additional electricity to the national grid by the year 2021 and 2030 respectively.

## Information and Communication Technology (ICT)

### *ICT Incubator Centre*

In order to develop software industry, an 'ICT Incubator' has been established in Dhaka. Currently as many as 41 entrepreneur software companies are operating their IT business.

### *Hi-tech Park*

The Hi-tech Park Authority has started establishing a Hi-Tech Park at Kaliakoir in Gazipur district to provide a wide range of modern infrastructure and administrative supports to create knowledge-based industries and hi-tech industries and also to attract world class transnational investors . The Park will be established under Public-Private Partnership (PPP) initiative.

### *Software Technology Park*

The government has taken a decision to establish a Software Park to crowd in investment in ICT industries. According to the decision, the proposed Park will be established at Janata Tower under Public Private Partnership initiative.

### *Export of Software*

Currently, more than 100 software and IT service companies in Bangladesh are exporting software and providing their services to 30 different countries.Table-14.8 shows IT software export during the period from FY 2004-05 to FY 2011-12.

**Table-14.8 IT Software Exports**

| FY | Million in US$ | Growth rate |
|---|---|---|
| 2004-05 | 12.68 | |
| 2005-06 | 27.01 | |
| 2006-07 | 26.08 | -3.44 |
| 2007-08 | 24.82 | -4.83 |
| 2008-09 | 32.9 | 24.55 |
| 2009-10 | 33.5 | 1.82 |
| 2010-11 | 35.3 | 5.09 |

**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) services.

## Telecommunication Sector

Six private mobile operators and nine Public Switched Telephone Network operators (PSTN) have been allowed to operate to facilitate the customers with voice services. For narrowing the gap and for the liberalisation of innovative VoIPs technologies, a number of IP Telephony licenses have been issued. A good number of internet service providers, BWA (WiMAX) operators and 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.

With the increasing private investment, Bangladesh has stepped into a new digital era, replacing analogue technology. Two BWA (WiMAX) operators have already started providing their service on commercial basis. IP telephony license (IPTSP) has been opened for ISP operators as an overlay service and already 40 licenses have been issued. 12 Vehicle Tracking Service Licenses have been issued. Request for Proposal (RFP) has been issued to 5 international consultancy firms to run 3G licensing procedures. In 2012, the Regulatory and Licensing Guidelines for renewal of the Cellular Mobile Telecom Operator License has been issued. The approximate value of accumulated revenue from these license renewals will be Tk. 8,000 crore. The total number of mobile phone subscribers up to June 2012 is shown in Table 14:9 below

**Table 14:9 The Total Number of Mobile Phone Subscribers**

| | Operators | Subscriber in Million |
|---|---|---|
| 1 | Grameen Phone Ltd (GP) | 39.29 |
| 2 | Orascom Telecom Bangladesh Limited (Banglalink) | 25.49 |
| 3 | Robi Axiata Limited (Robi) | 19.21 |
| 4 | Airtel Bangladesh Limitede (Airtel) | 6.73 |
| 5 | Pacific Bangladesh Telecome Limited (Citycell) | 1.69 |
| 6 | Teletalk Bangladesh Ltd (Teletalk) | 1.358 |
| | **Total** | **93.768** |

**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 provide the washing and cleaning services at *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 Privatisation Commission, *Biman was converted* into a Public Limited Company (PLC) by retaining 100 percent ownership by the Government. *Biman* now being a PLC is enjoying more autonomy for taking commercial decisions.

### Water Transport

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 repair and maintenance of vessels and pontoons are done at local private dockyards. Dredging works are being carried out by private sector under a project titled, "Introduction of Circular Waterways in and around Dhaka city (2$^{nd}$ phase)." Besides the above dredging programme, BIWTA has taken initiatives for carrying out maintenance of dredgers including hydrographic survey works by the private sector. 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

**Tourism**

Bangladesh Parjatan Corporation has leased out motels *Probal, Upal, Laboni*, at Sylhet, Rest house at *Moulovibazar*, Ruchita restaurant and bar ,Sakura restaurant and bar, Children amusement park ,*Bhatiyari* golf club, Foy's lake with a view to providing improved service to the tourists and to generate more revenue.

**Banking and Insurance**

In the banking sector, as many as 47 private, local and foreign commercial banks are operating in Bangladesh with a network of 3,055 and 63 branches respectively.

At present, 43 general insurance companies and 17 life insurance companies are engaged in insurance business under the private sector. Besides, *Jiban Bima* Corporation and *Sadharan Bima* Corporation are engaged in insurance business under Government sector. Insurance Development and Regulatory Authority regulates the insurance companies as well as collects revenue from annual renewal fees, agent license fees, surveyor certificate renewal fees etc.

