

# Current & Future Role of Private Sector in the Overall Economic Development of Bangladesh

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## Role of Private Sector

□ The government has adopted a pro-market stance in pursuit of its short and long-term development objective, where private sector is recognized as the primary engine of growth, owning and operating production systems and accounting for most of the investment of the country.

□ The Private Sector is driving innovation and growth in many other sectors which have traditionally been dominated by Government Institutions-

- Education
- Power Generation
- Airlines
- Healthcare
- Television
- Infrastructure

## Role of Private Sector (cont.)

•One of the unique features of the Sixth Five Year Plan is that instead of the traditional investment plan approach it has been developed as a strategic and indicative plan as the economy is gradually being dominated by the private sector. Much of the investment will be undertaken by the private sector (including through PPP programs), will account for 77.2% of the total investment.

### Financing of Sixth Five Year Plan Investment (FY2011 prices)

Items:(Billion Taka)	Total	Share (%)	Public	Share (%)	Private	Share (%)
Total Investment	13469.4	100	3075.8	22.8	10393.6	77.2

\*Source: Sixth Five Year Plan (2011-15)

# **Bangladesh Economy at a Glance**

## Robust improvement in key macroeconomic metrics

Healthy macroeconomic trends upholding BB-/Ba3 sovereign credit ratings with stable outlook, for four successive years now

	FY* 2000	FY* 2013	Δ FY2000 – FY2013
<b>GDP (billion USD)</b>	47.1	128.8	↑ 273%
<b>GNI per capita (USD)</b>	377	923	↑ 245%
<b>International reserves (billion USD)</b>	1.6	14.8**	↑ 925%
<b>Government Debt/GDP (%)</b>	46.4	37.2	↓ 19.8%
<b>Budget Deficit/GDP (%)</b>	6.1	4.8	↓ -21%
<b>Investment /GDP (%)</b>	23.0	26.8	↑ 17%

(\* Bangladesh fiscal year: July-June)

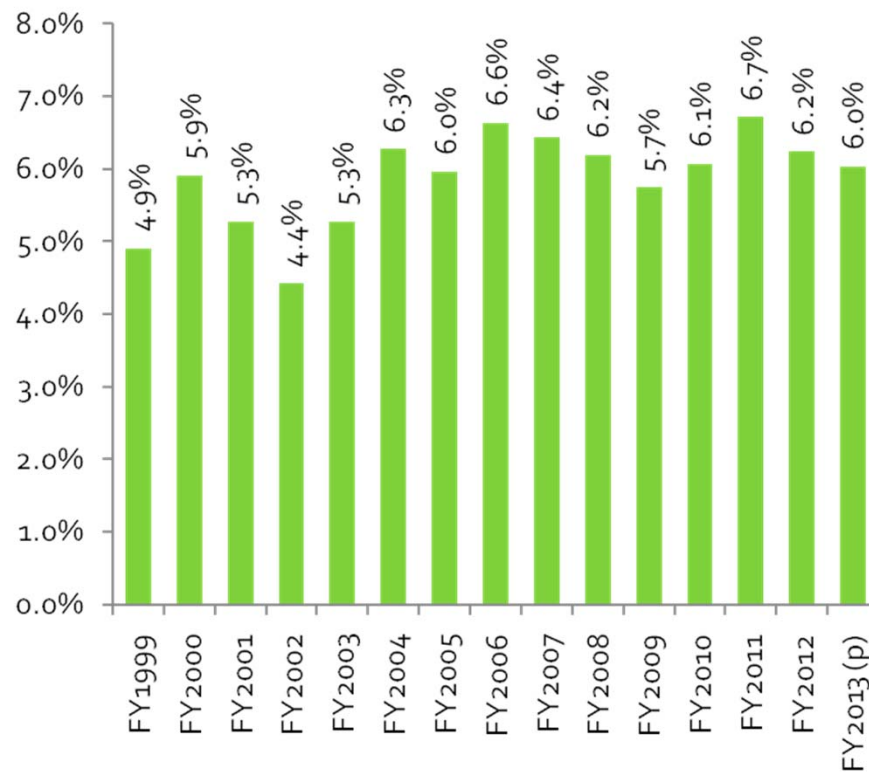
(\*\* projection for end June 2013)

