CHAPTER 14

PRIVATE SECTOR DEVELOPMENT

[The contribution of private sector investment is 74.55 percent to the total investment during FY 2013-14. Both public and private investments play a vital role in maintainingsustained growth momentum. In particular, due toinvestment in industry and productive projects itis possible to attainset targets against long term sustainable development. With a view to attracting domestic and international investors, the Government has been continuing its endeavors to formulate investment friendly policy by reformingrules and regulations.In other words,there are ongoing initiatives for overall development of investment environment. In 2013, the Foreign Direct Investment (FDI) inflows stood at US$ 1599.2 million, increased by 23.72 percent from the last year figure.In FY 2012-13, a total of 1,676 projects amounting to Tk.6,66,870 million was registered with the Board of Investment (BOI). The number of project registered was 1,432in FY 2013-14 with a total proposed investment of Tk 6,82,913 million. Import of capital machineriesincreased by 24.46 percent during FY 2013-14, rebounded from negative growth of 8.84 percent of the previous fiscal year. Foreign and joint venture investment project registered with BOI stood at US$2,128.32 million in FY 2013-14. Moreover, the Government has given emphasis in increasing the participation of private sector for the development of infrastructure sector including power and information and communication technology sectors.]

The private sector's contribution to the total investment in Bangladesh economy is remarkable. Of the total 28.69 percent investment in the provisionally estimated GDP of FY 2013-14, the share of private investment has been computed to be 21.39 percent. Currently 74.55 percent of total investment in the national economy is coming from the private sector, which clearly demonstrates the boisterous presence of a strong private sector in the economy. The contribution of the private sector in achieving the success in growth is especially notable.

The desired goal of the Government is to deepen the involvement of private sector in the overall development activities. The realisation of growth targets requires congenial environment in mobilisation of required investment, adequate infrastructure development power and energy security. The public sector has been playing the pivotal role for creating conducive environment for investment by developing/improving infrastructure, energy security and other business environment. Historically, the Government has relied on the Annual Development Programme (ADP) to implement public investment including those in infrastructure sector. The experiences in many countries suggest that Public Private Partnership (PPP) initiative is an effective alternative arrangement for implementing large-scale infrastructure projects. Thus, in addition to existing project implementation mechanism through ADP, a strengthening PPP framework especially for implementing infrastructure and energy projects is the focus for achieving the growth target. Moreover, the Government has initiated privatisation activities more transparent, and has brought reforms in the privatisation guidelines to strengthen the process. Government is resolved to privatise the state-owned entities in a fast and transparent manner, keeping in view the welfare of labourers and employees.

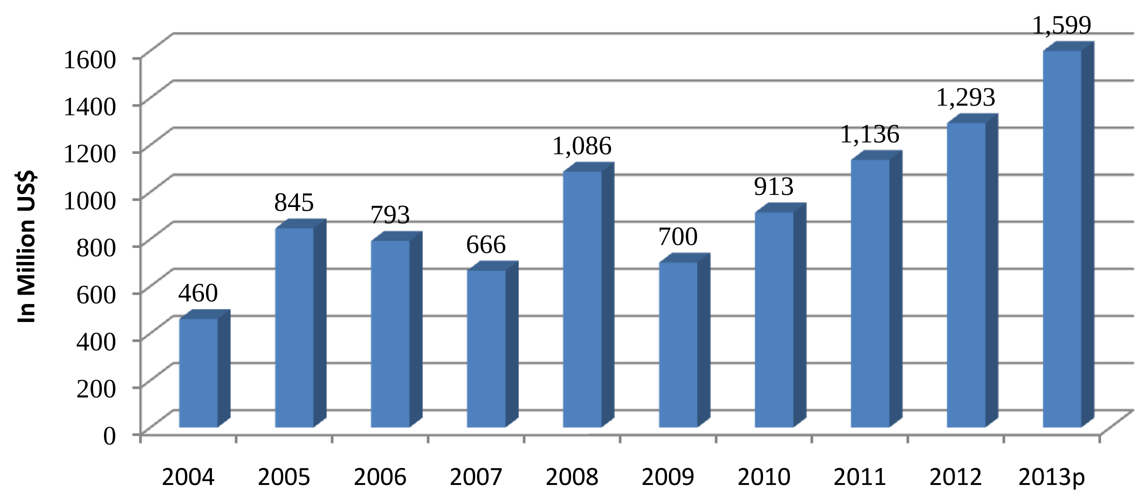
Investment Climate

The 'Doing Business 2014' report published by the World Bank and IFC ranked Bangladesh 130th in terms ofEase of Doing Business: Global Rank among 189 economies (Singapore ranked 1st position). However, Bangladesh was ranked 22th in terms of protecting investors. Besides, the country was also ranked 86th in obtaining loans and74th and 100thin starting a business and paying taxes respectively.

Foreign Direct Investment (FDI)

Information of FDI Inflow is collected and compiled from half-yearly Enterprise Survey of Bangladesh Bank.Figure 14.1 presents the trend in FDI inflows from 2002 to 2013. The FDI inflow recorded US$1,599.2 million in 2013 which was US$1,292.6 million in 2012.

Figure 14.1: Trend in FDI Inflow in Bangladesh



Major components of Foreign Direct Investment (FDI) are presented in the Table 14.1. The table shows that reinvestment is the main component of FDI inflow, followed by equity and intra-company borrowing.

