CHAPTER 14

PRIVATE SECTOR DEVELOPMENT

[*In an open market economy private sector plays a significant role in the economic development of a country. The Government has taken a number of prudent steps to create a facilitating environment for the private sector so that it plays its due role as an effective economic agent and makes substantial contribution to the overall economic development of the country. As a result, the manufacturing and productive activities of the private sector, is gaining increasing momentum. In FY2001-02, a total of 2,964 projects with an investment proposal of Tk.10,540 crore was registered with BOI which increased to 1,942 projects in FY2010-11 with an overall proposed investment of Tk 91,893 crore. The Government has started reinvigorating Public Private Partnership (PPP) initiative to accelerate overall national economic development. Realising the demand for change, the present Government's election manifesto accorded highest priority to infrastructure development, particularly to power generation and welcomes PPP investment in different areas which include interalia: Power and Energy; Transport; Information Technology; Air Transport and Tourism; Industry; Education and Research; Health and Family Welfare and Housing. A number of programmes has been undertaken to attract private investors to facilitate infrastructure development. The present Government has declared commitment to take ICT to the door-steps of the people by imparting digital literacy in all spheres of the society and to launch 'Digital Bangladesh' by 2021 through the development and expansion of e-commerc and e-government in the country. The contribution of private sector to national economy recorded 19.5 percent in FY2010-11which stood at 19.4 percent in FY2009-10* ***]***

Developing a Private Investment Friendly Environment

The Government has been taken required steps to set up institutions and infrastructure and to introduce required restructuring programmes in the Capital Market, Board of Investment and Privatisation Commission to create a private investment-friendly environment. The significant development of RMG and knitwear industry in the private sector has brought dynamism in the manufacturing sector that plays a catalytic role in creating an investment-friendly environment in the country.

Investment Scenario

The Bangladesh Economy is poised for accelerated growth, 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 facilitative 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:

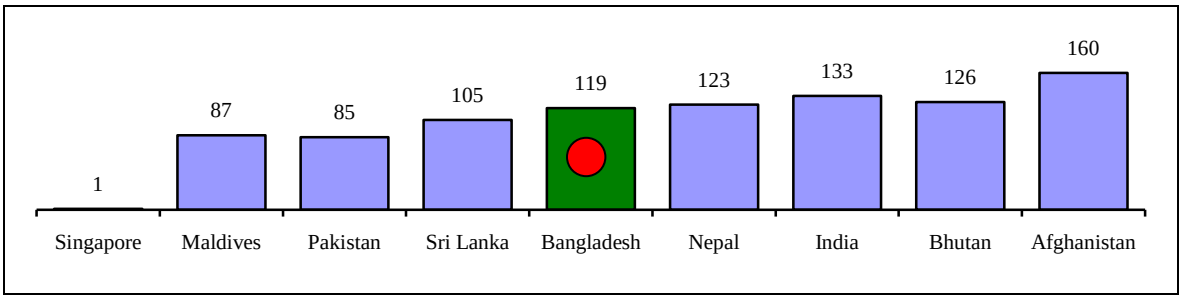
- Investment Climate
- Actual Investment (Local and Foreign)

- 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 2010 Report published by the World Bank and IFC ranked Bangladesh 107th in terms of ease of doing business: among 183 economies (Graph 14.1). However, Bangladesh was ranked 20th in terms of protecting investors. Besides, the country was also ranked 79th in getting credit and 93th in starting a business and paying taxes.

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



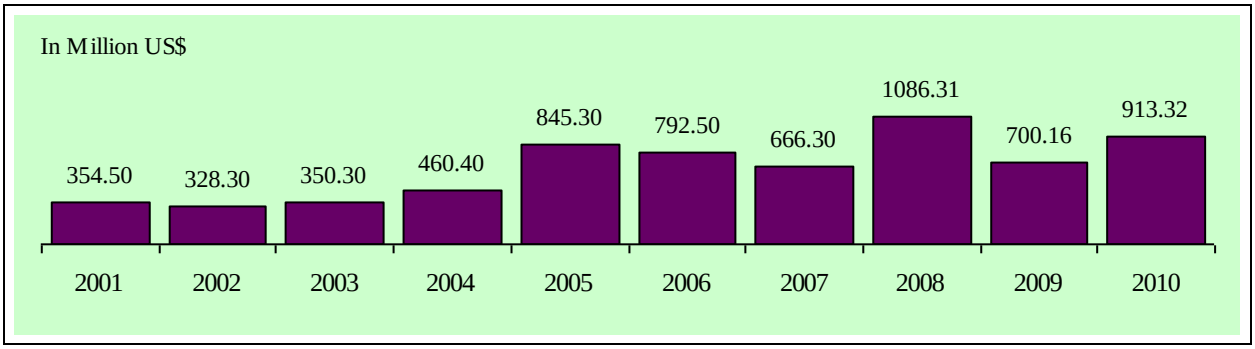
Source: Doing Business 2010, IFC, The World Bank 2010

Actual Investment (Local and Foreign)

Actual Foreign Direct Investment - FDI :

The actual FDI recorded US$ 700.16 million in 2009 and the actual FDI recorded US$ 913.32 million in 2010. The following graph 14.2 presents the recent trend in FDI inflow:

Graph 14.2: Recent Trend in FDI Inflow to Bangladesh



Source: Enterprise Survey, 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

(US$ In Million)

Components	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Equity	233.8	133.8	156.1	155.9	425.6	503.7	401.6	809.25	218.55	519.98
Reinvestment	65.0	116.8	170.2	239.8	247.5	264.7	213.2	245.73	364.94	364.62
Intra-Company	55.7	77.7	24.0	64.7	172.2	24.1	51.5	31.33	116.67	28.72
Total	**354.5**	**328.3**	**350.3**	**460.4**	**845.3**	**792.5**	**666.3**	**1086.31**	**700.16**	**913.32**

Source: Enterprise Survey, Bangladesh Bank* Estimated

Actual Local Investment

There is no formal methodology to identify the actual significance of BOI registered local projects. A sample survey conducted by BOI reveals that 80 percent of the registered local investment proposals are implemented or in the process of implementation.

