[Bangladesh’s recipe for economic success](https://nation.com.pk/20-Feb-2019/bangladesh-s-recipe-for-economic-success" \t "_new)

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Bangladesh is fast assuming the mantle of the new South Asian Industrial Powerhouse. Political and economic stability, social cohesion and a dynamic business environment are propelling Bangladesh to new economic heights. In recent years it has established a position as one of the most attractive investment destinations in the world. More importantly, the kind of investment it is attracting is not the State-to-State type with the risk of leaving it in a debt trap or in a mere rent-seeking conundrum, but instead one that directly strengthens its private sector driven home manufacturing on to the value addition path, in-turn cementing its position as an emerging export power house of the world. In 2018 it attracted $2.58 billion in FDI (Foreign Direct Investment), up from $700 million in 2009 and today there is much more in the country for the investors to be excited about. These achievements have been built on a strong, stable and sustainable economy, attractive incentive packages for businesses, and an efficient system of governance. Bangladesh’s economic progress has been impressive, not just in regional terms but even in global terms. Its GDP growth rate has been higher than 6% over the last decade (more than 7% for the last 3 years) and without posting negative growth for the last 30 years. A per capita income of $1,754 (up from $725 in 2009) saw the country graduate from United Nation’s (UN) least developed country (LDC) status to that of a middle-income country in 2017. Add the moderate inflation rate of around 5% and the government’s aspiration of becoming a developed country by 2041 is now a reality.

Goldman Sachs included Bangladesh as a member of the “Next 11” nations to power the world economy. It should also be noted that Bangladesh has been one of the highest achievers of the UN’s millennium development goals (MDG) with equal commitment to the sustainable development goals (SDG) in place – a glance at the UN’s SDG tracker is testimony to this. Bangladesh is a socially cohesive, democratic country that enjoys bi-partisan political support for private investment. The country has strict regulation in place and offers a well-educated, highly adaptive workforce combined with the lowest wages and salaries in the Asian subcontinent. Approximately 57% of the population is under 25 years of age, providing a young and talented workforce that caters to the needs of modern business. Among the country’s strongest assets are the economic zones and export-oriented industrial enclaves, which have all the transport, logistics and infrastructure that the foreign investors need. Energy prices in Bangladesh are the most competitive in the region (0.09$ per kwh). Infrastructure and competitive power generation is a leading government priority.

Bangladesh currently offers an attractive range of incentives to investors. These include,

\*   Investing with 100% equity (and/or joint ventures) with unrestricted exit in industries meant for producing goods for exports

\*   Tax holidays for 5-10 years for selected sectors

\*   Remittance of Royalty- Technical Know-how Fee – Technical Assistance Fee – Franchise Fee and other permissible fees for investments in exporting industries

\*   Tariff concessions on import of capital machinery and raw materials meant for the export industry

\*   Cash incentives and export subsidies ranging from 5 to 20% on the FOB value of selected products

\*   Funds for export promotion, and export credit guarantee scheme

Interestingly, the new sector investment opportunities are now open to almost every sector excluding firearms and security printing. A population of 160 million and a rapidly growing middle class also mean a huge domestic market. Investors are permitted domestic sales for up to 20% of the produce. Also, Bangladesh’s strategic geographic position provides access to a regional market of three billion people full of young and brand-conscious consumers. The Bangladesh Investment Development Authority (BIDA) works under the direct supervision of the Prime Minister Sheikh Hasina. BIDA provides a one-stop investment promotion agency facilitating registration, tax/tariff certification and all other supportive services throughout the country outside of the economic/export processing zones. This year BIDA plans to initiate a One Stop Service (OSS) to bring all supporting agencies under one umbrella and to make the most of the required business services available online.

This will further make the country climb on the ladder of “Ease of doing Business”. Above are only some of the aspects that contribute to Bangladesh’s growing economic success and for policymakers of the developing economies, especially of South Asia, Bangladesh is a good model to replicate in many ways instead of always trying to reinvent the wheel!