# Development and FDI inflow in Bangladesh

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If our grandparents narrated their dismay tales of standing in a long queue for paying electricity bills or to transfer money elsewhere, we will believe them.

If our parents told us the same tale, our replies nowadays are “Why?”

If we spoke to our future generation about it, they would be stood aback with mouths wide open, “What?”

That future is not far. The United Nations themselves have announced that Bangladesh with a rising economy and largest least developed country (LDC) in terms of population and economic size, looks likely to leave the LDC category by 2024. The reports were presented when the Committee for Development Policy (CDP) convenes at UN Headquarters for the review on 12 to16 March 2018.

We have been achieving robust economic growth for the last number of years — over 6 per cent — and also pursuing a policy of inclusive growth, especially women’s economic empowerment and gender mainstreaming.

Queues will be a myth. We are part of the revolution of mobile banking and paying off bills via the website itself. Mobile Financial Services (MFS) was has been a huge breakthrough for Bangladesh in many ways, one of such change was; it increases productivity. LDC is often known for its low productivity of land, labour and capital. In short, low productivity of labour is both a cause and an effect of the low levels of overall productivity and living in these countries. Low levels of living and low productivity go hand in hand.

And MFS increases productivity of labour.

Since the last year, the financial sector is bringing up some great news for Bangladesh. Foreign countries are taking greater interest in investments in Bangladesh. Foreign direct investment (FDI) to Bangladesh has seen a sharp rise of 32.09% during the January-November period of 2018. According to Bangladesh Investment Development Authority (BIDA) data, in January-November of 2018, Bangladesh saw FDI of $2.84 billion, compared to the total FDI of $2.15 billion in 2017

FDI have two competing interests: economic development for host states and profit maximization for foreign investors. It is the lure of maximum profits that persuade foreign investors to invest. During January-September of 2018, Bangladesh received $605.37 million as equity investment, while $928.27 million came from reinvestment from earnings and intra-company loans was $731.95 million.

China was the highest investor in Bangladesh with $374.52 million, while the United Kingdom made investments of $88.75 million followed by Singapore $77 million as of September, 2018.

During the period, power sector received the highest investment of $274.50 million, while textile and clothing sector was the second largest sector with an investment of $146.33 million.

Bangladesh registered a record level of foreign direct investment (FDI) inflow in 2018, topping the list in South Asia. At the end of 2018, Bangladesh reached the highest ever level in the country's history at $3.61 billion, according to World Investment Report 2019 by United Nations Conference on Trade and Development (UNCTAD).

-2-

Bangladesh stands the second most invested country in South Asia.

Why are we so profitable to invest upon?

Our Prime Minister Sheikh Hasina's vision and plans have continued to grow in Bangladesh's GDP at 7.3% in 2017. By the grace of our Prime Minister Sheikh Hasina’s vision and planning, the GDP of Bangladesh continued to increase at 7.3% in 2017. At present our GDP growth is 8.13%. For attracting the FDI the government was establishing special economic zones (SEZs) across the country. The government is also establishing public SEZs, country-specific SEZs. Mega projects such as the Padma bridge construction (in partnership with China) and metro rail service (the civil work is being done by the [Italian-Thai Development](https://en.wikipedia.org/wiki/Italian-Thai_Development) Public Company Limited and Sinohydro Corporation Limited JV and a Tokyo-based construction company is developing the depot's land) were ongoing for developing infrastructure and after implementation of the mega projects, the inflow of FDI would increase further. FDI inflow increases with economic growth which Bangladesh is doing tremendously.

Apart from being a critical driver of economic growth, foreign direct investment (FDI) is a major source of non-debt financial resource for the economic development of Bangladesh. Foreign companies invest here to take advantage of relatively lower wages, special investment privileges such as tax exemptions, etc.

Another major factor that attracts investors to this nation is its geographical location. Bangladesh’s capital city Dhaka has easy access to its neighboring countries, the two large market regions, China and India. It is also the commercial and financial hub of Bangladesh and the largest economic center of Eastern South Asia. Furthermore, Bangladesh is situated on the coast of Bay of Bengal which offers good conditions for doing trading business within Asian and Middle Eastern markets.

Naturally, there can also be risks, as there will be when investing in any other country. However, these risks can be minimized with a well-elaborated market entry strategy. But so far, this has been good in the development of our country to steadily cross the LDC category and become a [more economically developed country](https://www.wordhippo.com/what-is/the-opposite-of/more_economically_developed_country.html). That’s the main objective!

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