

## CHAPTER 14

### PRIVATE SECTOR DEVELOPMENT

*[Private sector is a very important portion for the economic development of Bangladesh through the direct contribution in consumption, investment and net export income. Investment, especially in the industrial and productive sector facilitates the country to achieve long-term sustainable development goals. The Government has been working to develop the overall investment circumstances by introducing investment-friendly policy; and reforming rules and regulation in order to attract local and foreign investors. Presently, many development and technical projects are being implemented through private sectors. Moreover, Government has accepted the strategy of implementing the infrastructure development projects on the basis of Public-Private Partnership (PPP). In FY 2014-15, a total of 1,429 private projects were registered in Bangladesh Board of Investment (BOI) with recommended amount of Tk. 9,93,349.00 million, which stood at Tk. 11,01,614.00 million in FY 2015-16 for 1,662 projects. In 2015, a total amount of US\$ 2,235 million flowed as Foreign Direct Investment (FDI) in the country which was US\$1,527 million in 2014. In FY 2015-16; total of 52,193 million kilowatt-hours of electricity was produced out of which 53 percent had been generated through private sectors. According to the electoral manifesto, the Government undertakes the schemes for the development of information and communication technology. For this reason, the Government provides proper support both in the public and private sector in this regard. The use and application of information and communication technologies as well as e-governance, e-commerce are introduced to increase digital literacy at all levels of the society. It would be helpful to form a knowledge-based industry and also to create a comprehensive employment generation for the youths which ultimately will transform Bangladesh into a modern and developed country.]*

Private sector has been playing a significant role in the economic development of Bangladesh. In FY2015-16, the total investment of GDP was 29.38 percent out of which 21.78 percent from private sector. One of the main goals of the Government is to widen the involvement of private sector in all fields of development activities. In order to attract the attention of the private sector investment both in local and foreign, the Government has implemented a comprehensive reform programmes by forming Privatisation Commission and the Board of Investment. Currently, the Government has unified both the Privatisation Commission and the Board of Investment to a single organization called 'Bangladesh Investment Development Authority'. The new organisation would be effective from 01 September, 2016. Moreover, different investment-friendly rules and regulations have been promulgated by the Government to ensure congenial environment for private investment. In addition, many special facilities such as tax holiday, tax exemption and one stop services have been initiated by the Government for the private investors. Generally, the Government is dependent on the Annual Development Programme (ADP) to execute the public investment including the infrastructure sectors. At present, along with the ADP mechanism, Government has undertaken PPP policy

to implement the large scale infrastructure and energy projects which greatly contributes to carry out the Government's target in development sectors.

### **Investment Climate**

The Doing Business 2016 report published by the World Bank and IFC ranked Bangladesh 174<sup>th</sup> in the Ease of Doing Business: Global Rank among 189 economies. However, Bangladesh was ranked 88<sup>th</sup> in terms of protecting investors. Furthermore, the country was also ranked 133<sup>rd</sup> in getting credit and 117<sup>th</sup> and 86<sup>th</sup> in starting a business and paying taxes respectively.

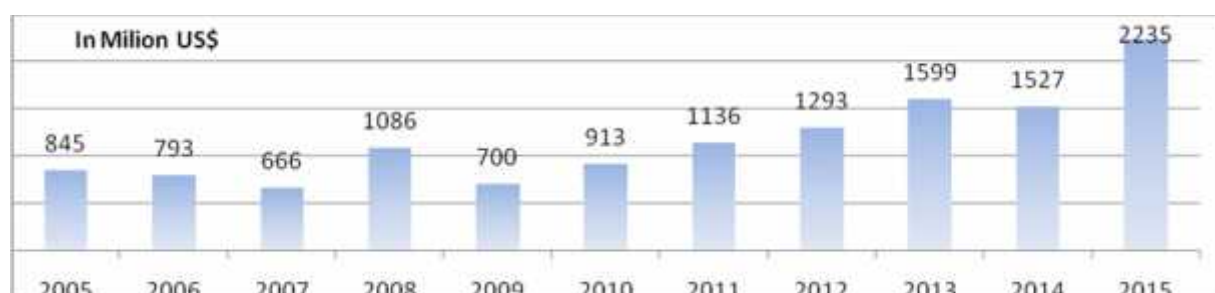
### **Sovereign Credit Rating**

Two international credit rating organisations, Standard and Poor's (S&P) and Moody's included Bangladesh for the first time to their sovereign credit rating in 2010. S&P and Moody's have evaluated Bangladesh ratings list at BB- and Ba3, respectively. According to the rating, Bangladesh has achieved equivalent status of Philippines, Indonesia and Vietnam on the terms of repayment. In South Asia, though the position of Bangladesh is lower than India, it is higher than Pakistan and Sri Lanka. The two organisations have reevaluated the ratings every year. Bangladesh has been achieved stable rating by Moody's and S&P for the sixth consecutive time. Another credit rating institution Fitch Rating has provided BB- rating for the first time which is the reflection of stable economic growth and strong position in the export sector. Such a rating will reduce the cost of imports. In addition, it will increase the amount of foreign investment in the country.

### **Foreign Direct Investment (FDI)**

The half-yearly Enterprise Survey of Bangladesh Bank has provided the information on FDI inflow in Bangladesh. Figure 14.1 shows the trend in FDI inflows from 2005 to 2015. The FDI inflow recorded US\$2,235 million in 2015 which was US\$1,527 million in 2014.