Table 14.2 presents annual information on the projects registered with BOI since FY2001-02. In FY2001-02, a total of 2,964 projects has been recorded with an investment proposal of Tk.10,540 crore which increased to 1,942 projects in FY2010-11 with an overall proposed investment of Tk 91,893 crore.

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 (Crore Tk)	Projects	Project Value (Crore Tk.)	Projects	Project Value (Crore Tk)	
2001-02	2,875	8,806	89	1,734	2,964	10,540	-28.8
2002-03	2,101	11,653	104	2,067	2,205	13,720	30.2
2003-04	1,624	13,546	130	2,644	1,754	16,190	18.0
2004-05	1,469	14,005	120	5,298	1,589	19,302	19.2
2005-06	1,754	18,370	135	24,986	1,889	43,356	125
2006-07	1,930	19,658	191	11,925	2,121	31,583	-27
2007-08	1,615	19,553	143	5,433	1,758	24,986	-21
2008-09	1,336	17,117	132	14,750	1,468	31,867	27.5
2009-10	1,470	27,413	160	6261	1630	33674	5
2010-11	1746	55,369	196	36524	1942	91893	63

Source: Board of Investment, Bangladesh.

Local Investment Registration

During FY2001-02, the worth of projects registered with BOI is recorded Tk.8,806 crore which increased to Tk. 55,369 crore in FY2010-11.

Table 14.3: Sector wise Distribution of Local Investment Projects

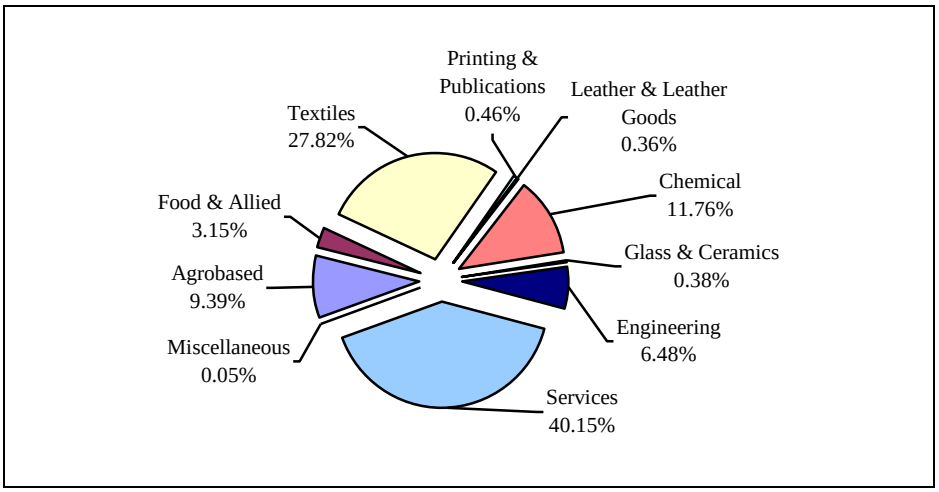
(In Crore Taka)

Sector's name	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Agro based Industry	965.65	816.18	951.11	822.33	2325.10	5200.69
Food & Allied	313.74	426.56	437.07	402.76	2157.37	1744.04
Textile Industry	8929.73	13584.84	10809.17	7945.12	8966.19	15403.65
Printing & Publishing	312.08	578.65	366.83	180.13	273.90	255.61
Tannery & Leather	227.75	73.78	20.27	33.04	218.84	201.83
Chemical Industry	3587.90	1523.42	2236.47	3055.59	7746.28	6509.23
Glass & Ceramics	9.58	96.91	172.01	405.52	73.02	207.64
Engineering industry	2165.81	959.62	1856.87	2761.58	2935.21	3586.16
Service Industry	1767.14	1534.16	2356.77	1464.89	2622.47	22231.70
Miscellaneous	90.91	63.97	143.42	46.53	95.30	28.49
Total	18370.30	19658.09	19353.01	17117.49	27413.69	55369.05

Source: Board of Investment**,**

The service sector having a share of 40.15 percent was the largest sector registered during this period. Other major sectors include Textile (27.82 percent), Chemicals (11.76 percent), Agro-based (9.39 percent) and Engineering (6.48 percent). Graph 14.3 presents information on local investment projects registered with BOI during FY2010-11.

Graph14.3 Break-up of the Local Investment Projects Registered with BOI.



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

Foreign and Joint Venture Investment Registration

In FY2009-10 and FY2010-11, foreign and joint venture projects registered with BOI have proposed an investment of USD 841.55 million and USD5115.53 million respectively.