Source: Bangladesh Bank

Per capita GNI rising with growth performance, approaching middle income country group income threshold

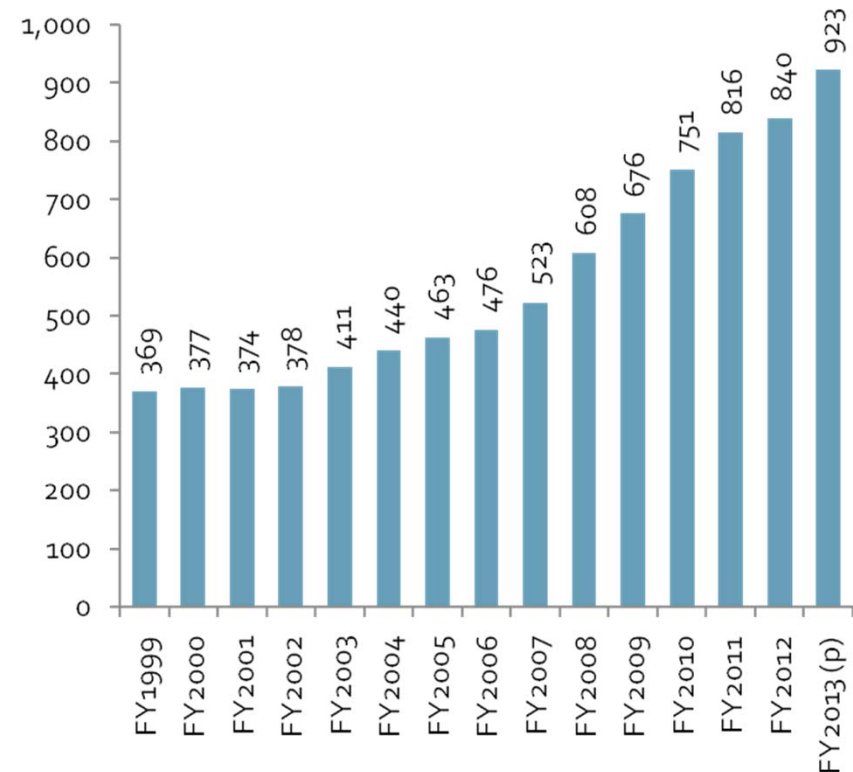
### Real GDP growth

y-o-y(%)



### Per capita GNI

GNI per capita (USD)



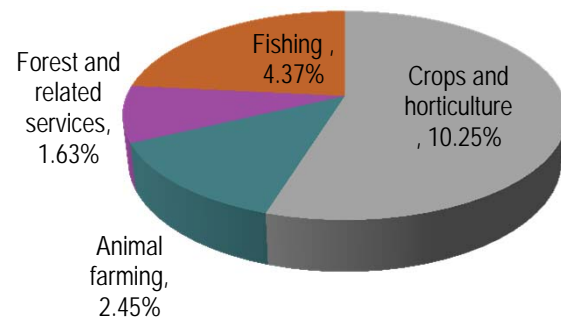
Note: (p) indicates provisional data

Source: Bangladesh Bank

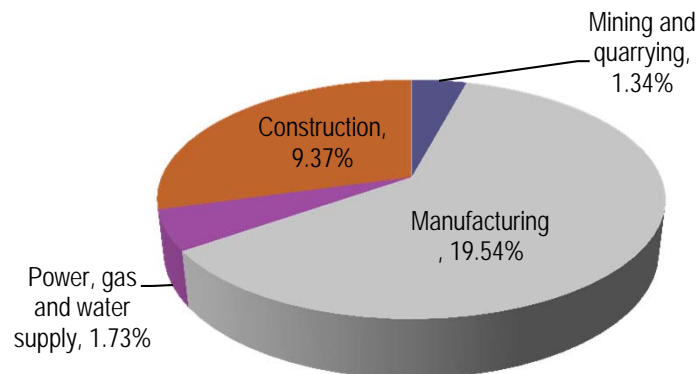
# GDP growth well diversified across economic sectors

