

**Sixth Five Year Plan of Bangladesh  
2011-2015**

**Background Papers**

**Volume 2  
Economic Sectors**

**Editors**

**Mustafa K. Mujeri  
Shamsul Alam**



**Bangladesh Institute of Development Studies**



**General Economics Division, Planning Commission  
Government of the People's Republic of Bangladesh**

# CONTENTS

<i>List of Tables, Annex Tables, Figures, Boxes and Maps</i>	ix
<i>Acronyms</i>	xv
<i>Foreword</i>	xxi
<i>Preface</i>	xxiii
<i>About the Contributors</i>	xxv

## CHAPTER 1

### Crop Agriculture and Agrarian Reforms in Bangladesh: Present Status and Future Options

*Mahabub Hossain*

*Uttam Deb*

1.1 Introduction	1
1.2 Performance of the Crop Sector	3
1.2.1 The Record of Growth in Production	3
1.2.2 Drivers of Growth	6
1.2.3 Dependence on Imports for Food Availability	7
1.2.4 Food Intake and Nutritional Imbalance	9
1.3 Challenges to Achieving Food Security	12
1.4 Opportunities	17
1.5 Targets for the Sixth Plan	20
1.6 Strategy and Policies	21
1.7 Implementation Process	23
1.8 Conclusions	24

## CHAPTER 2

### Developing Non-Crop Agriculture in Bangladesh: Present Status and Future Development

*Quazi Shahabuddin*

*Mohammad Yunus*

*S.M. Zulfiqar Ali*

2.1 Introduction	33
2.2 Development of Livestock: Review of Performance	34
2.2.1 Past Performance of Livestock Sub-sector	34

2.2.2 Growth Trends of Livestock Population	36
2.2.3 Imports and Exports of Livestock	38
2.2.4 Production and Consumption Trends of Livestock Products	39
2.2.5 Resource Base	40
2.3 Review of Past Policies and Programmes for Livestock Development	42
2.3.1 Review of Policies and Programmes in Five Year Plans	42
2.3.2 Sectoral Policy Issues	45
2.4 Livestock Development: Constraints and Potentials	47
2.4.1 Major Constraints to Livestock Development	47
2.4.2 Marketing Structure for Livestock	52
2.4.3 Economics of Commercial Livestock and Poultry Production	56
2.4.4 Potentials for Livestock Development	59
2.5 Future Outlook for Livestock Development	62
2.5.1 Projected Supply-Demand Gap for Livestock Products for the Sixth Plan	62
2.5.2 Targets and Resource Requirements for the Sixth Plan	63
2.6 Major Issues, Strategic Interventions and Policy Recommendations	66
2.6.1 Major Issues for Livestock Development	66
2.6.2 Strategic Interventions and Policy Recommendations for the Sixth Plan	70
2.7 Development of Fisheries: Review of Performance	73
2.7.1 Inland Capture Fisheries	73
2.7.2 Inland Culture Fisheries	73
2.7.3 Marine Fisheries	74
2.7.4 Fish Species	74
2.7.5 Production, Productivity and Growth	74
2.7.6 Production by Species	75
2.7.7 Use Pattern of the Resources	76
2.8 Review of Past Policies and Programmes for Fisheries Development	77
2.9 Fisheries Development: Constraints and Potentials	80
2.9.1 Constraints	80
2.9.2 Marketing Structure and Problems: Capture and Marine Fisheries	81
2.9.3 Marketing Structure and Problems: Culture Fisheries	81
2.9.4 Growth Potentials: Capture Fisheries	82
2.9.5 Growth Potentials: Culture Fisheries	83
2.9.6 Growth Potentials: Marine Fisheries	83
2.10 Future Outlook for Fisheries Development	84
2.10.1 Projected Supply-Demand Gap for Fish for the Sixth Plan	84

2.10.2 Targets and Resources Requirement for Sixth Plan	85
2.11 Strategic Interventions and Policy Recommendations for the Sixth Plan	86

### CHAPTER 3

A Study on Public-Private Partnership Development in Bangladesh  
and Issues in the Privatisation of SOEs