**Figure 14.1: Trend in FDI Inflow in Bangladesh (In million US\$)**



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**

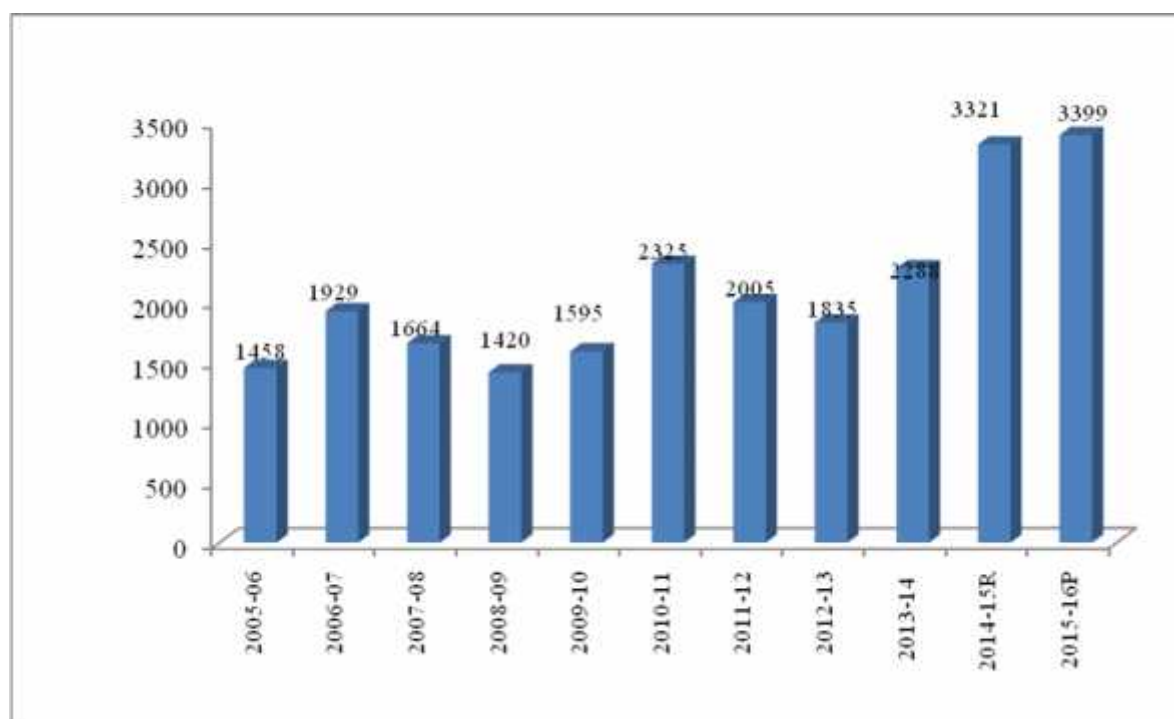
(In Million US Dollar)

Components	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Equity	425.6	503.7	401.6	809.25	218.55	519.98	431.85	497.63	541.1	280.31	696.67
Reinvestment	247.5	264.7	213.2	245.73	364.94	364.62	489.63	587.53	697.1	988.79	1144.74
Intra-Company Borrowing	172.2	24.1	51.5	31.33	116.67	28.72	214.90	207.40	361.0	257.60	393.98
<b>Total</b>	<b>845.3</b>	<b>792.5</b>	<b>666.3</b>	<b>1086.31</b>	<b>700.16</b>	<b>913.32</b>	<b>1136.38</b>	<b>1292.56</b>	<b>1599.2</b>	<b>1526.70</b>	<b>2235.39</b>

Source: Enterprise Survey, Bangladesh bank,

**Capital Equipment Import**

The rate of capital equipment import is considered as an important indicator of industrial trend. In FY2015-16 a huge number of capital equipment amounting to US\$3,399 million has been imported. The Figure 14.2 presents the trend of capital equipment import from FY2005-06 to FY2015-16.

**Figure 14.2: Trend in Capital Machinery Import (In million US\$)**

Source: Bangladesh Bank. P=Provisional. R=Revised

## Local Investment

Though, there is no systematically recorded statistics to identify the actual status of local investment, it can be identified from national account statistics, private sector credit growth and import of capital machineries. Nearly, 65 percent of local investment recommendations have been implemented or are at various stages of implementation.

## Joint Venture Investment Registration (Local and Foreign)

The initial activities of investment are to do registration with BOI which examines the possibility of the project and then implement. In FY2014-15 a total of 1,429 projects amounting to Tk.9,93,349 million was registered with BOI. On the other hand, in FY2015-16 the number of project was increased to 1,662 and the investment amount was also increased to Tk.11,01,614 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	-
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
2014-15	1309	912731	120	80619	1429	993349	(+) 45.46
2015-16	1511	945854	151	155760	1662	1101614	(+) 9.86

Source: Monthly Report (2015-16), 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

In FY2007-08, the registered amount of local investment with the BOI was Tk.1,93,530 million which raised to Tk.9,45,854 million in FY2015-16. Table 14.3 presents the sector-wise distribution of registered local investment with BOI during the period from FY 2007-08 to FY2015-16.

**Table 14.3: Sector wise Distribution of Local Investment Projects**

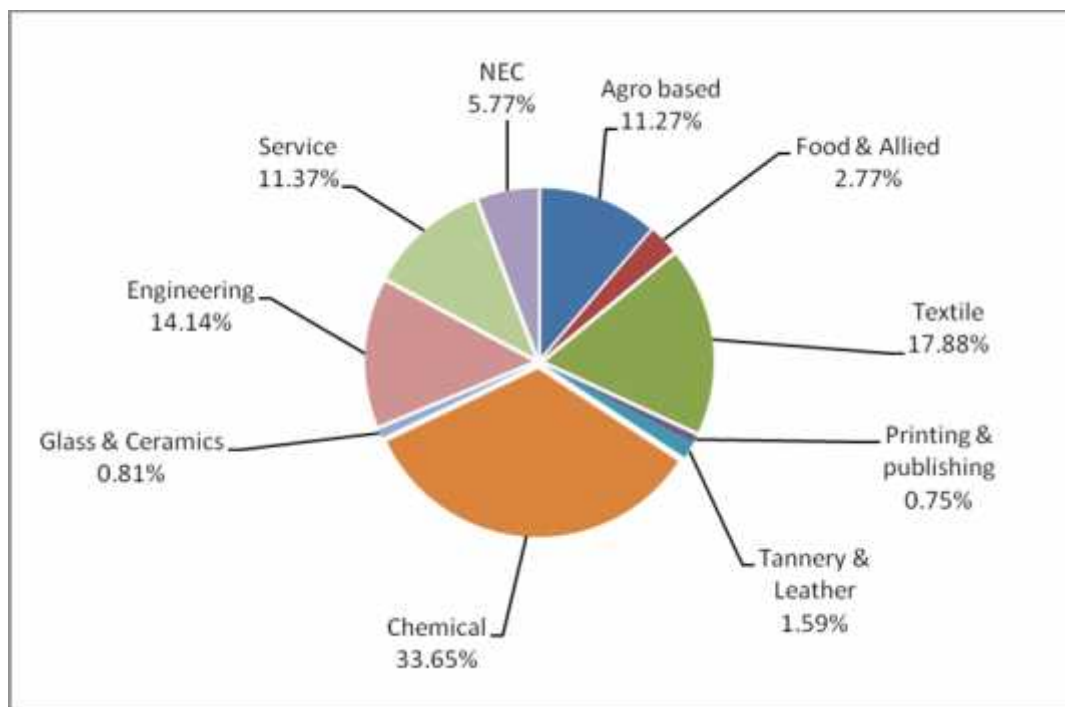
(In million Taka)