Broad based inclusiveness of growth performance cushioning the economy from sectoral shocks

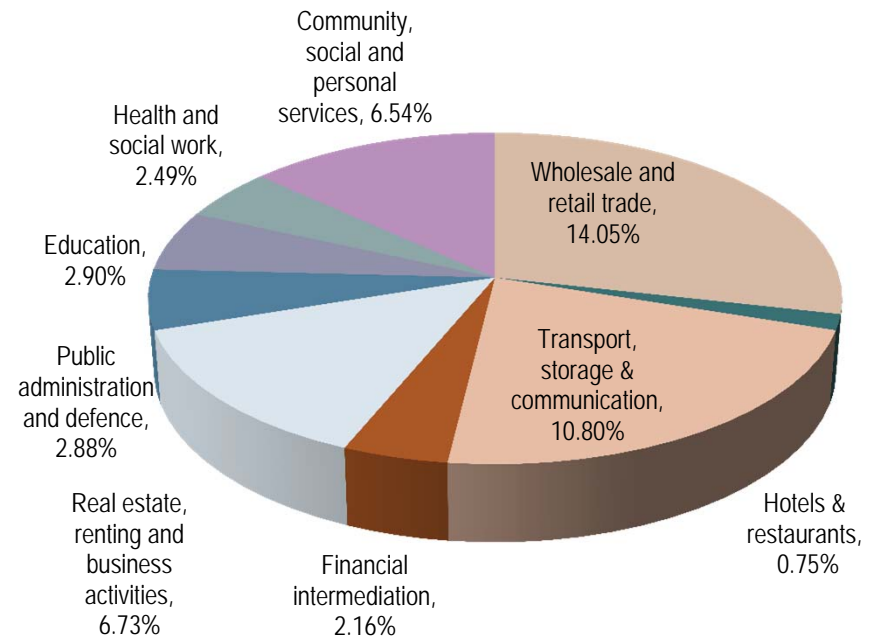
## FY13 sectoral share in GDP: Agriculture (18.70%)



## FY13 sectoral share in GDP: Industry (31.98%)



## FY13 sectoral share in GDP: Services (49.3%)



\*Source: BBS

**The Private Sector:  
Engine of Growth in the  
Bangladesh Economy**



## Contribution so far...

- Private investment in FY 2011-12 stands at BDT 1840.4 Billion compared to public investment of BDT 596.6 Billion in the same year.
- The private sector component as a percentage of GDP has increased from 16.8% from the FY2001-02 to 19.0% in the FY 2012-13.

### Gross Domestic Product (GDP), Investment and Savings (BDT Billion)

Item/Sectors	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13*
GDP (at current market prices)	4724.8	5458.2	6147.9	6943.2	7967.0	9181.4	10379.8
Gross Investment at current prices	1155.9	1321.3	1498.4	1695.1	2003.8	2436.9	2786.1
(i) Public	257.3	270.4	289.0	348.2	449.3	596.6	814.9
(ii) Private	898.6	1050.9	1209.4	1346.9	1554.4	1840.4	1971.3
Gross Domestic Savings	961.6	1108.5	1235.0	1395.5	1536.8	1768.5	1998.4