In general insurance sector, *Sadharan Bima* Corporation along with other 43 private general insurance companies earned Tk. 1657.42 crore in 2012?. In 2009, the premium income was Tk. 1389.77 crore. The rate of premium income of the general insurance companies grew by 16.15% . The statistics of premium income from general insurance business are show in Table No. 14.10 below:

**Table 14.10 Premium Income from General Insurance**

(Tk.in crore )

| Total Premium | | | | Percentage of Government Sector (%) | Percentage of Private Sector (%) | Growth Rate | | |
|---|---|---|---|---|---|---|---|---|
| Year | Government Sector: Sadharan Bima Corporation | Insurance Companies under Private Sector | Total | | | Government Sector: Sadharan Bima Corporation (%) | Insurance Companies under Private Sector | Total (%) |
| 2001 | 76.00 | 422.90 | 418.92 | 15.23 | 84.77 | 23.09 | 15.97 | 17.01 |
| 2002 | 81.86 | 456.46 | 535.32 | 15.29 | 84.71 | 7.71 | 7.11 | 17.80 |
| 2003 | 76.66 | 517.81 | 594.47 | 12.90 | 87.10 | (-)6.35 | 14.19 | 11.05 |
| 2004 | 77.86 | 601.88 | 679.74 | 11.45 | 88.55 | 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 | 11.70 | 11.70 | 12.37 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 2007 | 126.58 | 941.73 | 1068.31 | 11.85 | 88.15 | 17.48 | 17.31 | 17.73 |
| 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 |
| 2010 | 165.99 | 1491.43 | 1657.42 | 10.01 | 89.99 | 2.80 | 17.33 | 16.15 |
| 2011 | 197.47 | | | | | | | |

Source: Banking division

In life insurance sector, *Jiban Bima* Corporation along with other 17 private life insurance companies earned Tk. 5,846.58 crore (of life insurance premium) in 2010 which was Tk. 4,996.04 crore in 2009. The statistics of premium income from life insurance business are shown in Table No. 14.11 below:

**Chart 14.11 Premium Income from Life insurance**

(Tk. In crore)

| year | Total Premium | | | Percentage of Government sector (%) | Percentage of Private sector (%) | Growth rate | | |
|---|---|---|---|---|---|---|---|---|
| | Jiban Bima corporation under Government sector | Life insurance companies under private sector | Total | | | Government sector : Sadharan Bima Corporation (%) | Insurance companies under private sector | 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 | 26.82 | 19.42 |
| 2004 | 197.00 | 1335.23 | 1532.23 | 12.85 | 87.14 | 29.61 | 26.11 | 26.00 |
| 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 | 34.70 |
| 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 |
| 2010 | 338.81 | 5507.77 | 5846.58 | 5.80 | 94.20 | - 18.13 | 16.56 | 14.55 |
| 2011 | 307.88 | | | | | | | |
| JUNE-2012 | 83.79 | | | | | | | |

**Source:** Banking division

## Education Sector

The Government has been offering extensive support to primary, secondary, vocational, *madrasa* 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, *madrasas* and universities in the private sector.

To meet the rising demand for higher education , the Private University Act 2010 was passed by Parliament allowing establishment of private universities. This has resulted in the establishment of 62 private universities in the country.

## Health Sector

Currently, 44 medical colleges, 12 dental colleges, 2501 hospitals and clinics with more than 42,327 beds and 5721 diagnostic centres in private sector are providing health services. Apart from this, several NGOs are engaged in delivering health services under HNSDP. The scope of public- private partnership in health sector is widening day by day. Under the PPP strategy, the Government has recently taken an initiative to expand kidney dialysis service of two public hospitals, namely National Institute of Kidney Disease and Urology (NIKDU) and Chittagong Medical College (CMC) through private sector. In addition, there are as many as 52 Government approved Institutes of Health Technology to create efficient human resources in the health sector. There are also 41 private blood banks in the country to provide emergency service to the patients.

The pharmaceutical sector of Bangladesh has attained self- sufficiency in the area of manufacturing high quality drugs. The local pharmaceutical manufacturers cater to 97 percent of the country's demand while expanding their business in the global market. Bangladesh exports different drugs of 187 brands to 87 countries of the world. The pharmaceutical market has grown substantially in the last few years. Table 14.2 below shows the trends of pharmaceutical exports over the past decade:

### 14.12 Export of Finished Drug and Raw Materials of Drug

(crore Tk.)

| Year | Finished drug | Raw materials of drug | Country (importer) |
|---|---|---|---|
| 2001 | 31.80 | 1.10 | 17 |
| 2002 | 40.69 | 4.30 | 32 |
| 2003 | 54.55 | 8.73 | 51 |
| 2004 | 140.00 | 13.89 | 62 |
| 2005 | 142.10 | 14.75 | 67 |
| 2006 | 251.99 | 14.34 | 61 |
| 2007 | 234.71 | 13.03 | 67 |

| Year | Finished drug | Raw materials of drug | Country (importer) |
|---|---|---|---|
| 2008 | 313.70 | 14.61 | 71 |
| 2009 | 335.21 | 11.96 | 73 |
| 2010 | 327.43 | 5.12 | 84 |
| 2011 | 421.22 | 4.93 | 87 |

**Source:** Ministry of Health and Family Welfare.