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

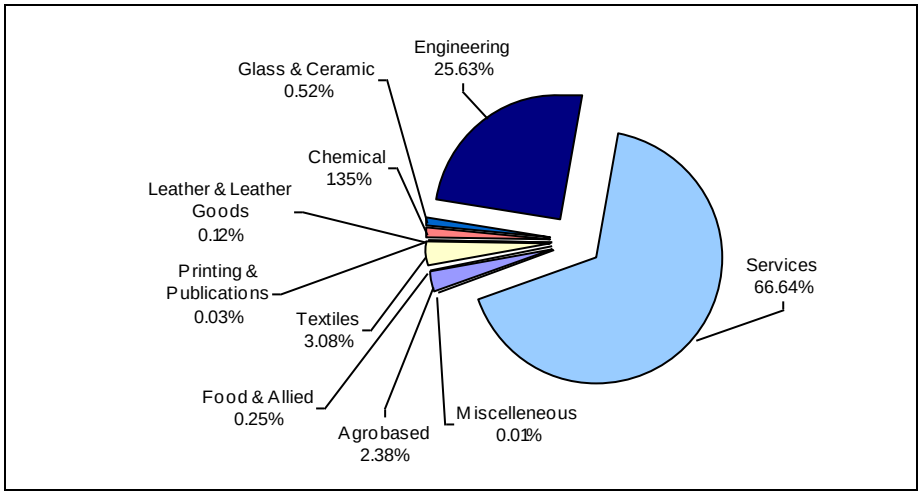
(US$ In Million)

Sector's name	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Agro based Industry	15.93	36.42	35.48	22.56	22.23	122.52
Food and Allied	1.22	3.01	1.90	2.00	0.09	12.84
Textile Industry	114.08	181.03	274.87	36.40	72.52	160.14
Printing and Publishing	0.15	4.43			2.70	
Tannery and Leather	6.88	8.39	0.38	2.15	13.66	5.98
Chemical Industry	1878.19	44.56	57.44	5.63	61.70	69.54
Glass and Ceramics			0.17	17.70		26.37
Engineering industry	23.20	25.91	77.58	121.41	17.36	1285.94
Service Industry	1313.86	1156.36	176.51	1863.84	651.20	3431.53
Miscellaneous		0.62	0.05		0.09	0.74
Total	**3353.50**	**1460.72**	**624.36**	**2071.68**	**841.55**	**5115.53**

Source: Board of Investment.

Among the entire registered sectors, the service sector has been recorded as the largest sector (66.64 percent) during this period. Other major sectors include Engineering (25.63 percent), Textile (3.08 percent), Agro-based (2.38 percent) and Chemicals (1.35 percent). Graph 14.4 presents the sectorwise foreign and joint venture projects during FY 2010-11.

Graph 14.4 distribution of the foreign and joint venture projects



Source: Board of Investment, Bangladesh.

Foreign and Joint Venture Registered

The foreign and joint venture projects registered in FY2010-11 represent 47 countries/economies from different regions of the world. The West Asia is the largest source in terms of investment portfolio followed by South, East and South East Asia, European Union, North America and CIS region. Table 14.5 presents the source-wise distribution of the new projects registered with BOI.

Table 14.5: Sources of the Foreign and Joint Venture Projects

(In Million US$)

The sources of foreign and joint venture projects		2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Saudi Arabia	1846.27	-	-	1732.59	471.82	7.09
2.	USA	46.29	17.89	39.55	15.35	143.63	846.71
3.	Thailand	2.74	4.00	-	54.91	3.04	97.52
4.	India	27.61	31.06	24.29	58.85	15.52	68.02
5.	South Korea	11.11	50.14	9.68	23.87	32.48	3277.74
6.	Malaysia	1.56	2.16	1.47	1.29	5.48	137.12
7.	Netherlands	19.29	22.65	23.25	1085.46	9.06	113.35
8.	China	15.73	8.77	22.17	19.03	27.18	73.09
9.	UK	57.77	83.13	195.82	6.88	4.39	8.88
10	Pakistan	0.99	2.93	66.75	4.58	1.24	19.60
11	Japan	2.85	10.05	12.07	7.17	6.81	14.99
12	Denmark	14.06	6.70	0.46	4.29	1.20	0.69
13	Sri Lanka	-	-	5.21	2.21	1.12	1.05
14	Canada	0.15	0.67	7.96	1.18	1.20	1.84
15	Taiwan	1.42	14.13	0.15	2.84	10.96	21.64
16	Singapore	33.32	45.49	33.45	1.02	4.64	133.11
17	Turkey	0.50		1.10	0.61	0.40	2.61
18	Italy	9.95	8.80	1.53	0.17	4.07	30.90
19	Hong Kong	8.28	28.82	9.29	5.70	61.81	45.11
20	Africa	-	-	-	-	-	1.42
21	Armenia and Russian	-	-	79.95	0.83	-	3.57
22	Bermuda	-		-		-	0.49
23	France	2.56	1.40	1.46	2.25	-	1.12
24	Indonesia	4.29	-	27.50	17.13	-	1.94
25	Lebanon	-	-	-	-	-	25.09
26	Mauritius	-	-	-	-	-	1.35
27	Philippines	-	0.49	-	-	20.29	6.74
28	Sweden	-	0.70	0.13	0.89	3.07	101.70
29	Switzerland	1.34	4.20	1.61			0.70
30	Finland	-	3.71	-	1.13	2.99	1.42
31	UAE	1236.12	1096.10	47.69	17.70		9.13
32	British Virgin Island	-	4.36	-		3.19	0.89

