

A
GLOBAL / COUNTRY STUDY AND REPORT
ON
“PESTLE Analysis and Sectorial Study of
BANGLADESH”
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PREFACE

Today we are at the door step of 21st century. The world is widening without having a New and new developments are coming these days in all fields all over India to make the people life more comfortable and luxurious. The industries are growing so fast in India in order to satisfy all the needs of people. Similarly Gov. has supported to these companies for their development and progress of private companies.

Practical Study plays a vital role in the field of education. It has been introduced for the students to get practical knowledge along with the theoretical knowledge; only bookish knowledge is not the right way of learning anything especially for the management students. How management principles are implemented in business can only be known through practical study through visit, students can be berry well become ware about industrial environment like problem, opportunities, different situations etc. This helps the students for better understanding & gives then a chance to show their skills & ability.

According to the above reviews our Gujarat Technological University has included Global Country Report & viva of it, With a view to expand our boundaries of thinking about implications of the theoretical knowledge in practical field, We have preferred “Bangladesh”. We are supposed to work on “Pestle Analysis and Sector Analysis of Bangladesh” It is a matter of great pleasure to present this report work.

Thus in order to survive in the market one should have theoretical as well as Practical knowledge about all different fields prevailing in market.

Executive Summary

As Bangladesh followed a socialist economy by nationalizing all industries after its Independence, it undergoes a slow growth of producing knowledgeable entrepreneurs, engineers, managers, administrators & technicians.

Growth of Bangladesh in agro industries is because of its rich deltaic fertile land that depends on its manifold harvests & six seasons also on. The country's industrial base remains very positive. The service sector has developed rapidly during last twenty years.

The legislative & regulatory actions to deal with financial irregularities & poor governance of the financial sector are developing over time to gather the increasing protection needs of the consumers. The following measures may be considered as part of on-going efforts to expand financial infrastructure & improve the security & soundness of the financial sector.

Economists said that it will be wise on the part of the government to expand the existing social safety net. Economists said a controlling system can be launched in the rural areas to overcome the crisis.

The New Deal programmed for workers aged Twenty five plus has been running for a short of time period. Nonetheless less than 15% of participants have moved into employment. In some areas only one human being in ten has accepted through the programmed into either a subsidized job or non-subsidized employment.

In the first part of GCR we have included the PESTLE Analysis of Bangladesh Country to know the overall development of Bangladesh.

In the second part of GCR we have included the study of various sector in Bangladesh like Textile & Garment, FMCG, Banking, Insurance, Food, Cement and Financial Institutions and had also compared with Indian Economic states. We found that they are little bit underdeveloped country then India.

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Part 1

PESTLE Analysis

Political Analysis Bangladesh:

Bangladesh is rapidly changing as a dominant two-party system; BNP (Center-Right) and Awami League (Center-Left), to a very belief specific Liberation Movement. In short, Bangladesh has a parliamentary democracy.

TAXATION POLICY

In Bangladesh, the Principal Direct Taxes are personal Income Taxes and Corporate Income taxes, and a value-added tax of 15% levied on all important consumer goods. The Tax Rate for characters is 25%. For the 2011-12 tax year starting from 1 July, 2011 & ends on 30 June, 20112 the upper corporate rate was 45%. However, publicly traded companies registered in Bangladesh are charged a lower rate of 27.5%. Banks, Financial Institutions and Insurance Companies are charged the 45% rate. All other companies are taxed at the 37.5% rate.

PARTIES IN BANGLADESH

- Ø Bangladesh Awami League,
- Ø The Bangladesh Nationalist Party (BNP) &
- Ø The Bangladesh Jamaat-e-Islami (BJI).

GOVERNMENT

The legislature includes 300-seat body. All of its members are chosen by worldwide suffrage in least every 5 years. Parliament amend the organization in the month of May 2004, provision for 45 seats was made & kept for women which is to be distributed among political parties in proportion to their numerical strength in governing body. With a view to fill the reserved seats for women, many women's groups have demanded direct election.

Democracy and Human Rights: The parliamentary process and the political dialogue at the national level are presently not conducive to broad socioeconomic development. The democracy is young and fragile and state institutions are weak. At the national level political bickering is driven by personal and power rivalry between the government and the opposition.

The incidence of violence, even murdering of political figures and journalists, seems to have increased during recent years. The law and order situation is not upheld in society and the risk for further deterioration is apparent. Human rights violations continue, especially linked with political activities. At the local level there has been some positive progress, but the democratic process is shaky and dependent on the local power structure. Consequently, the majority of the population is unable to have a voice in the political process and lacks access to decision-making, both locally and

nationally. Therefore, there is challenge for the country to create a real participatory democracy, built on the rule of law for all its citizens.

Democratic Good Governance: The centralized, corrupt and inefficient state structure is a hindrance to development. There is limited accountability and transparency, which has created a breeding ground for corruption and a growing mistrust from the public. The public administration also lacks financial and adequate human resources to perform its duties.