\*Source: Bangladesh Economic Review 2013

## Revenue (BDT Billion)

Item/Sectors	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13*
<b>Manufacturing</b>	811.8	939.0	1064.5	1201.1	1355.5	1557.5	1760.3
(a) Large and Medium Scale	576.9	667.6	756.1	849.0	971.2	1120.8	1271.9
(b) Small Scale	234.9	271.4	308.4	352.1	384.3	436.8	488.3
<b>Services</b>							
(i) Wholesale & retail trade	660.1	782.2	882.8	1003.0	1159.6	1306.8	1434.9
(ii) Hotel & restaurants	32.9	38.9	44.6	51.5	60.0	71.4	82.5
(ii) Financial intermediary	77.4	89.6	102.5	123.0	144.8	175.8	205.3
(iv) Real estate, renting & business activities	349.3	380.6	416.2	456.8	503.4	589.5	656.5
(v) Education	117.8	135.3	155.0	179.1	213.1	240.6	279.4

\*Source: Bangladesh Economic Review 2013



“Bangladesh has maintained 6% plus growth over most of the last 10 years through **strong export** and remittance growth.”

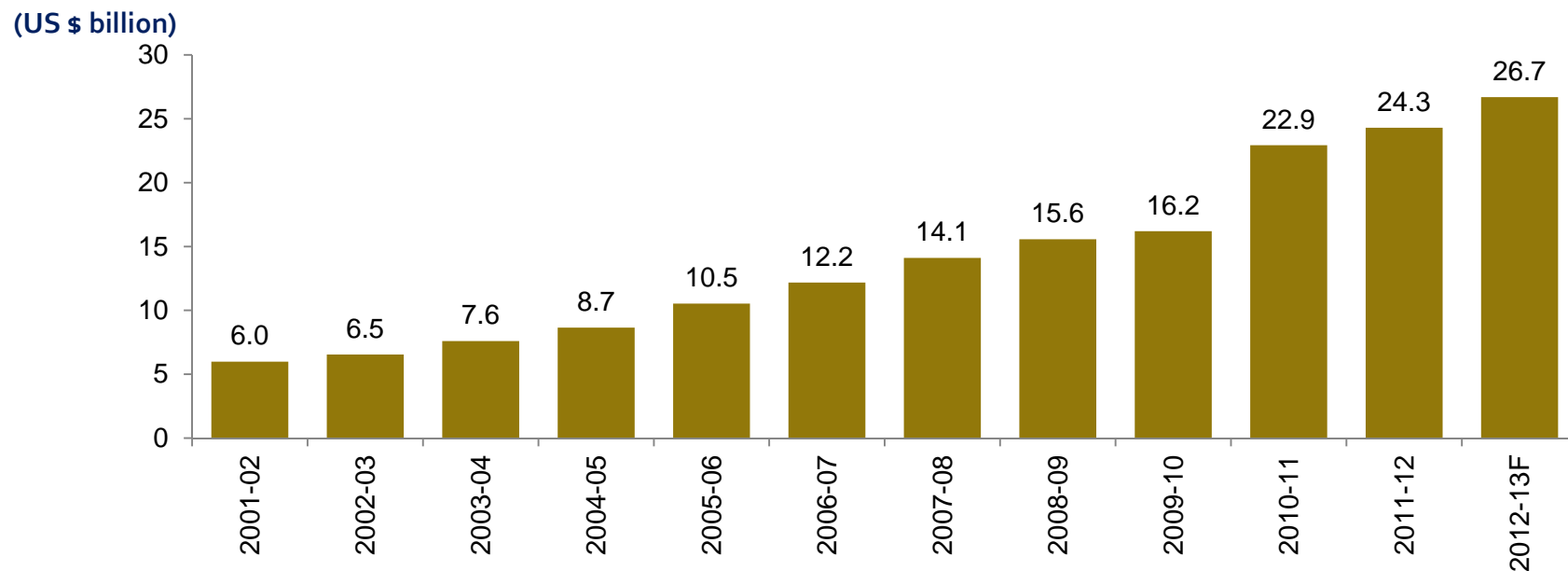
- **The World Bank**

“Bangladesh, Once Poor and Irrelevant to the Global Economy is now an **Export Powerhouse**”

-**The New York Times**

## Impressive export growth

- Exports more than quadrupled over the past decade, still on growth trend amid global slowdown.
- Exports in diverse sectors sustained growth path, including Apparels, Horticulture and fishery, Jute goods, Ceramics, Pharmaceuticals, Leather goods, Light engineering, Ship building, IT services & so forth.