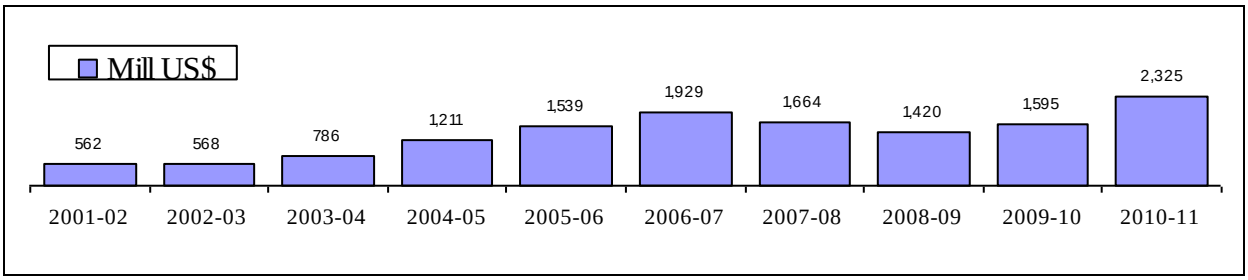
The sources of foreign and joint venture projects		2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
33	Germany	0.06	8.33	8.31	72.44	2.13	83.88
34	Australia	2.27		-	0.70	3.68	0.10
35	Greece	0.26	0.71	-	0.41	0.16	0.26
36	Portugal	-	-	-	-	-	-
37	Spain	0.31	2.09	1.06	0.18	-	-
38	Poland	-	-	2.19	-	-	-
39	Belgium	0.42	-	-	-	-	-
40	Egypt	0.54	-	-	-	-	-
41	Hungary	1.41	-	-	-	-	-
42	Norway	0.03	-	-	-	-	0.22
43	Vietnam	3.20	-	-	-	-	-
44	Jordan	-	0.39	-	-	-	-
45	Kuwait	-	0.13	-	-	-	-
46	Austria	-	0.71	0.27	-	-	-
47	USE	-	-	-	-	-	1.50
	Total	**3353.50**	**1461.72**	**624.36**	**2071.68**	**841.55**	**5115.58**

Source: Board of Investment, Bangladesh.

Import of Capital Machinery

The trend in import of capital machinery is considered as an important indicator of industrialisation. During FY2010-11, total import of capital machinery in Bangladesh stood at US$2,325 million. Graph14.5 presents the trend in import of capital machinery since FY2000-01.

Graph 14. 5: Trend in Capital Machinery Import (US$ Million)



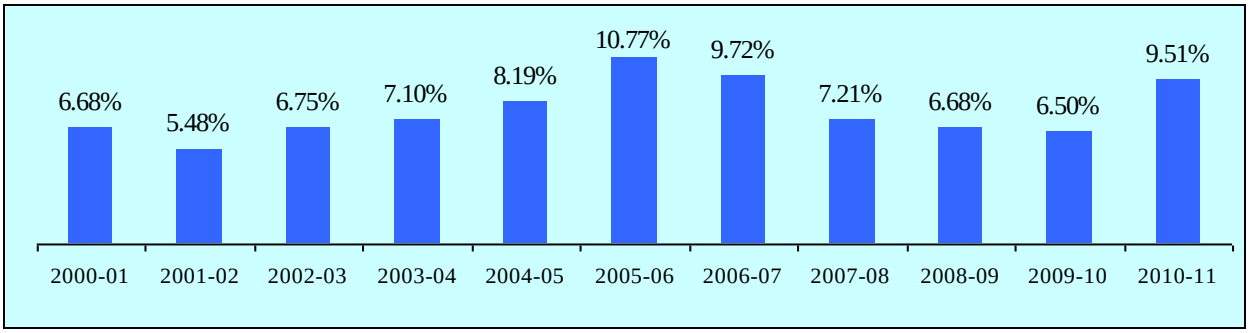
Source: Bangladesh Bank, July 2010*Provisional

GDP in the Manufacturing Sector:

Growth in the manufacturing sector has a significant impact on the socio-economic development of the country. It brings about creation of new jobs, development of backward linkage industries, value addition, skills development and enhancement of the technical and managerial capabilities. It may be noted that the share of manufacturing GDP in Bangladesh has been surpassing the other sectors. In FY2010-11, the

growth in manufacturing GDP recorded 9.51 percent. Graph 14.6 presents the manufacturing growth trend since FY2000-01.

Graph 14.6: Growth in Manufacturing GDP



Source: BBS

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

Small and Medium Enterprise (SME)

Following the attention of the policy makers to the immense potentialities of employment generation in the SME sector, Bangladesh Bank has taken different initiatives for providing credit to the SME sector and its refinancing facilities to banks and non-bank financial institutions against the disbursement of loan to SMEs. To refinance the banks and financial institutes against their disbursed loan, three funds are in operation such as Bangladesh Bank Fund, IDA Fund and ADB fund. During FY2010-11, a total of Tk. 55,889.98 crore has been disbursed to SME sector by all banks and the financial institutions in the country.

Industrial Credit

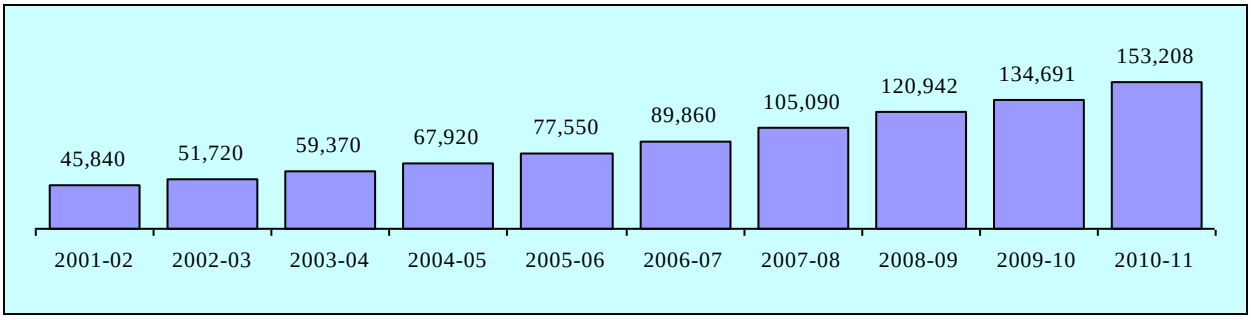
The contribution of rapid industrialisation and industrial sector is very important to attain the expected momentum of macroeconomic development in the agro based developing countries. As an attempt to implement the government's target for the expansion of large industries along with medium and small industries, disbursement of industrial credit through bank and financial institutions and other assistance were available in the recent years. In FY2009-10, the amount of credit of disbursement and recovery recorded Tk. 85,047.61 crore and Tk.64,214.45 crore respectively. In FY2010-11, the total amount of credit of disbursement and recovery recorded Tk. 77,720.65 crore and Tk.61,101.93 crore respectively.