Sector's Name	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
1. Agro based	9511	8223	23251	52007	61195	54654	75105	113820	106571
2. Food & Allied	4371	4028	21574	17440	10822	8838	18083	42792	26196
3. Textile	108092	79451	89662	154037	105576	172804	82297	176473	169117
4. Printing & Publishing	3668	1801	2739	2556	4151	5157	4301	7908	7049
5. Tannery & Leather	203	330	2188	2018	1386	2908	7162	5552	15052
6. Chemical	22365	30556	77463	65092	95491	75049	78685	230843	318240
7. Glass & Ceramics	1720	4055	730	2076	2399	1853	7736	19255	7650
8. Engineering	18569	27616	29352	35862	49581	31902	61294	89897	133847
9. Service	23568	14649	26225	222317	155061	87268	156883	209654	107512
10. Misc.	1464	465	953	285	49105	5716	6048	16536	54616
<b>Total</b>	<b>193530</b>	<b>171175</b>	<b>274137</b>	<b>553690</b>	<b>534769</b>	<b>446149</b>	<b>497593</b>	<b>912730</b>	<b>945854</b>

Source: Monthly Report (2015-16), Policy & Planning, Board of Investment (BOI)

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

Figure 14.3 provides information on registered local investment with the BOI in FY2015-16. It is observed that in FY2015-16, the chemical sector holds the top of the list providing to 33.65 percent investment, followed by textile (17.88%), engineering (14.14%) and service (11.37%).

**Figure 14.3: Sector-wise Local Investment Projects Registered with BOI in FY 2015-16**

Source: Monthly Report (2015-16), Policy & Planning, Board of Investment

## Foreign and Joint Venture Investment Registration

In FY2015-16, a total of 151 foreign and joint venture new projects have been registered with BOI amounting to US\$ 515.02 million. Engineering (42.64%) was the largest sector during this period. Other major sectors were chemical (10.09%), services (21.15%) and agro based (7.48%). Table 14.4 presents the sector wise distribution of foreign and joint venture investment projects.

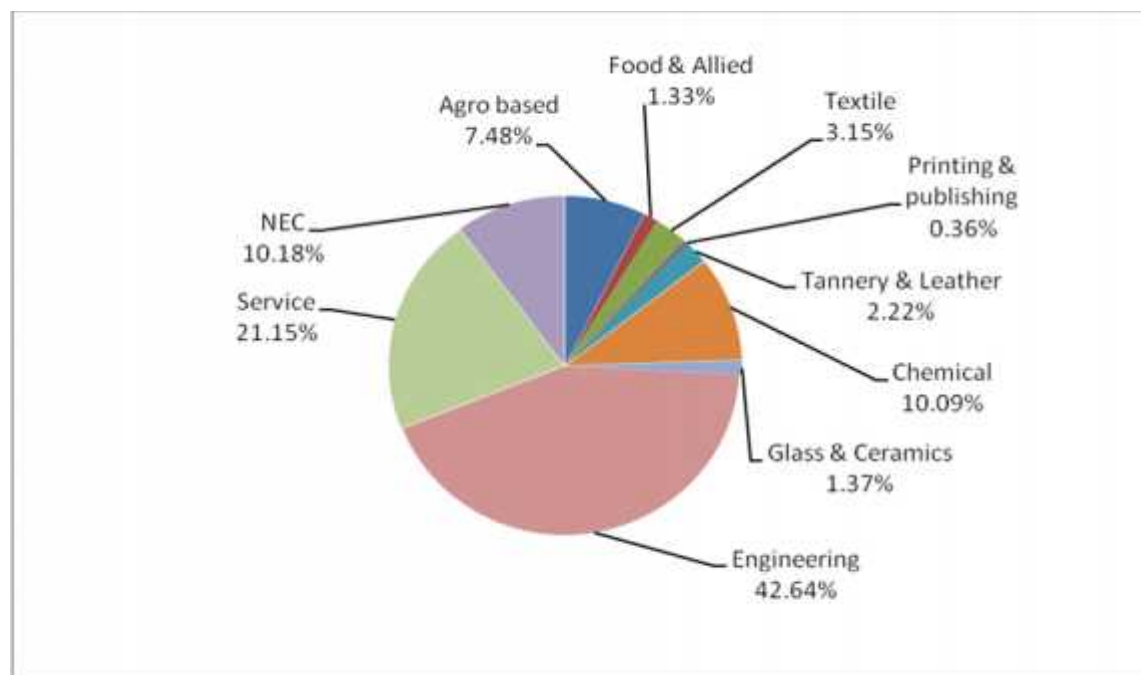
**Table 14.4: Registration of Foreign and Joint Venture Investment Projects**

(In Million US Dollar)

Sector Name	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
1. Agro based	35.5	22.6	22.2	122.5	96.9	94.4	75.2	29.7	38.194
2. Food & Allied	1.9	2.0	0.1	12.8	98.9	13.1	4.7	0.13	6.803
3. Textile	274.9	36.4	72.5	160.1	249.5	54.6	62.7	8.35	16.104
4. Printing & Publishing	0.0	0.0	2.7	0.0	0.8	0.0	0.0	0.00	1.848
5. Tannery & Leather	0.4	2.2	13.7	6.0	17.5	57.3	32.6	17.49	11.355
6. Chemical	57.4	5.6	61.7	69.5	165.3	29.7	20.5	63.29	51.518
7. Glass & Ceramics	0.2	17.7	0.0	26.4	60.4	1.7	0.8	0.20	7.005
8. Engineering	77.6	121.4	17.4	1285.9	3520.1	20.8	237.7	244.04	222.237
9. Service	176.5	1863.8	651.2	3431.5	88.7	2482.0	1687.0	54.38	107.977
10. Misc.	0.0	0.0	0.1	0.7	13.4	46.6	7.1	5.13	51.98
<b>Total</b>	<b>624.41</b>	<b>2071.68</b>	<b>841.55</b>	<b>5115.58</b>	<b>4311.51</b>	<b>2800.11</b>	<b>2128.32</b>	<b>422.69</b>	<b>515.02</b>

Source: IM, Board of Investment,

**Figure- 14.4: Sector-wise Distribution of Foreign and Joint Venture Projects in 2015-16**



Source: Monthly Report (2015-16), Policy & Planning, Board of Investment

## Country wise Joint Venture and Foreign Investment

A total of 28 countries from different areas of the world are registered with BOI for foreign and joint venture projects in FY2015-16. On the basis of the investment amount (proposed) South-East Asia is in the peak position of the list. In addition, South, East and West Asia; European Union, North America and CIS region are in the latter positions respectively. The source-wise distribution of the BOI registered new projects from FY2008-09 to FY2015-16 (55 countries) is corresponded to the Table 14.5.