The plans for a comprehensive public administration reform have been delayed due to

political procrastination and bureaucratic inertia. As the corrupt and inefficient state structure is one of the main obstacles for development, there is a need for the government and donors to put attention on this issue. Currently, several donors, e.g. UNDP, the World Bank and Asian Development Bank, have projects within this area, albeit with few results, as the right political climate appears to be lacking.

The issue of good governance and corruption prevention will, however, be the main topic on the development agenda in Bangladesh for the next five to ten years. As the political situation currently faces difficulties and even civil unrest, Bangladesh seems to have lost its impetus for needed structural reforms.

Decentralization through local government reform is another area where there is a need for continued progress. In reality, very little decentralization has taken place. The link between the community and its elected representatives at Union and Pourashavas level has received little attention.

As Bangladesh has in place a democratic system at the local level, there is scope for strengthening one of the basic human rights: the right to participate actively and directly in local political decision-making processes. But the elected local bodies are weak and lack human and financial capacity. There is also a need for capacity building of the local administration in terms of accountability and transparency. These are areas where donors most likely will draw their attention to during the coming years.

Economical Analysis Bangladesh:

South Asian economies are intending to carry out trade facilitation measures that will greatly reduce present physical & nonphysical barriers to transportation & transit—by the way of both visible infrastructure (such as multimodal corridors and terminals) and invisible infrastructure (such as reformed policies, procedures, and regulations). Due to lack of adequate research on trade facilitation in South Asia, not much information is available on the existing profile of trade facilitation measures (both at the border and the capital) in South Asia. This is a research area that needs special attention from policymakers & researchers in South Asia.

With an increased emphasis on administrative reform, governance & security, the call for an efficient & effective customs administration is felt urgently. Customs is an intrinsic element of any cross-border movement of goods and services & yields important influence on the national economy.

It is the unique point where the supply chain & routine access to trade intelligence and data meet. Beyond facilitating trade, customs performs other significant functions such as income collection & protection against dangerous goods. The time taken for clearance of goods has an force on the competitiveness of countries in the global context.

One of the main reasons for the high transaction costs of India's exports to Bangladesh is unwieldy & composite cross-border trading procedures. Complex requirements in cross border trade increase the possibility of corruption. For instance, at the key border-crossing point between India & Bangladesh, as many as 1,500 trucks queue on both the sides of the border with waiting times varying between 1 & 5 days to complete documentation requirements. Expediting customs clearance procedures reduces the optional power of customs officials, thus reducing the scope for corruption. An efficient, friendly, and corruption-free customs can help boost trade & investment. The goods carried by road from India are subjected to transshipment at the border. Similarly, goods carried by rail are subjected to inland transshipment.

As far as marine transport is concerned, there are no direct sailings. The transshipments at the land customs stations impose serious impediments. In fact, they determine the level & the efficiency of international trade between the two countries. The position is further compounded by lack of harmonization of technical standards for rolling stock & infrastructure, both road & rail.

Considering this region's appearance as a free trade area from 2006 onward, reform in the transport sector will aid South Asian countries assess likely benefits of moving to a deregularized transport sector under a liberal trading regime when the transport sector is one of the prime instruments for promoting intra-regional trade.

Hence, countries in this region should take immediate steps in not only integrating their transport system but also in reforming the entire system so that the transport system functions as the engine of growth rather than as a trade deterrent. The

Government of Bangladesh should try to remove the structural asymmetries in the rail & marine transportation sector that are found to be quite important.

History:

The economy has grown at the rate of 6 to 7% per annum over the past few years. More than half of the Gross domestic Product is generated by the service sector, while nearly half of Bangladeshis are employed in the agriculture sector. Other goods produced are jute, fish, fruit, vegetables, leather goods, textiles, ceramics, and ready made goods. Bangladesh has made substantial stride in its economic sector performance since independence in 1971. Even though the economy has improved greatly in the 1990s, Bangladesh still suffers in the area of foreign trade in South Asian region.

Current Scenarios:

Despite major impediments to growth like the inefficiency of state-owned enterprises, a rapidly growing labour force that can't be absorbed by agriculture, inadequate power supplies & sluggish implementation of economic reforms. The World Bank is helping Bangladesh address its main boost areas through a mix of analytic work, technical assistance & lending. Analytic work has paying attention on investment climate issues, export competitiveness, the post Multi-Fiber Agreement (MFA) situation & strategy for long-term increase & employment concern. On the lending side, a series of growth support credits, (DSC I, DSC II & DSC III) have supported structural improvements in infrastructure, monetary sector, trade, governance & tax administration.

The Bank's other lending functions involves an Enterprise Increase & Bank Modernization Project, Rural Transport Improvement Project & a series of Education Sector Adjustment Credits (SAC I and SAC II).