Table 14.1: FDI Inflow to Bangladesh by Components

(In Million US Dollar)

Components	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013^{p}
Equity	155.9	425.6	503.7	401.6	809.25	218.55	519.98	431.85	497.63	541.1
Reinvestment	239.8	247.5	264.7	213.2	245.73	364.94	364.62	489.63	587.53	697.1
Intra-Company Borrowing	64.7	172.2	24.1	51.5	31.33	116.67	28.72	214.90	207.40	361.0
Total	**460.4**	**845.3**	**792.5**	**666.3**	**1086.31**	**700.16**	**913.32**	**1136.38**	**1292.56**	**1599.2**

Source: Enterprise Survey, Bangladesh bank, p=provisional.

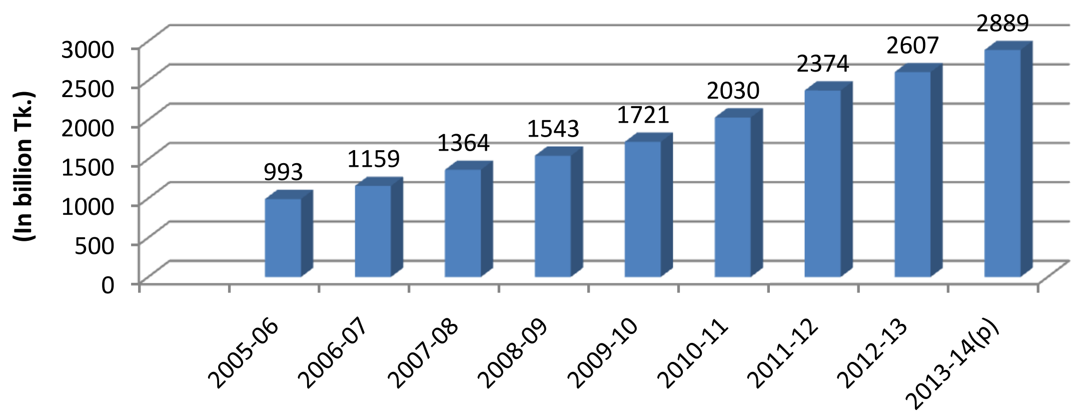
Local Investment

Although there are no systematically recorded statistics to identify the actual status of local investment, however, it can be identified from national account statistics, private sector credit growth and import of capital machineries.

Flow of Private Investment

Figure 14.2 demonstrates the amount of private sector investment during FY2005-06 to FY2013-14 based on national account statistics compiled by the BBS. In FY2005-06, private investment was Tk.933 billion, which was increased by around three-fold to Tk.2,889 billion in FY2013-14 (according to new base year: 2005-06).

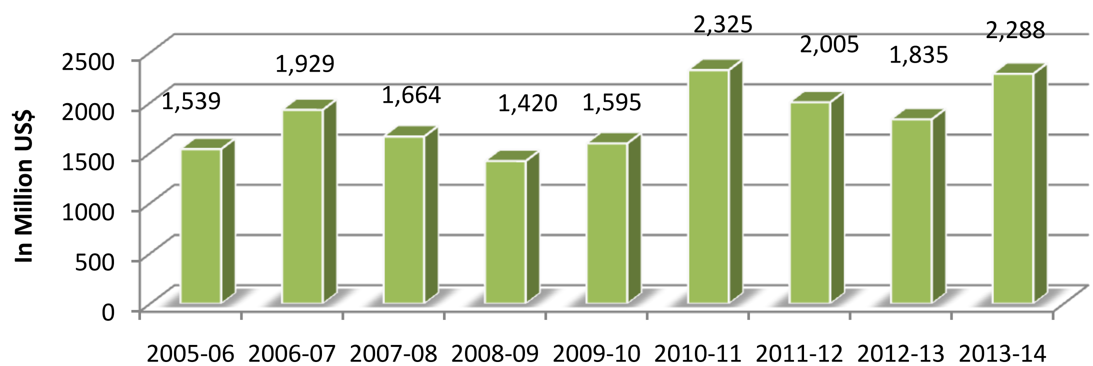
Figure 14.2: Trend in Total Private Investment



Import of Capital Machinery

The trend in imports of capital machineries is considered as an important indicator of industrialisation. During FY2013-14, the total import of capital machinery stood at UD$2,288 million, up by 24.69 percent a year earlier. Figure 14.3 presents the trend in import of capital machinery from FY2005-05 to FY2013-14.

Figure 14.3: Trend in Capital Machinery Import



Source: Bangladesh Bank. P=Provisional

Investment Registration (Local and Foreign)

Both local investment projects and foreign joined venture projects are registered with theBoard of Investment (BOI). In FY2012-13, total of 1,676 projects amounting Tk.6,66,870 million was registered with the BOI which dropped to 1,432 projects in FY 2013-14 with a total proposed investment, however increased to Tk.6,82,911 million. Annual statistics on the projects registered with BOI since FY 2001-02 has been presented in Table 14.2.

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	-
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
2009-10	1470	274137	160	62608	1630	336743	(+) 5
2010-11	1746	553690	196	365243	1942	918933	(+) 173
2011-12	1735	534769	221	344168	1956	878937	(-)10
2012-13	1457	446148	219	220721	1676	666870	(-)24
2013-14	1308	497593	124	185318	1432	682911	(+) 2.4

Source: Monthly Report (2013-14), Policy & Planning, Board of Investment

N.B: This amount was registered unit and in addition of local and foreign investment in the existing projects.

Local Investment Registration

During FY 2006-07, projects registered with the BOI was worth Tk. 1,96,581 million which raised to Tk.4,97,593 million in FY 2013-14. Table14.3presents the sector wise distribution of local investment projects registered with BOI during the period from FY 2006-07 to FY 2013-14.