**Table 14.5: Sources of the Foreign and Joint Venture Projects**

		(In Million US Dollar)							
	Country	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
1.	KSA	1732.58	471.82	7.09	0.00	0.00	0.00	2.363	5.500
2.	USA	15.35	143.63	846.71	16.42	110.49	85.01	120.842	17.246
3.	Thailand	54.91	3.04	97.52	1182.72	81.48	25.75	18.667	27.673
4.	India	58.85	15.52	68.02	197.10	2120.65	169.62	34.038	33.763
5.	South Korea	23.87	32.48	3277.74	2354.47	11.36	7.96	4.541	161.542
6.	Malaysia	1.29	5.48	137.12	12.42	7.26	2.36	8.588	88.389
7.	Netherlands	1085.46	9.06	113.35	67.98	3.62	0.85	0.608	4.774
8.	China	19.03	27.18	73.09	49.28	164.73	1683.32	25.102	70.396
9.	UK	6.88	4.39	8.88	5.79	60.68	0.00	58.157	5.082
10.	Pakistan	4.58	1.24	19.60	4.17	0.92	0.65	0	0
11.	Japan	7.17	6.81	14.99	80.61	35.42	16.78	7.223	59.791
12.	Denmark	4.29	1.20	0.69	3.91	3.96	1.06	0.514	0.024
13.	Sri Lanka	2.21	1.12	1.05	98.49	89.93	0.19	0	1.611
14.	Canada	1.18	1.20	1.85	3.15	4.24	1.28	7.198	0.849
15.	Taiwan	2.84	10.96	21.64	7.21	1.50	3.68	16.594	0.822
16.	Singapore	1.02	4.64	133.11	78.34	16.30	29.33	9.605	1.977
17.	Turkey	0.61	0.40	2.61	4.74	4.47	0.00	2.271	0.288
18.	Italy	0.17	4.07	30.90	2.98	0.84	2.39	1.127	0
19.	Hong Kong	5.70	61.81	45.11	16.41	23.67	3.65	8.342	2.886
20.	Africa	0.00	0.00	1.42	0.00	0.00	0.00	3.627	0
21.	Armenia & Russia	0.83	0.00	3.57	0.00	0.00	0.00	0	0.239
22.	Bermuda	0.00	0.00	0.49	33.88	0.00	0.00	0	0
23.	France	2.25	0.00	1.12	10.10	2.33	0.81	0	0
24.	Indonesia	17.13	0.00	1.94	0.00	0.00	0.00	0	0
25.	Lebanon	0.00	0.00	25.09	0.00	46.43	0.00	1.136	0
26.	Mauritius	0.00	0.00	1.35	0.00	0.00	5.13	54.626	9.653
27.	Philippines	0.00	20.29	6.74	0.00	0.00	0.00	0.00	0
28.	Sweden	0.89	3.07	101.70	1.55	0.09	0.00	16.276	1.831
29.	Switzerland	0.00	0.00	0.70	11.53	1.78	0.59	14.824	0
30.	Finland	1.13	2.98	1.42	0.62	0.00	0.00	0.556	0
31.	UAE	17.70	0.00	9.13	2.31	1.04	52.16	0.301	1.117
32.	British Virgin Is.	0.00	3.19	0.89	6.08	0.00	0.00	0.00	8.988
33.	Germany	72.44	2.15	83.88	26.74	0.31	2.27	1.345	6.597
34.	Australia	0.70	3.68	0.10	0.13	0.00	6.18	1.016	1.047
35.	Greece	0.41	0.16	0.26	0.00	0.00	0.00	0	0
36.	Portugal	0.00	0.00	0.00	0.00	0.00	0.00	0	0
37.	Spain	0.18	0.00	0.00	0.76	0.98	0.03	1.696	0
38.	Poland	0.00	0.00	0.00	0.00	0.00	0.00	0.894	0
39.	Belgium	0.00	0.00	0.00	1.26	0.00	0.00	0	0
40.	Egypt	0.00	0.00	0.00	0.00	1.15	0.00	0	0
41.	Hungary	0.00	0.00	0.00	0.00	1.22	0.00	0	0
42.	Norway	0.00	0.00	0.22	23.60	0.12	0.00	0	0
43.	Vietnam	0.00	0.00	0.00	0.00	0.00	0.00	0	0
44.	Jordan	0.00	0.00	0.00	0.68	0.00	0.00	0	0

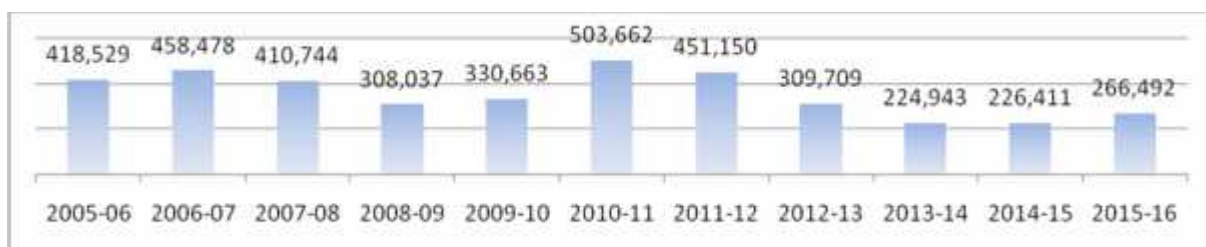
	Country	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
45.	Kuwait	0.00	0.00	0.00	1.04	0.00	0.00	0	0.885
46.	Austria	0.00	0.00	0.00	0.00	0.00	0.00	0	0
47.	Malta	0.00	0.00	0.00	3.16	0.00	0.00	0	0
48.	USE	0.00	0.00	1.50	1.89	0.00	0.00	0	0
49.	Guyana	0.00	0.00	0.00	0.00	1.17	0.00	0	0
50.	Libya	0.00	0.00	0.00	0.00	1.17	0.00	0	0
51.	Sebia	0.00	0.00	0.00	0.00	0.20	0.00	0	0
52.	Yemen	0.00	0.00	0.00	0.00	0.00	27.29	0	0.308
53.	Nijeria	0	0	0	0.00	0	0	0.614	0
54.	Iran	0	0	0	0.00	0	0	0	1.244
55.	Lithuania	0	0	0	0.00	0	0	0	0.500
	<b>Total</b>	<b>2071.68</b>	<b>841.55</b>	<b>5115.58</b>	<b>4311.51</b>	<b>2800.11</b>	<b>2128.32</b>	<b>422.691</b>	<b>515.021</b>