Flow of Private Investment

Almost 78 percent of total investment in Bangladesh is contributed by the private sector. In the FY2009-10, the total private investment stood at Tk. 1,39,690 crore which went up to Tk.1,53,208 crore in FY2010-11. The following Graph 14.7 presents a trend in private investment over the past decade:

Graph 14.7: Trend in Total Private Investment

(In Crore Taka)

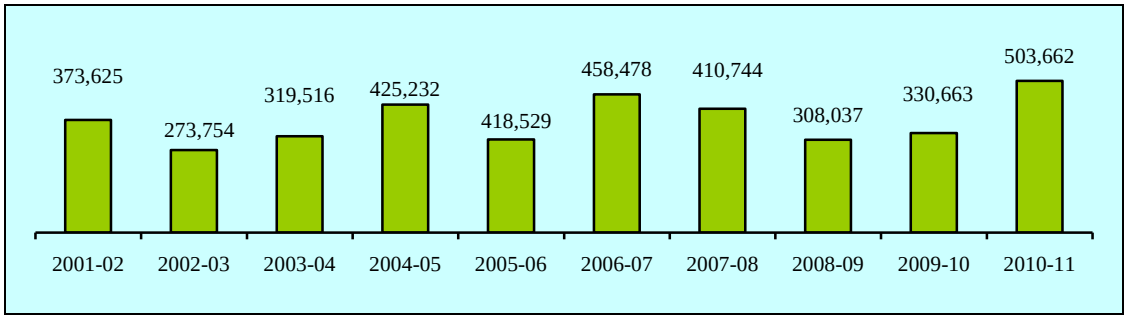


Source: BBS

Employment Opportunities

Creating opportunities for employment through industrialisation is a major objective of the National Strategy for Accelerated Poverty Reduction. Investment in the industrial sector generates a large number of managerial, technical, supervisory and skilled-unskilled job opportunities. In the FY2010-11, as many as 5,03,662 job opportunities were created/committed in the BOI-registered projects. Graph 14.8 presents year-wise information on commitments for creating employment opportunities by the BOI-Registered Projects.

Graph 14. 8: Commitments for Creating Employment Opportunities (Person)



Source: Board of Investment, Bangladesh.

Privatisation of State Owned Enterprise

Since the establishment of the Privatisation Board (The Privatisation Commission) in 1993, a total of 76 enterprises have been privatised. Out of which, 55 enterprises were privatised by outright sale and 21 by offloading of shares, 8 enterprises were transferred to the ownership of the worker and employees' association and the remaining two were handed over to Bangladesh Army and Navy. An amount of Tk. 720.42 crore has been deposited into the Government exchequer as sale proceeds of the enterprises. Recently, 22 industrial enterprises have been identified for privatisation. Among them, one enterprise has already been handed over to the private sector and two more enterprises are in the process of being privatised. Aside from this, bidding process has been initiated for privatisation of one enterprise and steps have been taken to privatise two enterprises through alternative process instead of direct sale.

Public-Private Partnership (PPP)

The Government has started the process of reinvigorating Public Private Partnership (PPP) to accelerate overall national economic development. A number of programmes has been undertaken to attract private local-foreign investors to facilitate infrastructure development. In this regard, the Government intends to go beyond the traditional public-private partnership and establish strategic, target-oriented functional relationships which are evident in the recent policy and implementation initiatives.

As it is important to accelerate the growth rate of GDP to graduate to the status of a medium income country, Bangladesh is in need of vast infrastructure investment. While the present demand of this huge infrastructure investment cannot be accommodated solely by the public sector or solely with the private sector, the Government has taken an initiative to implement the physical infrastructure development projects through of Public-Private Partnership (PPP). In line with the system, the traditional interrelationship between public sector and private sector will be elevated to a long-term strategic and goal oriented functional relationship in physical infrastructure and service sector.

The Government has taken all out preparation to build various physical infrastructures especially highways, expressways, fly-overs, bus terminals, air-ports, sea-ports, railway, telecommunications, power plants, through Public-Private Partnership (PPP). With this aim, the Govornment has already published a set of guidelines for PPP titled "Policy and Strategy for Public-Private Partnership (PPP), 2010". In line with this PPP policy, the Govornment has established a separate Public Private Partnership (PPP) office in the Prime Minister's office and a PPP unit in the Ministry of Finance. The PPP Office is scrutinising the project undertaking, processing, pre-feasibility study along with the overall activities of the PPP projects, and the PPP Unit is providing technical assistance to all projects under PPP as well as extending viable gap financing (VGF) to those projects which are not commercially viable but economically viable. Under the policy guide line of PPP, the Govornment has established a non-bank financial institution titled Bangladesh Infrastructure Financing Fund Limited (BIFFL) as a special purpose vehicle (SPV), and it has started functioning since 26 May, 2011. Initially, the Government has provided the BIFFL 100 percent paid up capital that amounts to Tk.1600 crore. BIFFL will adopt financing options consistent international

best practice such as issuing various bond/debt instruments, equity offering and so on. that will pull investments from domestic and international investors for various PPP projects.