Economic Growth of Bangladesh:

The Gross Domestic Product (GDP) in Bangladesh was worth 110.61 billion US dollars in 2011, according to a report issued by the World Bank. The Gross Domestic Product value of Bangladesh is approximately equivalent to 0.18 percent of the world economy. Historically, from 1960 until 2011, Bangladesh GDP averaged 30.3 Billion US dollar reaching an all time high of 110.6 Billion US dollar in December of 2011 & a record low of 4.3 Billion US dollar in December of 1960. The Gross Domestic Product (GDP) measures of national income & yield for a given country's economy. The gross domestic product (GDP) is equal to the total expenditures for all final goods & services produced inside the country in a predetermined period of time.

Social Analysis Bangladesh:

If we concluded this topic then in the Bangladesh we covered lot of things about the country. This project is for sociocultural of Bangladesh. If we conclude then Bangladesh is very deprived country in cultural background and in money power also. In Economically also Bangladesh is little bit underprivileged country.

Intro of the Bangladesh:-

Bangladesh formed the People's country of a state in South Asia. It is bounded by India and Burma (Myanmar), and countenance the Bay of Bengal to its south. Mutually by earnings of the Indian circumstance of West Bengal, it makes up the ethno-linguistic constituency of Bengal. Their Language is "Bangli". National Anthem is "Amar Sonal Bangla". Bangladeshis currency is known as "TAKA".

The superintendent administration made it a most important apprehension to starting place out dishonesty from all levels of management. To this end, many illustrious politicians and officials, the length of with enormous information of less important officials and social gathering members, were beneath take into custody on dishonesty charges. The custodian administration supposed what it itself described as a for the most part free and light ballot vote on 29th December 2008.

History of Bangladesh:-

As per the History it was unconnected from West Pakistan by almost 1,500 km of Indian

country. Due to following custody out, cultural and linguistic preferential treatment, and trade and industry throw out by the politically most important western division, popular campaigning grew and a worldly educational supporter of independence pressure group led to the announcement of self-determination and Bangladesh emancipation War in 1971.

If we talk about their culture, their Religions and many of the other things then Bangladesh is also have various types of the colourful culture their wedding is also somehow different form the India. But in the Bangladesh most of the population is Muslim or Islam.

Educational System of the Bangladesh:-

Their Education system is also impressive. They are also too much centred on education system. At all levels of education, students can decide to take liberation of their education in English or Bangla. Private schools are tending to make use of English-based study intermediate at the same time as government-sponsored schools use Bangla.

Foreign Relationship of Bangladesh:-

Their main supporter is USA. The scheme will conclude with the let go of divide Asian and American information accurate away following the U.S. ballot vote in November 2004 and parallel commence on presentation in Bangladesh and preceding country.

Bangladesh also one way or another rich in the military and in different kinds of guns and bombs at the same time as of 2012, the present power of the military is in the region of 300,000 counting reservists, the air might 22,000, and fleet 19,000. In totting up together to conventional fortification roles, the armed has been called on to make available hold up to civil establishment for tragedy assistance and inner safety measures for the duration of periods of supporting unrest.

Bangladesh is not at present active in any unfinished war, but it did make an imbursement 2,300 troop to the grouping that fight in Operation Desert Storm in 1991 and Bangladesh is time and once more a top donor to UN arbitration forces on the subject of the world. Over all we can say that Bangladesh has many of the political ups and downs however their culture is good quality but although they has many of the unethical things happen and that's while still Bangladesh is suffer as a poor country.

Bangladeshi money is also interesting to know. By economic year 1975, on the other hand, the government revised its department, declaring desperation of the taka by 56 percent and go well jointly to the organization by the World Bank of the Bangladesh Aid Group.

We are included maximum things about the Bangladesh. In this work we included for the most part of the things. Bangladeshi history is also interesting. In the beginning Bangladesh is one part of the India but as we know that after the participation of the Pakistan and Bangladesh. In the 1947 the time of partition of the India this two parturitions are known as East Pakistan and West Pakistan. In this project we incorporated the history of the Bangladesh. Bangladesh is also somehow fine as geographically. We also included the National anthem of Bangladesh.

Culture of Bangladesh:-

We are also sheltered the Bangladesh's National park, their language, Religions of the

Bangladesh, Art, Bangladesh capital Dhaka's basic things, Bangladeshi temple mainly golden temple of Bangladesh. All about information of Education system of Bangladesh which type of medium is going on in Bangladesh?

Bangladesh has a gorgeousness culture about the wedding and different types of colourful occasions. In this project also included some kind of ethical things, women rights, and many other things for the Business as well as their policies and their corporate governance. Another significant feature about the Bangladesh is also interesting. It is society of Bangladesh is clothes. Bangladeshi woman more often than not wear Saris, made of the world well-known and expensive, thinly showy quilted jumble cloth wrought by the rural community woman. Woman will more often than not wear their locks in a warped currency roll, which is called the "Beni style".

Hindus will unadventurously wear Dhuty for religious purposes. These days most men of Bangladesh wear shirts and pants.