Source: IM, Board of Investment

## Employment Opportunities

Industrialisation is one of the major means of creating employment. One of the key objectives of industrialisation is to create abundant opportunities of employment for the growth of national economy and speed up poverty reduction. For this reason, the investment in industry sector is encouraged. As a result, the investment in the industrial sector generates a great number of managerial, technical, supervisory and skilled-unskilled job opportunity. In FY 2015-16, a total of 2,66,492 job opportunities were created/committed in the BOI registered projects. Figure 14.5 shows employment opportunities by the BOI registered projects.

**Figure 14.5: Employment Opportunities by the BOI-Registered Project (Person)**



Source: Monthly Report (2015-16) Policy & Planning, Board of Investment

## Approval of Foreign Loan

On the basis of the application of the investors, Board of Investment has approved foreign loan proposals through the decision of Scrutiny Committee on this regard. The following Table presents the details of foreign loan approved amount from 2009-2016 (Up to June, 2016).

**Table 14.6: Foreign Loan Approval from 2009-2016 (Up to June, 2016)**

Calendar Year	Approved Loan Appraisal	Approved Loan Amount (Million US \$)
2009	18	478.09
2010	20	302.77
2011	24	909.27
2012	62	1466.71
2013	102	1182.29



Calendar Year	Approved Loan Appraisal	Approved Loan Amount (Million US \$)
2014	126	1827.17
2015	129	1930.25
2016 (Up to June )	78	396.96
Total	559	8493.51

Source: Registration & Incentive-1/Industry, BOI.

### Approval of Foreign Commercial Office

When the investors apply to open branch office, liaison office, representative office and extension of same offices of foreign company, BOI arranges an inter-ministerial meeting on this regard. According to the decision of the inter-ministerial meeting, BOI approved the proposals. Table 14.7 describes the recent trend in approval of Branch, Liaison and Representative Offices (new and extension).

**Table 14.7: Recent Trend in Approval of Branch, Liaison and Representative Office  
(New and Extension)**

Financial Year	Branch Office (New & Extension)	Liaison Office (New & Extension)	Representative Office (New & Extension)
2013-14	96	215	7
2014-15	120	249	11
2015-16	102	222	15
Total	318	686	33

Source: Registration & Incentive-1/Commerce, BOI.

These progressive trends may be remaining continuous through consumer oriented transparent, easy and responsible service and cooperative activities. Regarding this issue, registration process has been introduced through online including service tracking system.

### Privatisation Activities

Since the inception of Privatisation Board in 1993 (presently, Privatisation Commission), 81 enterprises have been transferred/sold to the private sector up to June, 2016. A total of Tk.410.32 crore has been earned as revenue income in this regard. Out of these 81 enterprises, 58 were privatised through outright sale and 23 organisations/companies were transferred through offloading of share.

According to the study of Privatisation Commission, out of 75 privatised enterprises 44 are running through making profit. Conversely, 16 organisations are in the process of beginning by overcoming different limitations. However, it is expected that these organisations would be able to overcome the limitations within a short period of time. It is also expected that these organisations will be turned to profit oriented organisations. The concerned authority is working in this regard. On the other hand, the rest 15 organisations are finally closed. Earlier,

the total manpower of the 75 organisations was 31,000. On the other hand, at this moment the number of working people is raised at 90,000 in only 44 organisations those are running with profit. Currently, 15 state-owned industrial and commercial enterprises are under the commission's privatisation programme.

Privatisation Commission and Board of Investment are going to be unified to a new organisation titled 'Bangladesh Investment Development Authority'. The new organisation will come to force on 1 September, 2016.

### **Investment Scenario of Bangladesh Export Promotion Zone (BEPZ)**

Bangladesh Export Processing Zones Authority (BEPZA) has a great contribution to attract and facilitate foreign and local investment in Bangladesh through new industrialisation. In FY 2015-16, the actual investment in BEPZA stands at US\$404.36 million. At present there are 8 EPZs in Bangladesh. These are Chittagong, Dhaka, *Mongla*, *Comilla*, *Eshordi*, *Uttara (Nilfamari)*, *Adamji* and *Cornophuli*. In FY2015-16, the total amount of EPZs' export was US\$6.67 billion which was 6.11 billion in FY2014-15. Up to June, 2016, EPZs in BEZA have created opportunities of employment for a total of 4,53,652 Bangladeshis.

### **Bangladesh Economic Zones Authority (BEZA)**

BEZA's key objective is to establish economic zones throughout the country including backward and disadvantaged areas. The main goal of BEZA is to bring out rapid economic development as well as industrialisation, employment, production; and export growth and diversification. Establishment of economic zone in Bangladesh is a landmark step of the current Government. National and international investors invest in economic zones. Economic growth and job creation in new economic zones will help Bangladesh to get the recognition of the middle-income country by 2021. The Government has established the BEZA according to Bangladesh Economic Zones Act, 2010. As a result, it will be possible to establish new zone as well as control and supervise of the zones. Meanwhile a policy titled 'Private Economic Zone Policy' 2014 has been formulated.

The EPZ enterprises have contributed significantly in terms of export diversification of the country. The diversified export items from EPZs include:- garments, garments accessories, textile, tent, tent accessories, electronic and electrical equipment and components, LED lamp and selection button, furniture, bi-cycle, cosmetic and Hollywood mask, optical goods, automobile parts, leather products and footwear, battery, lens, mobile parts, gold and diamond jewelry, bag, luggage, thermal bag, sleeping bag, camping furniture, golf shaft, wig and fashion hair, jute products, energy saving bulbs, metal products, toys eye-glass and frame, carpet, bamboo made coffin and so on

### **Approved List of Economic Zones:**

Already (till June, 2016) forty six economic zones have been approved. These are: (1) Mirsharai, Chittagong (2) Anowara (Gohira), Chittagong (3) Sirajganj (4) Sherpur (5)