At present, two projects are being executed under PPP. Of them, the implementation of Gulistan-Jatrabari Flyover project under Dhaka City Corporation began in 2010 and is expected to be completed by 2013, and the Dhaka Elevated Expressway Project under Bridge Division of the Ministry of Communication commenced in 2011 and is expected to be completed 2015. The completion of these two projects will ease the problem of traffic jam in the city. However, proposal evaluation and scrutiny of five projects under PPP is under process, and the concession contract will be executed very soon. Among those projects, the preparation of Request for Proposal (RFP) is at the final stage for the Hi-tech Park located at *Kaliakoir* in the district of *Gazipur*, and the concession contract for the project of Janata Tower Software Park located at *Karwanbazar* is being considered after the evaluation of RFP. The feasibility study of *Dhaka-Ashulia* Elevated Expressway, 2nd Padma Multipurpose Bridge and the Flyover from *Gulistan Golapshah Majar* to 2nd *Buriganga* Bridge is going on after their as approval in principle. In the meantime, the Cabinet Committee on Economic Affairs (CCEA) has given its approval in principle for the Bangabandhu Sheikh Mujib International Airport, and the site selection of the proposed airport is going on. Moreover, several initiatives for developing the tourism sector such as establishing Teknaf Tourism Resort, Exclusive Tourist Zone at Sabrang in Teknaf and International Tourism Centre at Cox's Bazar under PPP are under active consideration.

Privatisation Activities 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 description of procedures for undertaking infrastructure projects in various sub-sectors on private initiative has been provided in the guidelines. The sub-sectors include, among others: telecommunication; power generation, transmission and distribution services; development of ports; building highways and expressways; constructing bridges; tunnels and flyovers; exploration of oil and gas production- transmission-distribution; development of airports and terminals, tourism; development of industrial estate; health and education; and waste management and environment etc.

Road Sector Development under PPP

The Government of Bangladesh (GoB) is still the principal or rather the sole provider of road infrastructure in the country. In order to develop and maintain the road network to an optimum standard, a huge amount of resources is required annually both under development and maintenance budget. In order to meet the increasing demand for road transport facility the government has decided to welcome private investment in infrastructure development activities. Three mega road projects out of seven infrastructure projects has been primarily selected for implementation under PPP. The projects are: Dhaka-Chittagong

Access Control Highway at an estimated cost of US$ 3020 million, Dhaka City Elevated Expressway at US$ 1,230 million and Dhaka-Narayanganj-Gazipur-Dhaka Expressway at US$ 1,900 million.

Textiles

As of April 2011, there were 387 cotton and synthetic spinning mills in the country of which 365 units belong to the private sector. The year-wise production of yarn and fabrics from FY2000-01 through FY2010-11 is shown in the table below:

Table 14:6 Production of Yarn and Fabric in Public and Private sector.

Year	Yarn production (In Million Kg.)			Fabric (In Million Kg.)		
	Public sector	**Private sector**	**Total**	**Public sector**	**Private sector**	**Total**
2000-01	15.81	186.76	271.57	-	1,845.00	1,845.00
2001-02	15.39	204.81	298.50	-	2,050.00	2,050.00
2002-03	9.35	330.65	340.00	-	2,200.00	2,200.00
2003-04	9.70	370.30	380.00	-	2,750.00	2,750.00
2004-05	9.48	440.52	450.00	-	3,100.00	3,100.00
2005-06	8.00	530.00	538.00	-	4090.00	4090.00
2006-07	8.87	600.00	608.86	-	4910.10	4910.00
2007-08	7.99	702.00	710.00	-	5800.00	5800.00
2008-09	2.33	877.00	879.33	-	6380.00	6380.00
2009-10	1.14	950.00	951.14	-	7200.00	7200.00
2010-11*	0.84	403.75	404.59	-	3780.00	3780.00

Source: Jute and Textile Ministry *Dec'10

It appears from the above table that the total production level of yarn in FY2000-01 recorded 271.57 million kg., which increased to 404.59 million kg. in FY2010-11. On the other hand, the fabric production in FY2000-01 recorded 1,845 million metres, which has increased to 3780 million metres in FY2010-11.

Jute

BJMC is as the biggest export house of the jute goods in the world market. Jute goods are one of the main sources of foreign exchange earning and a huge industrial work force is engaged in the jute industry. A large portion of the raw jute produced in the country is consumed in the jute mills under BJMC. Mills purchase raw jute through purchase centres spread all over the country to ensure fair price to the growers. At present, 27 mills are operating under BJMC; among them 18 are running jute mills, 1 is closed jute mill, 3 are running on trial basis, 2 are leased jute mills, and 3 non jute mills.

At present, there are 80 Jute mills under Bangladesh Jute Mills Association (BJMA) including 38 denationalised. In the private sector, the production and export of jute are being run by Bangladesh Jute Mills Association (BJMA). Out of 38 denationalised mills, 14 mills are in operation, 17 mills are partially in operation and 7 mills have been closed. Out of other 42 mills, 3 mills are closed and the remaining ones are in operation.

Bangladesh Jute Spinners Association (BJSA):

The Jute Spinners Association represents the Jute Spinning Industry in Bangladesh, comprising 64 spinning mills under private sector. This industry produces heavy, medium and finer quality of jute yarn and twine.