Table14.3: Sector wise Distribution of Local Investment Projects

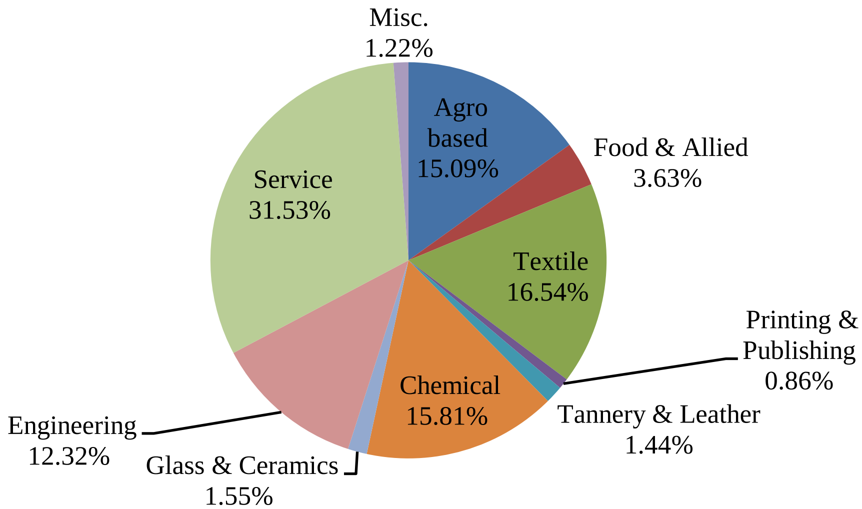
(In million Taka)

Sector's Name	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1. Agro based	8162	9511	8223	23251	52007	61195	54654	75105
2. Food & Allied	4266	4371	4028	21574	17440	10822	8838	18083
3. Textile	135848	108092	79451	89662	154037	105576	172804	82297
4. Printing & Publishing	5787	3668	1801	2739	2556	4151	5157	4301
5. Tannery & Leather	738	203	330	2188	2018	1386	2908	7162
6. Chemical	15234	22365	30556	77463	65092	95491	75049	78685
7. Glass & Ceramics	969	1720	4055	730	2076	2399	1853	7736
8. Engineering	9596	18569	27616	29352	35862	49581	31902	61294
9. Service	15342	23568	14649	26225	222317	155061	87268	156883
10. Misc.	640	1464	465	953	285	49105	5716	6048
Total	**196581**	**193530**	**171175**	**274137**	**553690**	**534769**	**446149**	**497593**

Source: Source: Monthly Report (2013-14), Policy & Planning, Board of Investment (BOI)

Figure 14.4presents information on local investment projects registered with the BOI during FY 2013-14. It is observed thatduring FY 2013-14, the service sector is at the top of the list with 31.53 percent investment, followed by textile (16.54%),Chemicals (15.81%) and Agro-based (15.09%).

Figure 14.4: Sector-wise Local Investment Projects Registered with BOI during FY 2013-14



Source: Monthly Report (2013-14), Policy & Planning, Board of Investment (BOI)

Foreign and Joint Venture Investment Registration

Foreign and joint venture projects registered with the BOI have proposed an investment of US$ 2,128.32million in FY 2013-14.The projects are mostly in the areas of service, textile and agriculture sector. Table14.4 presents the sector wise distribution of foreign and joint venture investment projects.

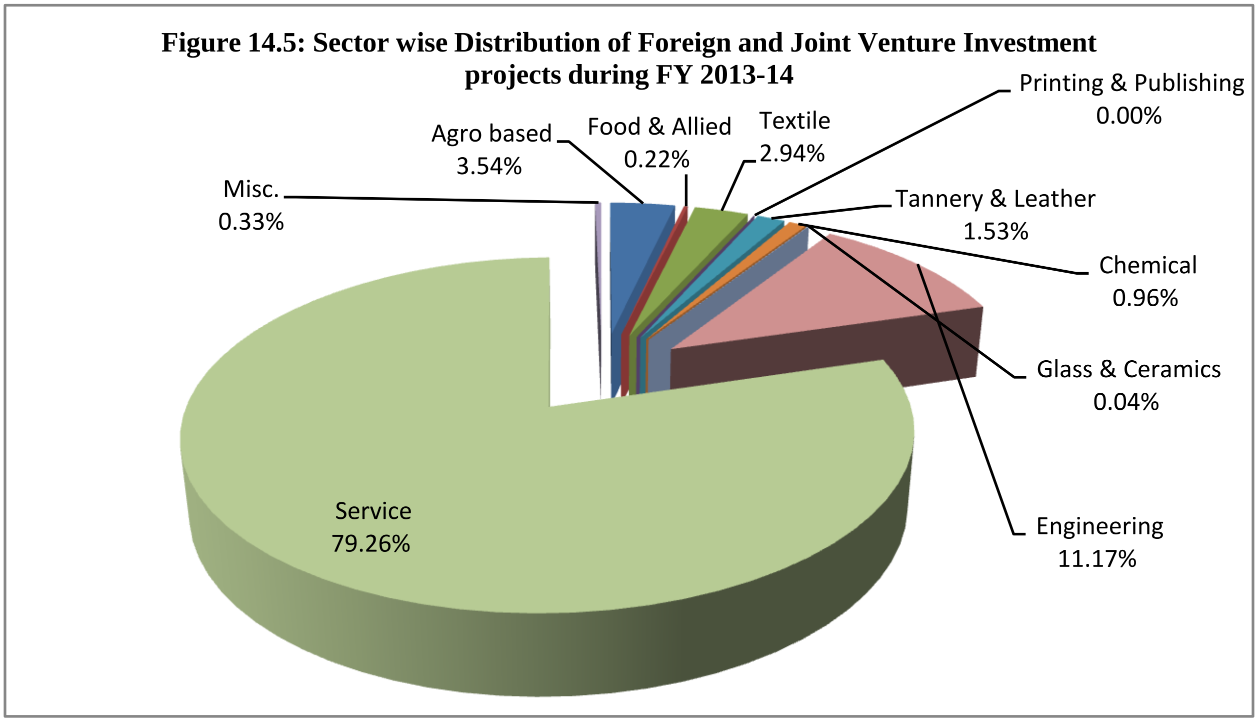
Table 14.4: Foreign and Joint Venture Investment Registration Projects