Mongla port area, Bagerhat (6) Sreepur, Gazipur (7) Teknaf, Cox's Bazar (8) Anowara (EPZ II), Chittagong (9) Keraniganj, Dhaka (10) Jamalpur Sadar, Jamalpur (11) Bandar & Sonargaon, Narayanganj (12) Bhola Sadar, Bhola (13) Ashuganj, Brahmanbaria (14) Debiganj, Ponchogor (15) Narsingdi Sador, Narsingdi (16) Shivalaya, Manikganj (17) Veramara, Kushtia (18) Agailajhara, Barisal (19) District headquarters, Nilphamari (20) AK Khan PEZ, Narsingdi (21) Abdul Munim PEZ, Gazaria, Munshiganj (22) Garments Industrial Park BGMEA PSEZ, Gazaria, Munshiganj, (23) Kotalipara, Gopalganj, (24) Dohar, Dhaka (25) Chunarughat, Habiganj (26) Jajira, Shariatpur (27) Goshairhat, Shariatpur (28) Naf Tourism SEZ, Teknaf, Cox's Bazar (29) Cox's Bazar Special, Moheskhali, Cox's Bazar (30) Moheskhali-1, Moheskhali, Cox's Bazar (31) Moheskhali-2, Moheskhali, Cox's Bazar (32) Moheskhali-3, Moheskhali, Cox's Bazar (33) Sonargaon, Narayanganj (34) Lalpur, Nator (35) Meghna Industrial, Sonargaon, Narayanganj (36) Meghna, Sonargaon, Narayanganj (37) Meghna, Comilla (38) Rampal, Bagerhat (39) Araihaazar, Narayanganj (40) Moheskhali Special, Moheskhali, Cox's Bazar (41) Paba, Rajshahi (42) Sonagazi, Feni (43) Mongla Special, Mongla, Bagerhat (44) Aman Sonargaon, Narayanganj (45) Konabari, Gazipur (46) Shrihatta, Sherpur, Moulavibazar Sadar.

### **Public Private Partnership (PPP)**

For the fulfillment of the desired development goal, the Public Private Partnership (PPP) based projects are being implemented along with the public financing projects. Capable infrastructure for providing modern and dynamic service is the main factor of promoting the development trend to the next higher level. Development sectors, especially; power, energy, roads and transport sectors need reliable and sustainable infrastructure for enhancing the investment environment. However, these sectors are facing some problems. With a view to removing these problems, the Government has taken the strategy of PPP. The main goal of PPP is the best use of limited resources by utilising the expertise of private skills to ensure the country's economic growth rate.

'The Public Private Partnership Act- 2015' has already been promulgated. In order to encourage private investment in infrastructure sectors the Government is positively thinking to allow some financial incentives for the private enterprises or entrepreneurs. To enhance the capability of the implementing agencies on project preparation, management and monitoring, some capacity building programmes are being carried out by the Government. As a result, it is expected that infrastructure development progress will be visible. To encourage the private sector, the non-banking financial institutions titled 'Bangladesh Infrastructure Finance Fund Limited', has been established and US\$230 million has been allocated to this fund. A total of 43 projects of eight sectors amounting to US\$14,564 million have already been approved (till April, 2016) which will be implemented through PPP strategy. All PPP projects that have already been approved are shown in the Table 14.8.

**Table- 14.8 : List of PPP Funded Projects**

<b>S.L</b>	<b>Sector</b>	<b>Estimated Cost (in million US\$)</b>
<b>Transport</b>		
01.	Dhaka Elevated Express way	1,200.00
02.	2 Jetties at Mongla Port through PPP	50.00
03.	Upgrading of Dhaka Bypass to 4 lane (Madanpur Debogram-Bhula-Joydebpur)	350.00
04.	Supply, Installation and Commissioning of a Multi-Mode Surveillance System (Radar,etc, at Hazrat Shahjalal International Airport, Dhaka)	50.00
05.	Flyover from Santinagar to Mawa Road via 4 <sup>th</sup> (New) Bridge over Buriganga River.	300.00
06.	Hemayetpur- Singair-Manikganj PPP Road	100.00
07.	Dhaka-Chittagong Access Controlled Highway.	3,600.00
08.	Construction of Laldia Bulk Terminal	60.00
09.	Construction and Operation of Inland Container Terminal (ICT) at Khanpur.	30.00
10.	Hatirjheel- Rampura Bridge	200.00
11.	Construction of a New Inland container Depot (ICD) near Dhirasrm Railway Station	200.00
12.	2 <sup>nd</sup> Padma Multipurpose Bridge at Paturia Goalundo	1,500.00
13.	3 <sup>rd</sup> Sea port	1,200.00
<b>Health</b>		
01.	Heomdialysis center at Chittagong Medical College Hospital	2.00
02.	Heomdialysis center at National Institute of Kidney Diseases and Urology (NIKDU)	1.00
03.	Oboshor Senior Citizen Health Care and Hospitality Complex at Sreemangol, Sylhet Division.	6.00
04.	Medical College and Modernization of Railway Hospital at Saidpur in Nilpamary.	75.00
05.	Medical College and Modernization of Railway Hospital at Paksey in Pabna	75.00
06.	New Modern Medical College and Hospital of 250 beds on the unused land in Khulna	100.00
07.	Medical College and Modernization of Railway Hospital at CRB in Chittagong.	30.00
<b>Economic Zone</b>		
01.	Hi-tech Park at kaliakoir ( Block 2, 3 & 5)	235.00
02.	Economic Zone 4: Mongla	70.00
03.	IT village at Mohakhali	20.00
04.	Economic Zone 2:Mirersharai	100.00
05.	Economic Zone 3:Sreehatta	70.00
06.	Economic Zone 5:Anowara,Chittagong	600.00
07.	Hi-tech Park in Sylhet	65.00
08.	Development of Economic Zone (EZ) at Jamalpur with Private Sector participation	40.00