*Abdul Hye Mondal*

*Narayan Chandra Nath*

3.1 Introduction	97
3.1.1 Objective of the Study	99
3.1.2 Methodology of the Study	99
3.2 The Challenge of Privatisation of SOEs and Issues in Public-Private Partnership Development	99
3.2.1 The Challenge of Privatisation of SOEs	99
3.2.2 Issues in Developing Investment-Friendly Environment for PPP Development in the Desired Sectors	106
3.3 Review of Past Achievements and Remaining Challenges in the Privatisation of SOEs and PPP Initiatives	112
3.3.1 Past Achievements and Remaining Challenges in the Privatisation of SOEs	112
3.3.2 Past Achievements and Remaining Challenges for PPP Initiatives	114
3.4 Privatisation and PPP Investment Targets and Strategies for the Sixth Plan	141
3.4.1 Privatisation Investment Targets	141
3.4.2 PPP Investment Targets	142
3.5 Conclusions and Recommendations for the Privatisation Policy and the Development of PPP	152
3.5.1 Conclusions and Recommendations for Privatisation Policy	152
3.5.2 Conclusions and Recommendations for the Development of PPP	155

### CHAPTER 4

SMEs Development in Bangladesh with  
Emphasis on Policy Constraints and Financing

*K. M. Nabiul Islam*

*Salma Chaudhuri Zohir*

*Monzur Hossain*

4.1 Introduction and Objectives of the Study	179
4.1.1 Aims and Objectives	179
4.1.2 Data and Methodology	179

4.1.3 Structure of the Paper	181
4.2 Current Status and Development of SMEs in Bangladesh	182
4.2.1 Definition of SMEs	182
4.2.2 Current Status of SMEs in Bangladesh	184
4.2.3 Contribution of SMEs in National Economy	189
4.3 Results from Enterprises Survey	190
4.3.1 Sample Enterprises	191
4.3.2 Characteristics of Enterprises	192
4.3.3 Aspects related to SME loans	196
4.4 Results from Perception Survey of Banks/Financial Institutions	204
4.4.1 An Overview of the Bangladesh Bank's Refinancing Scheme	204
4.4.2 SME Refinancing to Women Entrepreneurs	205
4.4.3 SME Financing	206
4.4.4 Perceptions of Officials of Banks/Financial Institutions on SME Financing and Development	209
4.5 Institutional Financing for Women Entrepreneurs in SMEs	229
4.5.1 Introduction	229
4.5.2 Micro Level Analysis: Situation of Women SMEs in Bangladesh	230
4.5.3 Macro Level Analysis: National Commitments for Women Entrepreneurship	239
4.5.4 Meso Level Analysis: Bridge between Macro Policies and Micro Needs	242
4.5.5 Case Study: Refinancing Schemes of Bangladesh Bank for Women Entrepreneurs	248
4.5.6 Technical Support for Capacity Building	262
4.6 Access to Institutional Finance: An Analytical Review	263
4.6.1 Status of Institutional Financing for SMEs: An Overview	264
4.6.2 Alternative Modes of Institutional Financing	266
4.6.3 Capacity Building for Institutional Financing	270
4.6.4 Some Pertinent Aspects of Institutional Financing	270
4.6.5 Review of Refinancing Schemes of Bangladesh Bank	274
4.6.6 Effectiveness of the Financing Facilities	278
4.6.7 Conclusion	280
4.7 Policy Recommendations	281
4.7.1 Simplified and Transparent Loan Process	281
4.7.2 Institutional Development	282
4.7.3 Interest Rate Structure	284
4.7.4 Collateral Free Loans	284
4.7.5 Efficacy of the Bangladesh Bank's Refinancing Schemes	287

4.7.6 Legal Frameworks	288
4.7.7 Some Specific Policies for Women Entrepreneurs	288

## CHAPTER 5

### Power and Energy Development and Management in Bangladesh: A Benchmark and Future Policies

*M Asaduzzaman*

*Mansur Ahmed*

5.1 Introduction	299
5.2 The Relationship between Energy and Development	300
5.2.1 Long run Relationship between Energy and Development: The Global Picture	300
5.2.2 Relationship between Energy and Development: Bangladesh Picture	301
5.3 Non-Electric Energy Situation in Bangladesh: Natural Gas, Coal and Renewables	303
5.3.1 Present Situation of Natural Gas	305
5.4 Bangladesh Power Sector: Present Situation	305
5.5 Generation Status of Bangladesh Power Sector: BPDB and IPPs	308
5.5.1 Current Technology for Power Generation	308
5.5.2 Fuel Consumption in Power Generation	308
5.5.3 Generation Costs of Electricity	310
5.5.4 Costs and Subsidies	310
5.5.5 Independent Power Producers (IPPs)	311
5.6 Efficiency of Power Generation in Bangladesh	313
5.7 Nature of Demand for Electricity and Future Outlook	316
5.7.1 Present Nature of Demand for Electricity	316
5.7.2 Future Outlook for Electricity Demand	318
5.8 Future Power System Development	319
5.9 Technology of Power Generation: Future Options	322
5.10 Policy Recommendation	327
5.11 Concluding Remarks	328