(In Million US Dollar)

Sector Name	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1. Agro based	36.4	35.5	22.6	22.2	122.5	96.9	94.4	75.2
2. Food & Allied	3.0	1.9	2.0	0.1	12.8	98.9	13.1	4.7
3. Textile	181.0	274.9	36.4	72.5	160.1	249.5	54.6	62.7
4. Printing & Publishing	4.4	0.0	0.0	2.7	0.0	0.8	0.0	0.0
5. Tannery & Leather	8.4	0.4	2.2	13.7	6.0	17.5	57.3	32.6
6. Chemical	44.6	57.4	5.6	61.7	69.5	165.3	29.7	20.5
7. Glass & Ceramics	0.0	0.2	17.7	0.0	26.4	60.4	1.7	0.8
8. Engineering	25.9	77.6	121.4	17.4	1285.9	3520.1	20.8	237.7
9. Service	1156.4	176.5	1863.8	651.2	3431.5	88.7	2482.0	1687.0
10. Misc.	0.6	0.0	0.0	0.1	0.7	13.4	46.6	7.1
Total	**1460.7**	**624.4**	**2071.7**	**841.6**	**5115.6**	**4311.5**	**2800.1**	**2128.3**

Source: IM, Board of Investment,

Figure 14.5 shows the sector-wise distribution of foreign and joint venture projects during FY 2013-14.



Form the Figure14.5, it is observed that the service sector comprises the major share of registration (79.26%) percent. Other important sectors are engineering (11.17%), agro-industry (3.54%) and textile industry (2.94%).

Country wise Joint Venture and Foreign Investment

The sources of foreign and joint venture projects registered in FY 2013-14 were 24 countries/economies from different regions of the world. Proposed amount of investment in South-East Asia is the highest, followed by South, East and West Asia, European Union, North America and CIS region. The source-wise distribution of the BOI-registered new projects from FY 2006-07 to FY 2013-14 (52 countries) is presented in Table 14.5.

Table 14.5: Sources of the foreign and joint venture projects

(In Million US Dollar)

Country		2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1.	KSA	0.00	0.00	1732.58	471.82	7.09	0.00	0.00	0.00
2.	USA	17.89	39.55	15.35	143.63	846.71	16.42	110.49	85.01
3.	Thailand	4.00	0.00	54.91	3.04	97.52	1182.72	81.48	25.75
4.	India	31.06	24.29	58.85	15.52	68.02	197.10	2120.65	169.62
5.	South Korea	50.14	9.68	23.87	32.48	3277.74	2354.47	11.36	7.96
6.	Malaysia	2.16	1.47	1.29	5.48	137.12	12.42	7.26	2.36
7.	The Netherlands	22.65	23.25	1085.46	9.06	113.35	67.98	3.62	0.85
8.	China	8.77	22.17	19.03	27.18	73.09	49.28	164.73	1683.32
9.	UK	83.13	195.82	6.88	4.39	8.88	5.79	60.68	0.00
10.	Pakistan	2.93	66.75	4.58	1.24	19.60	4.17	0.92	0.65
11.	Japan	10.05	12.07	7.17	6.81	14.99	80.61	35.42	16.78
12.	Denmark	6.70	0.46	4.29	1.20	0.69	3.91	3.96	1.06
13.	Sri Lanka	0.00	5.21	2.21	1.12	1.05	98.49	89.93	0.19
14.	Canada	0.67	7.96	1.18	1.20	1.85	3.15	4.24	1.28