S.L	Sector	Estimated Cost (in million US\$)
09.	Economic Zone 1:Shirajgong	200.00
<b>Tourism</b>		
01.	Development of Integrated Tourism & Entertainment Village at Cox's Bazar.	100.00
02.	Development of a Five Star Hotel in Chittagong	100.00
03.	Establishment of Sabrang Exclusive Tourism Zone	2500.00
04.	Establishment of Intl. Standard Tourism Complex at Existing Motel Upal Compound of BPC at Cox's Bazar.	45.00
05.	Establishment of 5 star Hotel with other Facilities at Existing Parjaton Hotel Sylhet Compound of BPC Sylhet	45.00
<b>Education</b>		
01.	Medical College & Nursing institute and Modernization of Railway Hospital of Kamalapur.	100.00
<b>Social Infrastructure</b>		
01.	Development of Occupational Diseases Hospital Labor Welfare Centre and Commercial Complexes at Tongi, Gazipur, PPP Basis	5.00
02.	Development of Occupational Diseases Hospital Labor Welfare Centre and Commercial Complexes at Chasera, Narayanganj, PPP Basis.	5.00
<b>Energy</b>		
01.	Construction of LPG Import ,Storage and Bottling Plant at Kumira or any Suitable Place at Chittagong Including Import Facilities of LPG,Jetty,Pipeline and Storage Tanks under PPP	35.00
<b>Civil Accommodation</b>		
01.	Construction of Satellite Township with Multi-storied Flat Building at Section 9 Mirpur, Dhaka	60.00
02.	Shopping Mall with Hotel-cum Guest House on the unused Railway land in Chittagong.	10.00
04.	Shopping Mall with Hotel-cum Guest House on the unused Railway land in Khulna	30.00
05.	Construction of multistoried commercial cum Residential Apartment complex with modern amenities at Nasirabad Chittagong Under Public Private Partnership.	100.00
06.	Construction of High rise Residential Apartment Building for Low and middle Income Group of people at Jhilmil Residential project Dhaka.	900.00
	<b>Total</b>	<b>14,564.00</b>

Source: Public Private Partnership Authority

### Small and Medium Enterprise (SME)

Small and Medium Enterprise (SME) is one of the prospective and leading sectors. SMEs help to solve unemployment problem by creating opportunity of new pioneering employment. SMEs sector plays a very important role to uphold economic growth and earning foreign currency through extension of business activity. SMEs sector has a great contribution to the improvement of the living standards of low-income people. It also works for the women

empowerment by involving them to financial activities which leads to the declination of inequality and disparity between men and women. Bangladesh Bank has continued its refinancing facilities for the purpose of the development of SMEs sector. Currently, Bangladesh Bank Fund, IDA (EGBMP) Fund and ADB-1 Fund, ADB-2 Fund, JICA Fund, Women Entrepreneur Fund and New Entrepreneur Fund in Cottage, Micro and Small Sector are used to refinance SMEs.

The Bangladesh Bank acts as the monitor and supervisor of SMEs activities of all Banks and Non-Banking Financial Institutions (NBFIs). All banks and NBFIs working in FY2014-15 had disbursed a total of Tk.1,10,288.00 crore, which was 21.72 percent higher than that of FY2013-14. On the other hand, the amount of SME loans to women entrepreneurs, during the same period was Tk.3,967.92 crore against 1,93,987 women entrepreneurs' institutions which was 8.92 percent more than the previous fiscal year. On the contrary, in FY2015-16, Bank and NBFIs, have disbursed Tk.1,25,041.00 crore against 6,03,833 SME entrepreneurs.

### **Private Sector Development Activities of Some Selected Sectors**

#### **ICT Sector**

##### **Hi-Tech Park**

The Government has taken initiatives to establish a Hi-Tech Park look forward to enhance the technology based development of the country. For this reason, the Hi-Tech Park Authority has already been formulated. In addition, the Hi-Tech Park law has already been promulgated. The Government has taken initiative to set up Hi-Tech Park at *Kaliakoir* under *Gazipur* district through PPP strategy. Besides, 162.83 acre of agricultural barren land of *Khalitajuri* village at *Kompanigonj upazila* of Sylhet district has allocated at nominal value by Bangladesh Hi-Tech Park authority in favour of *Sylhet* electronic City.

##### **Software Technology Park**

Government has taken steps to establish software park with a view to ensuring the country's socio-economic development through investment in information and communication technology. Software Technology Parks Authority has started forming Software Technology Park on its own initiative at *Karwan Bazar*, Dhaka.

#### **Telecommunication Sector**

To fulfill the vast need for telephones, Fixed Telephone (PSTN) Service licenses have been distributed to the private sectors to provide services in a competitive environment. This has created scope for the local, foreign and non-resident Bangladeshi investors to invest in this sector. In the meantime, many investors have begun investing. A great deal of employment chance has been created in the telecom sector 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, 2016 it crossed 13 crore. More than one million direct and indirect job opportunities have been derived from this sector. For this reason, directly or indirectly huge amount of

revenue is earned in form of tax and VAT which significantly adds to the revenue earning of the Government. As a result of the expansion in private sector, competitive environment has been developed among the mobile telecom operators in providing service. Furthermore, tariff of the fixed and mobile phone service has been declined by 15 percent to 50 percent. Because of, people can talk to home and abroad at a very cheap rate. Mobile network has also been constructed in three hill-districts.

**Table 14.9: The Total Number of Mobile Phone Subscribers (Up to June, 2016)**

SL.	Operators	Subscribers (In Crore)
1	Grameen Phone Ltd (GP)	5.69
2	Banglalink Digital Communications Limited	3.19
3	Robi Axiata Limited (Robi)	2.74
4	Airtel Bangladesh Limited (Airtel)	0.99
5	Pacific Bangladesh Telecom Limited (Citycell)	0.07
6	Teletalk Bangladesh Ltd (Teletalk)	0.45
	<b>Total</b>	<b>13.13</b>

Source: Ministry of Post & Telecommunication and Information Technology

## Power Sector

With a view to attaining the Vision 2021, the Government has made a plan to generate 24,000 MW more electricity by 2021 under short, medium and long term planning. It is a pledge of the Government to involve all the people with electricity connectivity within 2021. In order to fill up this commitment, the Government takes different initiatives not only to power generation but also to expansion of distribution and transmission lines. Presently, 76 percent population of the country has access to power including renewable energy. Till June, 2016; in total 12,365 MW electricity has generated (public sector 6,512 MW, private sector 5,253 MW and import 600 MW). A total of 52,193 million MkWh net electricity including public, private and import were produced up to June, 2016. The highest 53 percent are generated from the private sector. On the contrary, 43 percent and 4 percent are collected from public sector and import respectively.

## Tourism

With a view to developing tourism in Bangladesh, the Government wants to involve private sectors in this industry. For this reason, the Government offers various special facilities for inspiring private entrepreneurs to invest in tourism. Private sectors participation in tourism not only improves our tourist resources but also generates lots of employment which ultimately leads to the poverty alleviation. The following four projects have been selected for implementation through PPP basis in tourism sector:

- Development of Tourism Resort and Entertainment Village at *Parjatan* Holiday Complex at Cox's Bazar;

- Establishment of International Standard Tourism Complex at Existing Motel *Upal* Compound of BPC at Cox's Bazar;
- Establishment of Exclusive Tourist Zone at *Sabrang*, Cox's Bazar
- Establishment of a 5-star Hotel and other facilities at existing Motel *Sylhet* compound of BPC at *Sylhet*.