\*Source: Bangladesh Bank, McKinsey & Co. report "Bangladesh's ready-made garments landscape: The challenge of growth"

**Socio-economic Development  
through Private Sector**

## Significant improvements in social indicators over past two decades

	1991	2011 / Latest
<b>Fertility rate</b>	4.36	2.20
<b>Infant mortality rate (per 1,000 live births)</b>	93.5	36.7
<b>Life expectancy at birth (years)</b>	59.99	68.94
<b>Malnutrition prevalence, height for age (% of children under 5)</b>	76.70	43.20
<b>Adult literacy rate (% of people aged 15 and above)</b>	35.32	56.78

“Made in Bangladesh” innovations (e.g. micro-credit, non-formal education, oral rehydration therapy, low-cost birth mat etc.) contributed to the improvements. Well-rooted NGO development partnership with relatively light regulatory rigor also contributed. (*The Economist*, May 2013)

\*Source: World Bank

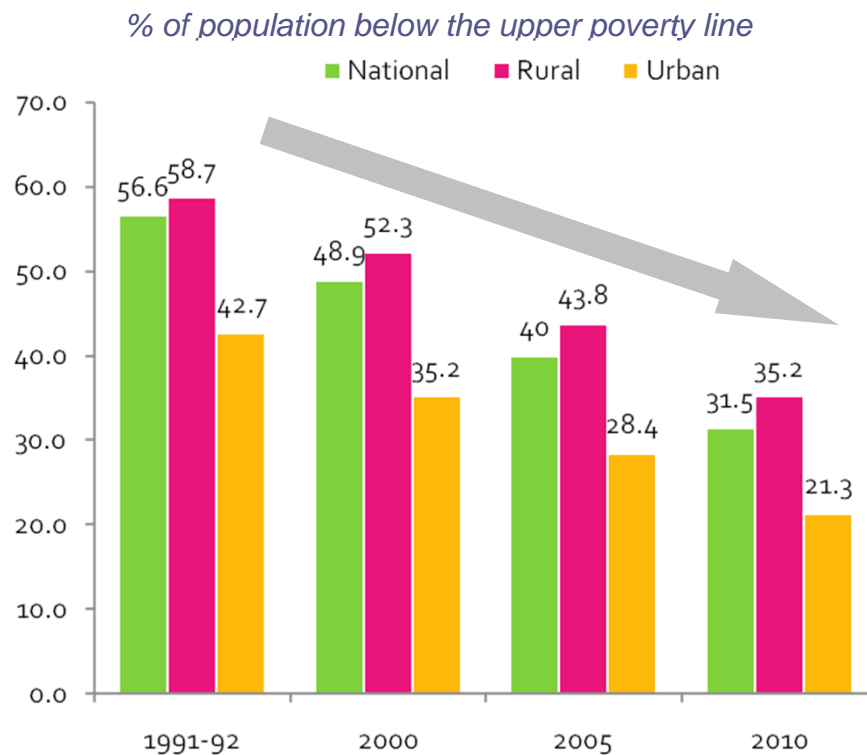
## Substantial poverty decline evidences inclusiveness of growth:

- ❑ Poverty has declined from 57% of the population in 1990 to 31.5% in 2010.
- ❑ Consumption Gini-coefficient remained unchanged at 0.33 over ten years, evidencing social cohesion.
- ❑ Bangladesh is on track to meet the Millennium Development Goal of halving extreme poverty by 2015.
- ❑ Total fertility rates have dropped by 50% from the mid-1970s .
- ❑ 80% of teenage girls complete primary school (compared to 20% in the 1970s)