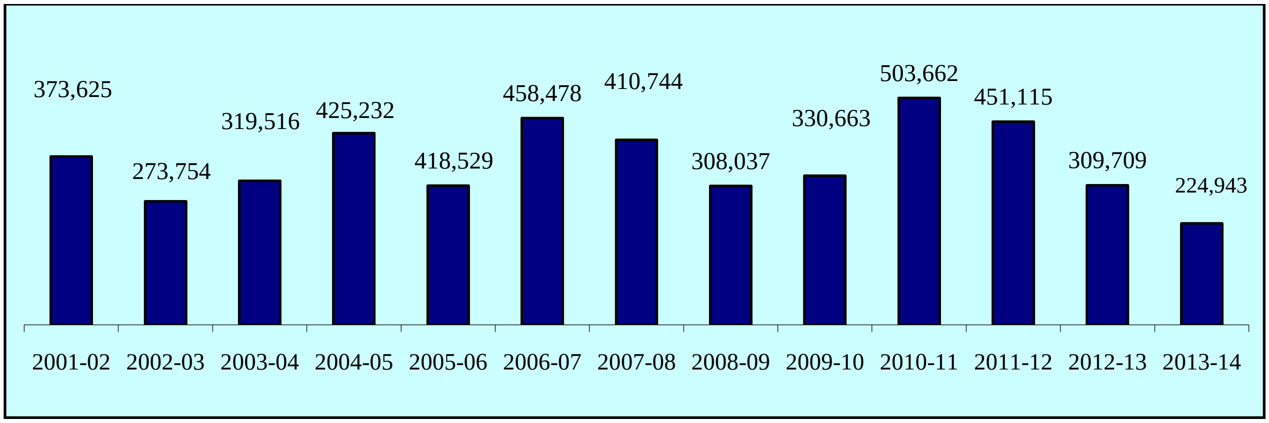
	Country	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
15.	Taiwan	14.13	0.15	2.84	10.96	21.64	7.21	1.50	3.68
16.	Singapore	45.49	33.45	1.02	4.64	133.11	78.34	16.30	29.33
17.	Turkey	0.00	1.10	0.61	0.40	2.61	4.74	4.47	0.00
18.	Italy	8.80	1.53	0.17	4.07	30.90	2.98	0.84	2.39
19.	Hong Kong	28.82	9.29	5.70	61.81	45.11	16.41	23.67	3.65
20.	Africa	0.00	0.00	0.00	0.00	1.42	0.00	0.00	0.00
21.	Armenia & Russia	0.00	79.95	0.83	0.00	3.57	0.00	0.00	0.00
22.	Bermuda	0.00	0.00	0.00	0.00	0.49	33.88	0.00	0.00
23.	France	1.40	1.46	2.25	0.00	1.12	10.10	2.33	0.81
24.	Indonesia	0.00	27.50	17.13	0.00	1.94	0.00	0.00	0.00
25.	Lebanon	0.00	0.00	0.00	0.00	25.09	0.00	46.43	0.00
26.	Mauritius	0.00	0.00	0.00	0.00	1.35	0.00	0.00	5.13
27.	Philippines	0.49	0.00	0.00	20.29	6.74	0.00	0.00	0.00
28.	Sweden	0.70	0.13	0.89	3.07	101.70	1.55	0.09	0.00
29.	Switzerland	4.20	1.61	0.00	0.00	0.70	11.53	1.78	0.59
30.	Finland	3.71	0.00	1.13	2.98	1.42	0.62	0.00	0.00
31.	UAE	1096.10	47.69	17.70	0.00	9.13	2.31	1.04	52.16
32.	British Virgin Island	4.36	0.00	0.00	3.19	0.89	6.08	0.00	0.00
33.	Germany	8.33	8.31	72.44	2.15	83.88	26.74	0.31	2.27
34.	Australia	0.00	0.00	0.70	3.68	0.10	0.13	0.00	6.18
35.	Greece	0.71	0.00	0.41	0.16	0.26	0.00	0.00	0.00
36.	Portugal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
37.	Spain	2.09	1.06	0.18	0.00	0.00	0.76	0.98	0.03
38.	Poland	0.00	2.19	0.00	0.00	0.00	0.00	0.00	0.00
39.	Belgium	0.00	0.00	0.00	0.00	0.00	1.26	0.00	0.00
40.	Egypt	0.00	0.00	0.00	0.00	0.00	0.00	1.15	0.00
41.	Hungary	0.00	0.00	0.00	0.00	0.00	0.00	1.22	0.00
42.	Norway	0.00	0.00	0.00	0.00	0.22	23.60	0.12	0.00
43.	Vietnam	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
44.	Jordan	0.39	0.00	0.00	0.00	0.00	0.68	0.00	0.00
45.	Kuwait	0.13	0.00	0.00	0.00	0.00	1.04	0.00	0.00
46.	Austria	0.71	0.27	0.00	0.00	0.00	0.00	0.00	0.00
47.	Malta	0.00	0.00	0.00	0.00	0.00	3.16	0.00	0.00
48.	USE	0.00	0.00	0.00	0.00	1.50	1.89	0.00	0.00
49.	Guyana	0.00	0.00	0.00	0.00	0.00	0.00	1.17	0.00
50.	Libya	0.00	0.00	0.00	0.00	0.00	0.00	1.17	0.00
51.	Sebia	0.00	0.00	0.00	0.00	0.00	0.00	0.20	0.00
52.	Yemen	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27.29
	Total	**1460.72**	**624.36**	**2071.68**	**841.55**	**5115.58**	**4311.51**	**2800.11**	**2128.32**

Source: IM, Board of Investment

Employment Opportunities

One of the major objectives of theSixth Five-Year Plan and Perspective Plan is tocreate ample opportunities of employment through industrialisation. With this view, the investment in industry sector is encouraged. As a result, the investment in the industrial sector generates large number of managerial, technical, supervisory and skilled-unskilled job opportunities. In the FY 2013-14 a total of 2,24,943 job opportunities were created/committed in the BOI-registered projects.Figure 14.6shows employment opportunities by the BOI-Registered Projects.