Capital Dhaka of Bangladesh:-

Bangladesh's capital Dhaka is most vibrant part for the Bangladesh. Dhaka is not interesting city only for economic development but also for the culture, for the art and for the education system. In the Dhaka many of the museums also available many shows are also held at the Dhaka University.

In Bangladesh most of the population is Islam. That's while in Bangladesh most communicating language is Urdu but in Bangladesh mix culture and mix-up of religions that's while many of the Hindus also stay there. So that Many Bihari, Sanskrut, etc. Communicating languages are use in Bangladesh.

Bangladesh is also extremely taking part in the art and cultural event. We can see this thing on 16 January 1951 when they took the part in the occasion in addition to was hosted by the Dhaka Art Group. From that time onwards art galleries in Bangladesh began springing up. Today there are a lot of art galleries all the way from side to side Bangladesh.

Primark provisions (foods) in Bangladesh:-

In the Bangladesh Primark consider that by basis substantial orders from just commencement countries, the business is portion create jobs in person's countries which would not or else be available, mainly for women. The labours generate by Primark orders makes an imbursement to the basis of profits of more than part a million individuals in Bangladesh. Primark is totally dedicated to make sure that its clientele can take on to building at Primark convinced in it's assure to its principles and its standards and also to their moral.

Over all we can say that Bangladesh has many of the ethical and standardised thing. It is totally base on their population and their skilled labour. They have many types of scheme for the women protection as well as for the right of the country people. Their culture also somehow similar to the India because of Bangladesh is one part of the India but most of the population is Islam. They have enough of the army people also. Bangladeshi Golden temples are also very unique to other. Their Music, Arts everything is interesting to know.

Corporate Culture in Bangladesh:-

Bangladesh's corporate culture is also interesting to know. Mainly MNCs has a marvelous attention of creation of it's as of this marketplace. Bangladesh is good enough in the Business world. For the Business and for the export and import Bangladesh has much kind of the rules and regulation. Bangladesh got support from the U.S.A. government.

Ethical & Political Issues in Bangladesh:-

Bangladesh makes good ethical and policy culture country. However many of the ups and downs came in the climate and in the economic and many storm came on the country although they are growing successfully. Bangladesh culture is most interesting things. However Bangladesh has lots of the colorful culture and religions also. Their education systems and their policies for the Business and for maintain the relationship with the foreign also somehow impressive.

Technological Analysis Bangladesh:

The need for faster technical development is progressively more felt in Bangladesh. Expansion plans of Bangladesh have emphasized science and technological study to develop technologies through adoption of imported technology as well as development of original technologies. As the country is heavily reliant on imported technologies, proper planning is required for its effective shift through acquisition, assimilation and adoption.

A National Science and Technology rule has been formulated and adopted by the Government. It has laid down the directions for S and T activities and learning, institutional and manpower development. Dissemination and certification services. The National Council for art and skill (NCST) determines S and T policies, reviews the activities of dissimilar institutions and provides direction towards S and T study and actions.

Creation and invention have proven to be crucial mechanisms for the development of modern cultures. However, 1.3 billion people who currently live on less than a dollar.

A day does not relish the benefits that many modern creations have brought. At the same time some key new technologies are known to have produced enormous damage to the Global environment. Not with standing people everywhere have an innate ability to be creative, rich countries are not doing sufficient to stimulate and harness invention and creative thinking & poor countries tend to stifle innovation and creativity outright.

This is characteristically due to a mixture of factors inadequate financial resources, lack of role replicas, Education systems that don't stimulate or value creativity, and social/party-political environments that dishearten creativity, invention and free enterprise. More creation and innovation needs to be absorbed to waste organization, clean air and water solutions, as well as the dispersal of renewable energy technologies Universal.

The Bangladeshi scientist revealed the new opportunity to use the power of nature against the Deadly —Skin Cancer|. One in every three cancer cases diagnosed all over the world is being certified as skin cancer. This disease has become a threat day by day to the world. According to the statistics, by the WHO, every year over 2000 people die from this specific disease in the world. This disease caused mainly because of the radiation of UV, which induces degenerative changes in the Cells of the skin, in the long run it fibrous tissue and blood vessels leading to premature skin aging, photo dermatoses and actinic keratoses. Statistics says, in Australia, more than 1200 people die due to the skin cancer in melanoma each year. This mortality rate has forced the scientists to invent more effective solutions to prevent this deadly disease.

LATEST INVENTIONS IN BANGLADESH

□ Brain driver technology that helps to control a car using the power of mind

Raul Rojas, an AI professor at the Freie Universitat of Berlin has come up with the technology that allows the driver to control a vehicle by using power of mind. He entitled his invention simply as Brain Driver.

□ Bicycle that Cleans Water

A popular Japanese firm Thanko invented a very small camera for everyday use and named as MEME-CAM. The measurement of camera is of 30x27x27mm and its weight is just 11 grams.

□ When a Woman is cheating his husband, the device informs to him.