## **Education Sector**

Private sector along with the Government has been working for the betterment of education in all levels. It also contributes to the improvement of the quality of education. Furthermore, the Government has inspired the private investors to invest in education sector providing different facilities and opportunities. The Government has passed the 'Private University Act 2010' for founding and management of the private university. As a result, 91 private universities have already been established in the country. Already, the draft of the 'National Education Law, 2013' has been prepared. The draft regulation titled 'Accreditation, the Council for Private Universities, 2012' has been promulgated to ensure the quality of higher education in private university and to upgrade the world standard level. 'The Private Universities Management Information System' has been formed containing various information of private universities that confirmed the academic, administrative and financial management of the private universities.

## **Health Sector**

Medical and health services are gradually increasing through participation of the private sector. To encourage the private sector, the Government provides grants from revenue budget to hospitals / clinics and organisations. Moreover, NGOs play an important role in health sector. Under the HPNSDP, many NGO's are engaged in the implementation of the programme. Under the PPP policy the government has taken initiative to extend kidney dialysis service to two public hospitals- National Institute of Kidney Disease and Urology, Dhaka and Chittagong Medical College through involving private sector. At present, there are 68 Medical Colleges, 13 Dental Colleges, 10 Post-graduate Institutions, 52 Nursing Institutes, 18 Nursing Colleges, 83 Institute of Health Technology and 103 Medical Assistant Training Schools are running through private sector.

Except some advanced technology based medicine, nearly all of the medications are locally produced. According to the Department of Drug Administration ( up to April, 2016), a total of 275 non-governmental organisations produce per annum 24,404 branded medicine and raw materials amounting to Tk.12,865 crore. More than 97 percent of the domestic demand is fulfilled by local production. 187 brands of locally produced medicine and raw materials are being exported to 92 countries including the UK and the USA. In addition, a significant quantity of *Unani*, *Ayurvedic* and *Homoeopathic* medicine are being produced in the country which has noteworthy contribution to the healthcare sector in Bangladesh.



## Insurance Sector

Presently, there are 77 insurance companies are operating business in Bangladesh. Out of these, 45 are private non-life insurance and 31 are private life insurance companies. Moreover, two state owned insurance companies namely *Shadharab Bima Corporation (SBC)* and *Jiban Bima Corporation (JBC)* are also running business. Bangladesh government has taken so many initiatives to boost up the private sector insurance industry along with two state owned insurance corporations. Recently, insurance industry is maintaining a notable track record in growth and development. In 2014, the total premium income of general insurance was Tk.3030.41crore which increase to Tk.3,225.83 in 2015. The rate of increase was 6.45 percent. Conversely; in 2015 the total premium income of life insurance was Tk.7,330.48 crore which was Tk.7,077.91 crore in 2014.

Comparative statistics of Non- Life and Life insurance sector including private and state owned are presented in Table 14.10 and 14.11 respectively

**Table 14.10: Premium Income from Non-life Insurance Sector**

( In crore taka)

Year	Total Premium			Public Sector	Private Sector	Growth Rate		
	Public Sector Shadharan Bima Corporation	Private Sector's Non-life Insurance Companies	Total			Public Sector Shadharan Bima Corporation (%)	Private Sector's Non-life Insurance Companies (%)	Total (%)
2002	142.3	450.7	539.0	24.0	76.0	7.1	9.9	9.2
2003	139.6	511.2	650.8	21.5	78.5	-1.9	13.4	9.7
2004	139.0	600.4	739.4	18.8	81.2	-0.4	17.4	13.6
2005	157.8	709.5	867.3	18.2	81.8	13.5	18.2	17.3
2006	186.0	797.6	983.6	18.9	81.1	17.9	12.4	13.4
2007	224.9	941.7	1166.6	19.3	80.7	20.9	18.1	18.6
2008	253.5	1116.4	1369.9	18.5	81.5	12.7	18.6	17.4
2009	285.2	1228.4	1513.6	18.8	81.2	12.5	10.0	10.5
2010	294.3	1488.4	1782.7	16.5	83.5	3.2	21.2	17.8
2011	346.5	1727.4	2073.9	16.7	83.3	17.7	16.1	16.3
2012	386.5	2394.1	2780.6	13.9	86.1	11.5	38.6	34.1
2013	367.9	1903.2	2271.1	16.2	83.8	-4.8	-20.5	-18.3
2014	800.89	2229.52	3030.41	26.43	73.57	117.69	17.15	33.43
2015	835.00	2390.83	3225.83	25.88	74.12	4.30	7.23	6.45

Source: Insurance Development and Regulatory Authority

**Table 14.11: Premium Income from Life Insurance Sector**

( In crore taka)

Year	Total Premium			Public Sector	Private Sector	Growth Rate		
	Public Sector Jibom Bima Corporation	Private Sector's Life Insurance Companies	Total			Public Sector Jibom Bima Corporation (%)	Private Sector's Life Insurance Companies (%)	Total (%)
2002	179.2	827.4	1006.6	17.8	82.2	-8.8	28.6	19.8
2003	193.9	1059.0	1252.9	15.5	84.5	8.2	28.0	24.5
2004	177.8	1335.9	1513.7	11.7	88.3	-8.3	26.1	20.8
2005	203.7	1841.0	2044.7	10.0	90.0	14.6	37.8	35.1
2006	223.4	2459.5	2682.9	8.3	91.7	9.7	33.6	31.2
2007	265.0	2916.5	3181.5	8.3	91.7	18.6	18.6	18.6
2008	307.8	3597.5	3905.3	7.9	92.1	16.2	23.3	22.8
2009	334.7	4595.8	4930.5	6.8	93.2	8.7	27.7	26.3
2010	346.0	5508.9	5854.9	5.9	94.1	3.4	19.9	18.7
2011	307.9	5973.5	6281.4	4.9	95.1	-11.0	8.4	7.3
2012	343.2	6243.9	6587.1	5.2	94.8	11.5	4.5	4.9
2013	326.0	6102.0	6428.0	5.1	94.9	-5.0	-2.3	-2.4
2014	389.93	6687.98	7077.91	5.51	94.49	19.61	9.60	9.18
2015	401.50	6928.98	7330.48	5.47	94.52	2.97	3.60	3.45

**Source:** Insurance Development and Regulatory Authority