Figure 14.6: Employment Opportunities by the BOI-Registered Projects (Person) FY 2001-02 to FY 2013-14



Source: Monthly Report (2013-14), Policy & Planning, Board of Investment

Small and Medium Enterprise (SME)

One of the potential and dominating sectors in private enterprises is the Small and Medium Enterprises (SMEs) that helps solve unemployment problemthrough the creation of new innovative employment opportunities. Considering this fact, the SMEs sector contributessubstantially in economic development by expanding business activities and in foreign currency earnings,Bangladesh Bank is continuing its effort to channelingloans to SMEs. The SMEs sector eventually helpsimprove the life style of marginal income group, empowerwomen and thereby reduce disparity between men and women.With a view to further development of the sector, the refinancing facilities of Bangladesh Bank is being continued. Currently, Bangladesh Bank Fund, IDA (EGBMP) Fund and ADB-1 Fund, ADB-2 Fund, JICA fund, Women Entrepreneur Fund and New Entrepreneurs Fund in Cottage, Micro and Small Sector are used to refinanceto SMEs is performed.

Although there are several obstacles, Bangladesh Bank monitors and supervises the role ofall Banks and NBFIs in financing and development of SMEs.During FY2013-14, banks and NBFIs have disbursed altogether an amount of Tk.90,605.15 crore against 5,78,018 SMEs which scored a 14.19 percent growth as compared to that of FY2012-13. On the other hand, Tk.3,643.11 crore have been disbursed against 28,983 women led SMEs during FY2013-14 and the disbursement increased by 47.35 percent than that of FY 2012-13.A detailed description on SMEs is given in chapter 8.

Investment Scenario of Bangladesh Export Promotion Zone (BEPZ)

In view of the growing need of attracting FDI, local investment and industrialisation, Export Processing Zones (EPZs) have been set up in the different parts of the country. Accordingly the Bangladesh Export Processing Zones Authority Act was passed in the Parliament. BEPZA is engaged in attracting and facilitating foreign and local investment in the countryand contributing enormously towards socio-economic development and poverty alleviation.As on June, 2014, 428 industries are in operation in the EPZs under BEPZA. Among them 170 industrial units in

Chittagong EPZ, 102 industrial units in Dhaka EPZ, 39 industrial units in Adamjee EPZ, 32 industrial units in Comilla EPZ, 41 industrial units in Karnaphuli EPZ, 12 industrial units in Uttara EPZ, 15 industrial units in Ishwardi EPZ and 17 industrial units in Mongla EPZ. Apart from that 126 industrial units are at different stages of implementation.

The total amount of actual investment in BEPZA in FY 2013-14 stands at US$402.58 million as on June, 2014, which is 22.54 percent higher than the actual investment made (US$328.53 million) in previous fiscal year. BEPZA offers many fiscal and non-fiscal incentives for the investors in the EPZs such as duration and rate of tax exemption, duty free import of raw materials, duty free export of finished goods, relief from double taxation etc. A detailed description on EPZ activities is given in chapter 8.

Privatisation of State-Owned Enterprise

Privatisation Commission is dedicated to strengthening the role of the private sector in the national economy through increasing productivity and efficiency in the industrial sector, investing resources in social- welfare programmes/activities and increasing competition with a view to increasing employment opportunities. Since the inception of the Privatisation Board in 1993 and later on its reconstitution as Privatisation Commission in 2002, 77 state-owned enterprises were transferred /sold to the private sector till June, 2014, out of which 56 state-owned enterprises were privatized through outright sale and 21 enterprises were transferred through offloading of shares. Out of 77 privatised enterprises 44(59%) institutions have been running profitably, 16(21%) institutions are on the process of launching by overcoming various limitations and 15(20%) companies are completely closed. At present 19 state-owned industrial and commercial enterprises are in the privatisation process.

The commission adopted a new plan for the use of additional land of the state-owned enterprises. According to the plan, 1,288 acres of surplus land of 29 SOEs can be transferred through a long-term lease. At least 257 new institutions can be established in this land. At least Tk. 5000 crore may be invested and about 50,000 people may be employed.

Private Sector Development Activities of Some Selected Sectors

Power Sector

Infrastructure development, particularly electricity is a prerequisite for industrialisation. In order to fulfill the Vision 2021, the Government has planned to generate additional 24,000 MWelectricitywithin 2021 under short, medium and long term planning and committed to make electricity available to all during this period. In FY 2013-14, total deratedcapacities was 9,821 MW including 5,230 MW in public sector and 4,091 MW in private sector. The net energy 42,195 MkWh was generated in total from public and private sector power plant during FY 2013-14 out of which 47 percent power generated by public sector power plants.

According to the Power System Master Plan (PSMP-2010) study, the maximum demand in 2015, 2021 and 2030 would be about 10,000, 19,000 and 34,000 MW respectively. To meet the demand with reasonable reliability, generation capacity will be increased to 24,000 MW and 39,000 MW by the year 2021 and 2030 respectively.To materialise this different generation, distribution and transmission lines expansion projects are being implemented. About 17,155 MW new generation will be added to the national grid from 2014 to 2021. Up to June 2014, about 154.07 lakh consumers are connected with the grid through construction of 3,17,928 kilometer distribution lines.

Information and Communication Technology (ICT) Sector

The Government of Bangladesh has envisioned building Digital Bangladesh which aims to develop the status of the country to a middle-income country by 2021 through the use of ICT. Accordingly, numerous initiatives have been taken by the Government to adopt and apply ICT's in the socio-economic sectors. The aim of the National Policy of ICT is to make the country an ICT developed society in collaboration with all other sectors. Following this national ICT policy several important initiatives have been taken to attract private sector. Union information and service centers have been introduced at Union level. Rural people are being provided information of Government and non-government sources through these information centers.