Chastity Garter is an invention that came from Britain where a couple decided that it would be really useful to create a garter that would inform a man if his woman is cheating him. The invention of the couple's became very popular.

□ Animal Like a Robot that Helps to Carry Cargo in Warzones

Boston Dynamics is the firm that signed a contract with DARPA to build a fast animal like a machine call Cheetah. The robot was able to carry equipment like troops.

□ Glass that produce electricity

For some time the engineers from New Energy Technologies have been developing windows that can make use of sunlight to generate the electricity. Recently, they present their latest development. That was a working 1-square-foot see-through glass prototype that can generate electricity.

Information Technology

Bangladesh has a comparatively long understanding in the use of computers - the first second generation computer was introduced in 1964 at Dhaka & very soon some of the large banks & manufacturing concern started using PC mainly for bookkeeping & payroll applications.

The utility companies (e.g. gas, electricity) also started using the agency services of these installations for their client billing. Unfortunately, the financial crisis that the nation faced instantly after its independence in 1971 did not permit the sustenance of this early lead & lack of protection forced the closure of most of this installation.

Today information technology (IT) is a topic of major attention in Bangladesh. Present Government already considered Information Technology as a major concern sector and for that it is providing all required supports to the private and public sectors so that they can expand in the market to provide data processing and other

software services. Considerate the bright future in information technology and great number of students, businessmen and young professionals are showing their interest in getting information on computers and its applications.

A new Invention for future

Bangladeshi scientists, Dr. Maksudul Alam & his team have successfully decoded secret genome sequence of jute that was funded by the government of Bangladesh. For this, it is considered as a new invention for future for the development of a golden fiber of which Bangladesh is the world's second largest producer. The Prime Minister of Bangladesh government, Sheikh Hasina made the announcement about Bangladesh's scientific achievement in the Parliament on the September 19, 2012.

The genome contains the entire heredity information of any living body and it is encoded either in a DNA or RNA. The genome sequence is everything for a living body of genetic material and in it the secret information of hereditary instructions like building, running, maintaining an organism and passing life on to the next generation. This sequence of genome will represent the valuable shortcut of a living body which helps to the scientists for finding out genes much more easily and quickly. Also the sequence of a genome contains some clues about how the genes related with each other. And finally MaksudukAlam find out this very complex information of a jute and this bought a new invention for future Bangladesh. This was the latest invention news of the mid of 2012 in scientific area.

Legal Analysis Bangladesh:

Bangladesh is a origin for trafficking in menand women and kids. Human rights groups in Bangladesh estimate that between 10000 and 20000 women and girls are trafficked yearly to India Pakistan& Bahrain & Kuwait & the United Arab Emirates. In Bangladesh it is not only women & girls that are trafficked but a important number of boys and men are also trafficked internally and internationally for sexual exploitation.

The Constitution of Bangladesh was draft in the year of 1972 and has undergone 15 amendments. The utmost judicial body is the Supreme Court and Justices are selected by the President and The judicial & law enforcement institutions are feeble. Separation of powers judicial from executive was finally implemented on 1st November, 2007. It is expected that this separation will make the judiciary stronger & impartial. Laws are loosely based on English general law except family laws such as marriage & inheritance are based on religious scripts, & therefore differ between religious communities.

The borders of present-day is that Bangladesh were established with the partition of Bengal & India in the year of 1947, when the region became a East Pakistan, and the part of the newly formed Islamic State of Pakistan. though, it was separated from the western wing by 1,600 km of Indian field. Because of political ruling out, ethnic & linguistic discrimination, as well as economic deserted by politically leading West Pakistan, all the rage campaigning led by Sheikh MujiburRahman grew beside West Pakistan, resulting in the Bangladesh freedom warfare of the year 1971, which the Bengali people won with the carry of India. After self-determination, the new state endured drought, natural disasters & widespread poverty, as well as political turmoil & military coups. The restoration of democratic system in the year 1991 has been follow by relative calm & economic progress.

Democracy and Human Rights:

The parliamentary process and the political dialogue at the national level are presently not conducive to broad socioeconomic development. The democracy is young and fragile and state institutions are weak. At the national level political bickering is driven by personal and power rivalry between the government and the opposition. The incidence of violence, even murdering of political figures and journalists, seems to have increased during recent years. The law and order situation is not upheld in society and the risk for further deterioration is apparent. Human rights violations continue, especially linked with political activities. At the local level there has been some positive progress, but the democratic process is shaky and dependent on the local power structure. Consequently, the majority of the population is unable to have a voice in the political process and lacks access to decision-making, both locally and nationally. Therefore, there is challenge for the

country to create a real participatory democracy, built on the rule of law for all its citizens.