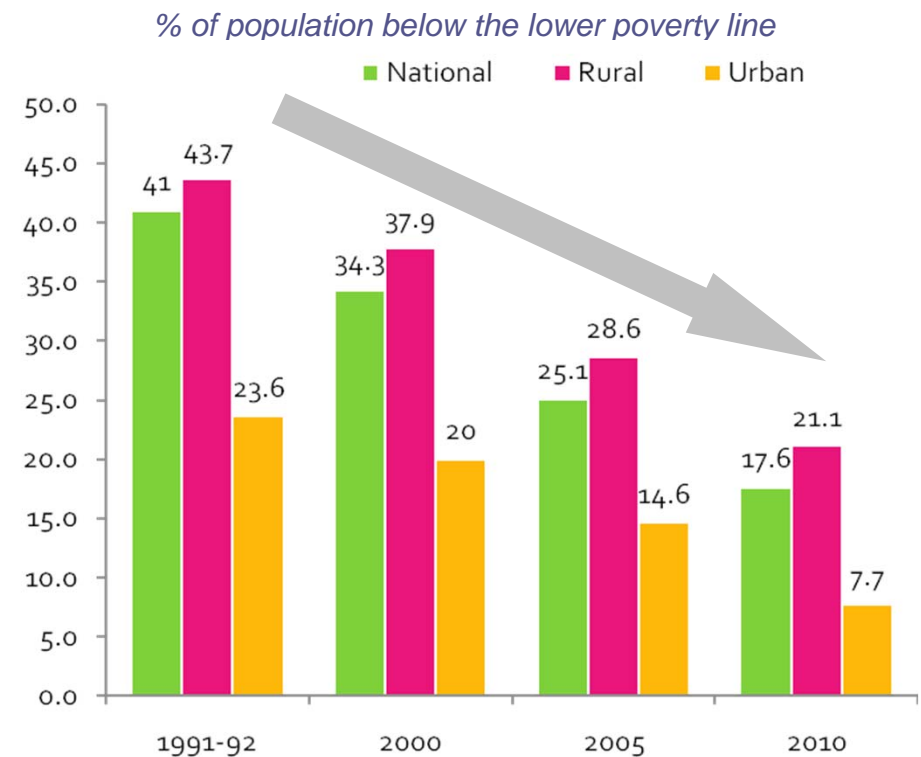
\*source: World Bank Bangladesh Country Overview 2010

# Substantial poverty decline evidences inclusiveness of growth (cont.)

Poverty declined substantially in the preceding decades...



... but more remains to be done, especially for the extreme poor



\*Source: HIES 2005, 2010



**Aiming future with  
Private Sector**

# Future of Bangladesh

- Bangladesh is poised to cross the (lower) middle income country group GNI threshold in a couple of years; its progress path through Private Sector aiming at:
  - (i) Reaching the upper middle income country group GNI threshold by 2030, and
  - (ii) Attaining developed advanced economy status by 2050.

## Bangladesh-2030-a strategy for growth by DCCI- *a vision by the private sector*

I take the privilege to inform you all to the private sector Vision emerged out of a mega Conference on **'Bangladesh 2030: A Strategy for Growth'** hosted by DCCI in 2010 which says:

- **Bangladesh is truly positioned in a transition point in its history.**
- Bangladesh needs an integrated marketing campaign for **branding "Bangladesh"**.
- Implementation of **"top priority infrastructure projects"**

By 2030, we project our GDP size would be US\$ 1 trillion plus. Our per capita income would be US\$ 6,000. Bangladesh would emerge as Regional Transportation and Communication hub.

We consider infrastructures should receive priority as well as what growth drivers are likely to move us forward in our quest to be **the 30<sup>th</sup> largest economy in the world by 2030.**

# BANGLADESH AT A GLANCE