Telecommunication Sector

In order to meet the huge demand for telephones, Fixed Telephone (PSTN) Service licenses besides state owned sector except Dhaka Multi Exchange Area have been issued to the private sectors in order to render services in a competitive environment. This has created opportunity for the local, foreign and non-resident Bangladeshi investors to invest in this sector. Already many investors have started investing. The telecom sector has created job opportunities for many people after awarding fixed phone licenses in the private. In 2004, the number of mobile phone subscriber in the country was only 4 million and by June 2014 it crossed 11.66 crore. More than 1 million direct and indirect job opportunities have been originated in this sector. As a result, directly or indirectly, huge amount of revenue is earned in form of tax, VAT etc. which significantly increases the revenue earning of the Government. Due to the expansion in private sector, competitive environment has developed among the mobile telecom operators in providing service. Besides, tariff of the fixed and mobile phone service has been decreased by 15 percent to 85 percent. As a consequence, people can talk tohome and abroad at a very affordable price. Mobile network has also been constructed in three hill-track district headquarters. The trend of increase in the number of mobile phone subscribers is shown in Table 14.6.

Table 14.6: The Total Number of Mobile Phone Subscribers (Up to June 2014)

SL.	Operators	Subscribers (In million)
1	Grameen Phone Ltd (GP)	49.2
2	Banglalink Digital Communications Limited	29.7
3	RobiAxiata Limited (Robi)	24.1
4	Airtel Bangladesh Limited (Airtel)	8.6
5	Pacific Bangladesh Telecome Limited (Citycell)	1.4
6	Teletalk Bangladesh Ltd (Teletalk)	3.6
	Total	116.6

Source: Ministry of Post &Telecommunication and Information Technology

Transport Sector

Air Transport

The Civil Aviation Authority has intended toprivatise the non-regulatory operations of the airport according the privatisation policy. Some of the initiatives are:appointment of local private enterprise to provide cleaning services at *Shah Amanot* International Airport, local and foreign institutions to manage other operations of the airport. Moreover,appointment of a private organisation to conduct cargo handling and other non-aeronautical functions of HazratShahjalal International Airport is under consideration. *Biman Bangladesh* Airlines has been converted into a public limited company retaining 100 percent ownership by the Government. Air Operator Certificate (AOC) has been issued in favour of Regent Airways to operate flight in international routes and AOC has also been issued in favour of Novo-Air to operate locally and internationally.Civil Aviation Authority provides, maintains and operates Aerodromes, Air Traffic, Air Navigation and Tele communication services and facilities and other ground services and facilities to ensure the safe and expeditious passage of aircraft operating to, from and within the territorial air space of the country. The Government has successfully overcome the significant safety concern imposed by the International Civil Aviation Organization (ICAO). So, Bangladeshi new airlines will be able to operate their flight in any destination outside the country.

Inland Water Transport (IWT)

Transportation in the private sector is mostly done in inland waterways. About 95 percent of the total IWT passengers and cargos are transported through the private operators. Alongside, most of the wayside *ghats* or landing stations under 22 river ports are operated and managed by private leasee. Moreover, private dockyards are involved in construction and repair of pontoons, different types of vessels, dredgers and ancillary equipment. The construction of different types of physical infrastructure are also being done by private contractors as well. The BIWTA is carrying out dredging by private companies under establishment of circular river route around Dhaka as per the private investment rules attracted by the Government. In addition, apart from dredging, Hydrolic survey is also being done by private companies. An inland terminal, the first of its kind in Bangladesh, at *Pangaon*, at the outsides of Dhaka, with a capacity of about 1 lakh 60 thousand and TEUs is nearing its completion. It will be fully operated by private entrepreneurs. Moreover, river ports at *Noapara*, *Bhairab-Ashuganj* and *Barguna* the operational activities of these ports would be transferred to the private sectors for operation after their completion. The above measures will energise the private sector and would encourage entrepreneurs to invest heavily in the IWT sector. This will also enable participation of private sectors in the area of dredging including the infrastructural development of IWT to a great extent.

Tourism Sector

The Government is encouraging private sector in promoting tourism in Bangladesh, building up positive image of the country abroad, elevating tourism infrastructure, providing services to the tourists and flourishing tourist resources that exist in Bangladesh, creating employment opportunity in different sector of this industry which is helpful to alleviate poverty.Five projects have been identified for implementation through Public Private Partnership (PPP) basis**:**

1. Development of Tourism Resort and Entertainment Village at Parjatan Holiday Complex at Cox's Bazar;
2. Establishment of International Standard Tourism Complex at Existing Motel Upal Compound of BPC at Cox's Bazar;
3. Establishment of Exclusive Tourist Zone at Sabrang, Cox's Bazar;
4. Establishment of a 5-Star Hotel & Others Facilities at existing Motel Sylhet Compound of BPC at Sylhet;
5. Construction of Watch Tower at Kuakata

Education Sector

The Government has extended its hand in the development of primary, secondary, technical, vocational, madrasa and higher education and development of quality of education. Private sector is working side by side of the Government in this regard. Government is encouraging private sector to be involved in education sector in order to lessen the pressure on revenue budget and dependency on foreign countries. As a result, several numbers of schools, colleges and universities have been established under private initiatives. All over the country, there are 1,351 MPO institutes, among which 901 secondary schools, 289 madrasas, 161 colleges. To meet incremental demand in higher education, the Government is extending facilities of public universities and encouraging establishment of universities under private initiatives. Moreover, for the sake of better management of these institutes 'Private University Act, 2010 has been promulgated. Till now 79 private universities have been established in the country.