Democratic Good Governance:

The centralised, corrupt and inefficient state structure is a hindrance to development. There is limited accountability and transparency, which has created a breeding ground for corruption and a growing mistrust from the public. The public administration also lacks financial and adequate human resources to perform its duties. Management of public institutions needs to be strengthened at all levels and remains one of the obstacles for change. As a consequence, there are negative effects on the general public, as it cannot receive the public services it requests, and not least the private sector, as the red tape and corruption create inefficiencies in industry and commerce and reduce the potential for Bangladesh to compete in the world market. It is also a negative factor for foreign investors as they analyse potential markets. It is therefore a major urgent national challenge to reform the public administration and reduce corruption for the benefit of the whole economy.

Parliamentary Democracy

Democracy in Bangladesh is young & fragile. During the 1st 20 years after independence (1971–1990) Bangladesh was most of the time ruled by non-elected & military-backed govt. After a popular movement managed to topple President Ershad with the passive assistance by the military & a democratic parliamentary form of government was installed in the year of 1991 Awami League (AL) took over power from the Bangladesh National Party (BNP) in the year of 1996 through a relatively fair election under a custodian govt. The elections were preceded by months of demonstrations & strikes & political unrest. The 2 major political parties have dominated the political scene during the nineties. Both person or firm draw their support from the same political class & they have close historical relations. There is a great tension & both on the party & individual level & between the leaders of the 2 parties, Ms. Sheikh Hasina (Awami League) & Ms. Khaleda Zia (BNP).

The polarization & hostility between AL & BNP continue & the opposition frequently uses traditional “Hartals” (civil disobedience & general strikes) as political arms. Political demonstrations often end in violent clashes between different groups & politically induced murders occur regularly. Presently, the opposition is boycotting the legislative proceedings, which has created a political standstill & procrastination in planned economic & administrative reforms. The political, administrative & economic power is concentrated within a small elite with inherited vested interests. The elite with its family & kinship bonds, is well connected within all spheres of society & patronage is used to retain profits. Hence, the Political procedure at the national level is driven more by personal & power rivalry than ideology or social & economic concerns. Society therefore is highly politicized & the main parties make frequent use of their close connections with student unions, trade unions & local “Mastans” (petty criminals)²³.

Central Government:

The state structure is highly centralized, inefficient & oversized in relation to the economic status of the country & the current low level of state income generated which called income most state institutions perform poorly & they are even considered in some instances to be liabilities not as assets in terms of their contribution to socio-economic development²⁹. There is limited accountability & transparency for those in authority on the use of public capitals.

As a consequence, institutional corruption is widespread & which makes bribes necessary for a citizen to obtain basic public services or means to do business³⁰. The main players in the political system of Bangladesh for safeguarding accountability & transparency are the Parliament, the government & the legislative auditor (Comptroller & Auditor General – CAG). The govt. is accountable to the Parliament & must certify that funds have been properly spent within the legal limits. CAG audits the accounts on behalf of the Parliament. There are currently 2 serious problems that weaken the parliamentary control. 1stly, the CAG lacks sufficient independence from the 27 As example, there are around 300,000 teachers at primary school level, 150,000 teachers at secondary level & 4,000 teachers at university level.

There are only around 2700 doctors & 17,000 nurses in public hospitals & clinics. ²⁸ With 1.2 million public servants, Bangladesh's public government is not large in relation to a population of 130 million. Only as a simple comparison, Sweden, with 9 million people, has around 300,000 employed by the government. "Crisis in Governance" a Review of Bangladesh's Development by the Centre for Policy Dialogue, 1997 ³⁰ "Corruption in Bangladesh Costs & Cures", the World Bank, 2000. Poorly performing public institutions, both local & national, remains a major obstacle for economic growth. As example, the inefficiency within the public sector causes huge direct economic losses for country.

The World Bank approximations that only the revenue loss to administration due to corruption & mismanagement in the customs & income tax departments exceeds 5% of GDP. Even though auditors have identified many cases of irregularities, misconduct & corruption, limited actions have been taken for correction, compliance to rules & not least legal proceedings. As the legal system is in a shambles, very few corrupt persons have been prosecuted & justice is seldom served.

Environmental Analysis Bangladesh:

Bangladesh has maintained an impressive good record on enhance and growth. In the past decade the economy has full-grown at very good as nearly 6 percent per year, and human progress went same with economic growth. Poverty dropped by nearly a third coupled with increased life expectation literacy and per capita food intake. More than 15 million Bangladeshis have moved out of scarcity since 1992. While poverty decrease in both city and rustic areas has been extraordinary the number of people living under the poverty line remains important. Despite the strong path record, around 47 million people are still below the scarcity line, and getting better access to class services for this susceptible group is a main concern. There are also many people who could fall back into scarcity if they lose their jobs or are affecting by natural calamities. Bangladesh emerges to be a middle-income country by 2021. This will need growing GDP growth to 7.5 to 8 percent per year based on accelerate export and payment growth. Both public and private investment will require to raise as well Growth will also need to be more complete through creation of productive employment opportunity in the domestic economy. To keep accelerate and inclusive growth, Bangladesh will need to manage the urbanization process more efficiently, as well as get ready for adaptation to climate change impacts. With nearly 150 million citizens on a landmass of 147,570 square kilometers, Bangladesh is among the most thickly populated countries in the world. It's Sustained growth in recent years has created higher demand for electricity, transport, and cable services, and contribute to widening communications deficit. While the population growth rate has declined, the labor power is growing fast. This can be turned into a important demographic dividend in the coming years, if more and better jobs can be created for the growing number of job-seekers. Moreover, improving labor force contribution and output will help to release the potential of the economy. Exploiting the potential of regional cooperation and making trade policy more conducive to deepen and diversification of exports will also play a vital role in the growth process.