Energy and Power

Power Sector

To provide **access to electricity to all by the year 2020**, the Government has been encouraging private investment in the power sector. This has resulted in greater participation of private sector in electricity production. Having realised the importance of private investment in power sector, a policy to involve private sector in power generation was adopted by the Government in 1996. To separate the power transmission system, Power Grid Company of Bangladesh (PGCB) and Dhaka Electricity Supply Company (DESCO) were formed in 1996 under the Companies Act of 1994, as part of the power sector reforms. In FY2010-11, the total installed generation capacity recorded at 7,264 MW including 4,027 MW in public sector and 3,237 MW in private sector including REB. Of the total installed generation capacity the contribution of private sector is recorded at 53 percent.

Information and Communication Technology (ICT)

Information and Communication Technology (ICT) is one of the fastest growing sectors in the country. It has been recognised as the key driving force for socio-economic and industrial development of Bangladesh. Realising the importance of ICT, the present Government has declared its commitment to take ICT to the door-steps of the wider community and to establish 'Digital Bangladesh' by 2021 through the development and expansion of ICT use in the country.

ICT Incubator Centre

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

Hi-tech Park

A Hi-tech park at Gazipur district has been established to provide a wide range of modern infrastructure and administrative support services and to create an efficient working environment for the development of IT, electronics, engineering, biotechnology and other knowledge-based industries. Bangladesh Hi-tech Park Authority has been established under Bangladesh Hi-Tech Park Authority Act-2010 to create and expand of Hi-Tech industries in different places of the country. The Bangladesh Hi-Tech Park Authority is establishing a Hi-Tech Park at Kaliakoir with an aim to generate more than 50 thousand employment opportumities. A Software Technology Park at Janata Tower, Kawran Bazar, Dhaka, is also under development for 40 IT/Software Companies. Both the Parks will be established under Public Private

Partnership initiative. The Government is willing to appiont Park Developers with the responsibility to build up necessary infrastructure, ensure the landing of the investor and manage the park for a pre-determined period. In the meantime, the Authority issued Request for Proposal (RFP) to 7 shortilisted firms for appointent as Park Developer for Software Technology Park at *Kaliakoir* Hi-Tech Park. The Authority has also taken an initative to establish a software park at *Jessore* and establish Software Technology Park/IT Village at the Divisonal Levels as well as at *Mohakhali*, Dhaka.

Export of Software

Currently, more than 50 software and IT service companies in Bangladesh are exporting software and providing their services to 30 different countries which include among others USA, UK, Australia, Canada, Denmark, KSA, Japan, Sweden, UAE, Germany, Italy, Netherlands, Norway, Switzerland, France and Nepal. Some important users of Bangladeshi software are Nokia, Japan Airlines, World Bank, HP, US Postal Department and US Department of Agriculture. IT industries are flourishing in Bangladesh. The contribution of IT sector to our economy is increasing day by day. By exporting IT software Bangladesh earned US$ 45.31 million in FY 2010-11. Table-14.7 shows IT software export during-FY 2004-05 to FY 2010-11.

Table-14.7: 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	24.09	-4.83
2008-09	32.91	32.59
2009-10	35.36	7.44
2010-11	45.31	28.14

Source: BASIS

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

Telecommunication Sector

The telecommunication sector has experienced phenomenal growth in the last few years and is continuing further expansion to meet the unmet demand for the emerging services. The regulator, public and private operators all are working continuously to develop telecommunication sector of the country. Six mobile operators and nine PSTN operators have been allowed to operate to facilitate the customers with voice services. For narrowing the gap and for the liberalisation of innovative VoIP technologies, a number of IP Telephony licenses has been issued. A good number of internet service providers, new

entrant BWA (WiMAX) operators and also the mobile as well as PSTN operators are playing the same role for data service. Infrastructure operators and the gateway operators (IGW, IIG, & ICX) are the important parts of the telecom-skeleton of Bangladesh. Rural telecommunication has been given the topmost priority and Bangladesh Telecommunication Regulatory Commission (BTRC) is striving to ensure access for each of the citizens.

Currently, the tele-density (voice) of Bangladesh is about 44.6 percent (July'11). The number of mobile phone subscribers has reached almost 62 million. With the support from the Government and increasing private investment, Bangladesh has stepped into a new digital era, replacing 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. 11Vehicle Tracking Service Licenses have been issued. Request for Proposal (RFP) has been issued to 5 International Consultancy firms to run 3G licensing procedure flawlessly and smoothly. From 2012, Regulatory and Licensing Guidelines for renewal of the Cellular Mobile Telecom Operator License has already been issued. The approximate value of accumulated revenue from these license renewals will be Tk. 8,000 crore, and this will go to the government treasury.The total number of Mobile Phone Subscribers up to June 2011 is shown in Table 14:8

Table 14:8 The Total Number of Mobile Phone Subscribers

	Operators	Subscriber in million
1	Grameen Phone Ltd (GP)	33.824
2	Orascom Telecom Bangladesh Limited (Banglalink)	20.202
3	Robi Axiata Limited (Robi)	14.488
4	Airtel Bangladesh Limitede (Airtel)	5.045
5	Pacific Bangladesh Telecome Limited (Citycell)	1.730
6	Teletalk Bangladesh Ltd (Teletalk)	1.141
	Total	**76.434**

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

Transport Sector

Air Transport

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

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

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 construction and repair of vessels and pontoons are done at local private dockyards. In the light of the government policy relating to private sector investment, dredging works are being carried out by private sector dredger(s) under a project titled, "Introduction of Circular Waterways in and around Dhaka city (2nd phase)." Besides the above dredging programme, BIWTA has taken initiatives for carrying out maintenance of dredgers including hydrographic survey works by private sector(s). Apart from this, Chittagong Port Authority (CPA) and BIWTA are constructing a container terminal jointly at *Pangaon*. However, the responsibilities of its operation will completely be handed over to private entrepreneurs. Moreover, implementation of another project titled, "Establishment of River Port at *Nowapara*, *Bhairab–Ashuganj* and *Barguna*" is underway. Upon its completion, the operational responsibilities of the river ports will also be handed over to the private sector(s).