Health Sector

The involvement of private sector in health sector programmes is increasing day by day. The Government has taken different initiatives including financial support to encourage health service in the private sector. During the last 4 years, 123 new private institutions have been given approval to provide health education to the people. These include 21 medical colleges, 3 dental colleges, 33 institutes of health technology, and 66 medical assistants' training schools. Currently there are 8,367 registered hospitals, clinics and diagnostic centres in the private sector, of which 2,983 are private hospitals and clinics, and 5,384 are private diagnostic centres. NGO's role in health service delivery is also important. Under the HPNSDP, several NGO's are engaged to implement the programme. Under the Public Private Partnership (PPP) strategy, the Government has taken initiative to expand kidney dialysis service to two public hospitals, i.e. National Institute of Kidney Disease and Urology (NIKDU) and Chittagong Medical College (CMC) by engaging private sector. Private sector, there are 68 Medical colleges (with 4,800 seats), 13 Dental Collages (with 1,065 seats), 10 post graduate institutions, 52 Nursing Institute, 18 Nursing Collages, 83 Institute of Health Technology and 103 Medical Assistant Training Schools.

Bangladesh, in spite of being a least developed country of Asia, has achieved commendable success in the pharmaceutical sector. More than 97 percent of total domestic requirement is fulfilled by the local production. Currently, 273pharmaceuticals manufacturing units produce 24,000 branded medicines which cost about 12,565 crores taka annually raw materials of worth Tk. 12,565 crores. Due to advancement of following Good Manufacturing Practice (GMP) by the pharmaceutical manufacturing units and locally produced drugs are of International Standards, 187 brands of Medicine and Raw Materials are being exported to 87 countries including UK and USA. Again, a sizeable quantity of *Unani*, *Ayurvedic* and *Homoeopathic* medicines are also being produced in the country with significant contribution to the healthcare sector of the country. The GMP in pharmaceutical industries helps produce medicine of international standard.

Insurance Sector

The Government has taken a wide range of policies and strategies to encourage insurance companies along with expanding insurance industries.As a result, there are 45 General life insurance and 30 Life insurance companies operating insurance business under private sector in Bangladesh. Besides, *JibonBima* Corporation and *SadharanBima* Corporation are operating under the Government. Insurance Development and Regulatory Authority (IDRA) regulates the insurance companies and collects revenue from all insurance companies against different fees, surveyor certificate and fines imposed for violation of Insurance Act and Rules etc.However, net premium income of General Insurance in private sector was Tk. 2,394 crorein 2012 which slid down to Tk.1,903crore in 2013.The statistics of premium income from general insurance business are shown in Table 14.7.

Table 14.7: Premium Income from General Insurance

(In Crore Taka)

Year	Premium			Share (Government)	Share (Private)	Growth		
	Government	Private	Total			Government (%)	Private (%)	Total (%)
2002	142.30	450.70	593.00	24.00	76.00	7.10	9.90	9.20
2003	139.60	511.20	650.80	21.50	78.50	-1.90	13.40	9.70
2004	139.00	600.40	739.40	18.80	81.20	-0.40	17.40	13.60
2005	157.80	709.50	867.30	18.20	81.80	13.50	18.20	17.30
2006	186.00	797.60	983.60	18.90	81.10	17.90	12.40	13.40
2007	224.90	941.70	1166.60	19.30	80.70	20.90	18.10	18.60
2008	253.50	1116.40	1369.90	18.50	81.50	12.70	18.60	17.40
2009	285.20	1228.40	1513.60	18.80	81.20	12.50	10.00	10.50
2010	294.30	1488.40	1782.70	16.50	83.50	3.20	21.20	17.80
2011	346.50	1727.40	2073.90	16.70	83.30	17.70	16.10	16.30
2012	386.50	2394.10	2780.60	13.90	86.10	11.50	38.60	34.10
2013	367.90	1903.20	2271.10	16.20	83.80	-4.80	-20.50	-18.30

Source: IDRA

From the very inception of *JibanBima* Corporation it has been playing a significant role in collecting internal capital and creating mass awareness about the benefit of insurance. At the end of 2012*JibanBima* Corporation and 30 *JibonBima* Companies in private sector earned premium of Tk. 6587.00 crore, while this earning stood at Tk. 6428.00 crore in 2013. Statistics of premium earnings of life insurance under both private and government sector are presented in Table 14.8.

Table 14.8: Premium income from Life Insurance

(In Crore Taka)

	Total Premium			Share (Government)	Share (Private)	Growth Rate		
	Government	Private	Total			Government (%)	Private (%)	Total (%)
2002	179.20	827.40	1006.60	17.80	82.20	-8.80	28.60	19.80
2003	193.90	1059.00	1252.90	15.50	84.50	8.20	28.00	24.50
2004	177.80	1335.90	1513.70	11.70	88.30	-8.30	26.10	20.80
2005	203.70	1841.00	2044.70	10.00	90.00	14.60	37.80	35.10
2006	223.40	2459.50	2682.90	8.30	91.70	9.70	33.60	31.20
2007	265.00	2916.50	3181.50	8.30	91.70	18.60	18.60	18.60
2008	307.80	3597.50	3905.30	7.90	92.10	16.20	23.30	22.80
2009	334.70	4595.80	4930.50	6.80	93.20	8.70	27.70	26.30
2010	346.00	5508.90	5854.90	5.90	94.10	3.40	19.90	18.70
2011	307.90	5973.50	6281.40	4.90	95.10	-11.00	8.40	7.30
2012	343.20	6243.90	6587.10	5.20	94.80	11.50	4.50	4.90
2013	326.00	6102.00	6428.00	5.10	94.90	-5.00	-2.30	-2.40

Source:IDRA