Becoming a middle-income country will require substantial efforts on many aspects. These cover maintaining strengthening revenue recruitment; macroeconomic constancy; deepen financial-sector and external trade reform; improving labor skills, tackle energy and communications deficit; economic supremacy, and urban management; and adapt to climate change. Bangladesh can be an export source of

power, with its labor-intensive manufactured and service exports rising at double digit on a sustained basis, if it boosts up government decision-making. Without timely action, other countries like Vietnam and Myanmar will take the markets being vacated by China.

The vision 2021 and sixth five year plan have set good growth target for Bangladesh. Recognizing that growth is a very long term procedure the five year plan is shaped in the background of long term growth vision casted by the government's vision 2021 and the viewpoint plan 2010-2021

Those targets if achieve will transform the socioeconomic environment. Along with upper per capita income the government's Vision 2021 presents a growth situation where citizens will have a top standard of living be better-educated, face better social justice, and have a more equitable socioeconomic environment and the sustainability of growth will be ensured through better protection from climate change and natural disaster.

IDA commitments to Bangladesh have grown extraordinarily in the past five years, topping \$1 billion for the first time in FY 2009. The World Bank's present collection in Bangladesh amounts to \$4.2 billion and includes 32 projects.

The World Bank's Country support Strategy for FY11-14 is supporting the government's vision of quick poverty reduction through sustainable, accelerate, and comprehensive growth, underpinned by stronger governance at central and local levels. To ensure better outcome the World Bank's plan seeks to scale up incomplete operations with provable results, connect in strategic interventions with a transformative impact and innovate through small pilots with high country ownership.

Economical Analysis Bangladesh:

South Asian economies are intending to carry out trade facilitation measures that will greatly reduce present physical & nonphysical barriers to transportation & transit—by the way of both visible infrastructure (such as multimodal corridors and terminals) and invisible infrastructure (such as reformed policies, procedures, and regulations). Due to lack of adequate research on trade facilitation in South Asia, not much information is available on the existing profile of trade facilitation measures (both at the border and the capital) in South Asia. This is a research area that needs special attention from policymakers & researchers in South Asia.

With an increased emphasis on administrative reform, governance & security, the call for an efficient & effective customs administration is felt urgently. Customs is an intrinsic element of any cross-border movement of goods and services & yields important influence on the national economy.

It is the unique point where the supply chain & routine access to trade intelligence and data meet. Beyond facilitating trade, customs performs other significant functions such as income collection & protection against dangerous goods. The time taken for clearance of goods has an force on the competitiveness of countries in the global context.

One of the main reasons for the high transaction costs of India's exports to Bangladesh is unwieldy & composite cross-border trading procedures. Complex requirements in cross border trade increase the possibility of corruption. For instance, at the key border-crossing point between India & Bangladesh, as many as 1,500 trucks queue on both the sides of the border with waiting times varying between 1 & 5 days to complete documentation requirements. Expediting customs clearance procedures reduces the optional power of customs officials, thus reducing the scope for corruption. An efficient, friendly, and corruption-free customs can help boost trade & investment. The goods carried by road from India are subjected to transshipment at the border. Similarly, goods carried by rail are subjected to inland transshipment.

As far as marine transport is concerned, there are no direct sailings. The transshipments at the land customs stations impose serious impediments. In fact, they determine the level & the efficiency of international trade between the two countries. The position is further compounded by lack of harmonization of technical standards for rolling stock & infrastructure, both road & rail.

Considering this region's appearance as a free trade area from 2006 onward, reform in the transport sector will aid South Asian countries assess likely benefits of moving to a deregularized transport sector under a liberal trading regime when the transport sector is one of the prime instruments for promoting intra-regional trade.

Hence, countries in this region should take immediate steps in not only integrating their transport system but also in reforming the entire system so that the transport system functions as the engine of growth rather than as a trade deterrent. The

Government of Bangladesh should try to remove the structural asymmetries in the rail & marine transportation sector that are found to be quite important.

History:

The economy has grown at the rate of 6 to 7% per annum over the past few years. More than half of the Gross Domestic Product is generated by the service sector, while nearly half of Bangladeshis are employed in the agriculture sector. Other goods produced are jute, fish, fruit, vegetables, leather goods, textiles, ceramics, and ready-made goods. Bangladesh has made substantial stride in its economic sector performance since independence in 1971. Even though the economy has improved greatly in the 1990s, Bangladesh still suffers in the area of foreign trade in South Asian region.