The initiatives taken by BIWTA to involve private sectors with its development activities will encourage the private entrepreneurs. As a result, they will participate extensively in dredging and hydrographic survey activities in inland waterways including infrastructure development of IWT sector in future.

Tourism

Bangladesh Parjatan Corporation has built tourism facilities across the country. In addition, the organisation has established the National Hotel and Tourism Training Institute to develop human resources for the tourism industry. Bangladesh Parjatan Corporation (BPC) runs 3**8** establishments around the country. Out of them **23** are directly managed by BPC and the rest 1**5** are privately managed. Moreover, in order to develop and expand tourism, an integrated development plan has been prepared by dividing Bangladesh into eight zones.

Insurance

Apart from two state-owned insurance companies, currently, a total of 43 privately owned general insurance companies and 17 life insurance companies are operating in the country. Premiums realised by these companies together stood at Tk.1657.42 crore in 2010 compared to Tk. 1389.77 crore in 2009. The total premium income from general insurance increased by 16.15 percent compared to the previous year. The break-up of income from premiums by both private and state-owned general insurance companies are shown in Table 14.10.

Table 14.9: Premium Income from General Insurance

(In Crore Taka)

	Total Premium			Share of public sector %	Share of private sector %	Growth rate		
	Public sector Sadharan Bima Corparation	Insurance companies of private sectors	Total			Public sector Sadharan Bima Corparation%	Insurance companies of private sectors %	Total %
2001	76.00	422.92	418.92	15.23	84.77	23.09	15.97	17.01
2002	81.86	453.46	535.32	15.29	84.71	7.71	7.22	27.8
2003	76.66	517.81	594.47	12.90	87.10	(-) 6.35	14.19	11.05
2004	77.86	606.66	684.50	11.37	88.63	1.57	17.16	15.14
2005	88.61	718.67	807.28	10.98	89.02	12.13	19.40	18.76
2006	104.45	802.72	907.17	11.51	88.49	11.7	11.70	12.37
2007	126.58	941.73	1068.31	11.85	88.15	17.48	17.31	17.76
2008	141.90	1116.40	1258.30	11.28	88.72	12.10	18.55	17.78
2009	161.35	1228.42	1389.77	11.61	88.39	13.71	10.03	10.45
2010	165.99	1491.43	1657.42	10.01	89.99	2.80	17.63	16.15

Source: Insurance Directorate,

Premium income by the state-owned *Jiban Bima* Corporation and 17 private life insurance companies together stood at Tk.5846.58 crore in 2010 compared to Tk.4996.04 crore in 2009. The total premium income from life insurance increased by 14.55 percent compared to the previous year. The break-up of income from premiums from both private and state-owned life insurance companies are shown in Table 14.11.

Table 14.10: Premium Income from Life Insurance

(In Crore Taka)

	Total Premium			Share of public sector %	Share of private sector %	Growth rate		
	Public sector Jiban Bima Corparation	Insurance companies of private sectors	Total			Public sector Sadharan Bima Corparation%	Insurance companies of private sectors %	Total %
2001	150.00	668.09	818.09	18.34	81.66	-12.45	23.51	16.59
2002	179.00	834.83	1013.83	17.66	82.34	19.33	24.96	23.93
2003	152.00	1058.72	1210.72	12.55	87.45	-15.08	26.28	19.42
2004	197.00	1335.23	1532.23	12.85	87.14	29.61	26.12	26.56
2005	203.65	1841.09	2044.74	9.95	90.04	3.38	37.81	33.45
2006	223.35	2138.00	2361.36	9.46	90.54	9.67	16.13	15.48
2007	264.98	2916.51	3181.49	8.33	91.67	18.64	36.41	34.73
2008	307.81	3597.45	3905.26	7.88	92.12	16.16	23.35	22.75
2009	400.25	4595.79	4996.04	8.01	91.99	30.03	27.75	27.93
2010	338.81	5507.77	5846.58	5.80	94.20	-18.13	16.56	14.55

Source: Insurance Directorate,

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.

The number of MPO assisted non-government institutions is 27,704 including vocational institutions and. Currently there are 16,191 lower secondary and secondary schools 3,092 colleges and 7,597 *madrasas* under the coverage of MPO subvention. The number of teachers and staff in these institutions are 3,69,860 and 1,12,603 respectively. The Government provides 100 percent of the basic salaries to the teachers and staff ; house rent and medical allowances are also given to the MPO listed teachers and staff.

With the ever increasing population, the demand for admission into higher education has increased. To meet this rising demand, the Private University Act 2010 was enacted allowing establishment of private universities. This has resulted in the establishment of 54 private universities in the country.

Health Sector

Private sector participation in the health sector is gradually increasing. To encourage private investments, the Government is providing various incentives including financial assistance. At present, there are 44 private medical colleges, 12 dental colleges, 2,501 private hospitals and clinics having 42,237 beds. Alongside 5,721 modern diagnostic centres are operating in the private sector. The involvement of NGOs is also remarkable in health care delivery. A good number of NGOs are working in the field of HIV/AIDS and nutrition under HNPSP. The Government is encouraging the mobile phone operators to ensure health service through the mobile phone. Beside, the television channels are also telecasting some live health programmes to educate the viewers.

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