Current Scenarios:

Despite major impediments to growth like the inefficiency of state-owned enterprises, a rapidly growing labour force that can't be absorbed by agriculture, inadequate power supplies & sluggish implementation of economic reforms. The World Bank is helping Bangladesh address its main boost areas through a mix of analytic work, technical assistance & lending. Analytic work has paying attention on investment climate issues, export competitiveness, the post Multi-Fiber Agreement (MFA) situation & strategy for long-term increase & employment concern.... On the lending side, a series of growth support credits, (DSC I, DSC II & DSC III) have supported structural improvements in infrastructure, monetary sector, trade, governance & tax administration.

The Bank's other lending functions involves an Enterprise Increase & Bank Modernization Project, Rural Transport Improvement Project & a series of Education Sector Adjustment Credits (SAC I and SAC II).

Economic Growth of Bangladesh:

The Gross Domestic Product (GDP) in Bangladesh was worth 110.61 billion US dollars in 2011, according to a report issued by the World Bank. The Gross Domestic Product value of Bangladesh is approximately equivalent to 0.18 percent of the world economy. Historically, from 1960 until 2011, Bangladesh GDP averaged 30.3 Billion US dollar reaching an all time high of 110.6 Billion US dollar in December of 2011 & a record low of 4.3 Billion US dollar in December of 1960. The Gross Domestic Product (GDP) measures of national income & yield for a given country's economy. The gross domestic product (GDP) is equal to the total expenditures for all final goods & services produced inside the country in a predetermined period of time.

Interest Rate and Monetary Policy:

The directive of the money supply and interest rates by a inner bank, such as the Central Bank of Bangladesh in order to manage inflation and stabilize coins. Monetary policy is one the two ways the management can impact the economy. By impacting the effectual cost of money, the Bangladesh Bank as a controller of monetary policy can affect the amount of money that is spent by customers and businesses. Monetary policy is the process by which the financial authority of a country wheels the supply of money, often targeting a rate of interest for the purpose of promoting economic increase and stability. The official goals usually include relatively stable prices and low unemployment.

Government Spending:

Government Spending in Bangladesh increased to 431.11 BDT BIL in June of 2011 from 372.72 BDT BIL in June of 2010. In the past, from 2003 until 2011, Bangladesh Government Spending averaged 266.3 BDT BIL reaching an all time high of 431.1 BDT BIL in June of 2011 and a record low of 115.3 BDT BIL in June of 2003.

Unemployment Policy:

Prescriptions for reducing real wage unemployment normally focal point around the strategy of making each labour market more supply so that pay conditions become more malleable to changing demand and supply conditions. Real wages should go up when demand, output and employment and increasing, but they may need to fall down if an industry experiences collapse which puts jobs at risk. The UK economy has urban a flexible labour market form similar to that of the United States during the last fifteen years.

Part 2

Sectorial Study

Textile & Garment Sector Bangladesh:

Implication for Bangladesh

The replicated financial belongings of an India-Bangladesh FTA in the manufacturing case study which forecast Indian exports to Bangladesh, all point toward large economic welfare gain for Bangladesh consumers which remote be more important than the total of government revenue losses, producer surplus losses consequential from the reduction of Bangladesh manufacture, & affronted of financial rent in Bangladesh resultant on or after the contraction of both “copy illegally” and “technical” smuggling.

In adding together, an FTA would in addition generate some Bangladesh manufacturer additional increase from long-drawn-out exports to India, but these are probable to be moderately incomplete in the red to the extremely spirited nature of most Indian markets. All this presupposes that infrastructure & managerial capability would have to be very much improved & spun out on jointly side of the ground boundary crossing to reduce bottlenecks and to stay to the front of the long-drawn-out two-sided trade, or else the financial happiness gain from the FTA would be severely compromise by mounting congestion, delays and informal payments.

The forecast that an FTA with India could transport great net financial welfare reimbursement for Bangladesh have got to be knowledgeable by a few important risks: By providing a imprisoned secluded market to Indian supplier, there is a hazard that as an alternative of exporting to Bangladesh at recognized world price, the Indian producer will work against with each extra and perhaps with a modest Bangladesh producer & place value that will convey almost all and miscellaneous of the economic advantage of the FTA agreement to India. This strength consequence in a net financial wellbeing defeat for Bangladesh.

There is a risk of conditions of do business wounded for Bangladesh if, succeeding the FTA, a number of Indian industry export to Bangladesh at bloodthirsty price which are on the other hand senior than prevailing earth prices. As it happen, none of the a small number of industry chosen for study in the project fitte

d this pattern, but it is highly likely that would be some among the large numbers of goods being produced in India but not at there organism exported. The conditions of trade overcome for Bangladesh in such luggage is the extra of these Indian export price in excess of cif bring in price when the comparable foodstuffs are bring in from the obtain it easy of the world.

In the present example India has support financially its export of rice, wheat & darling in arrange to get grasp of free of excess stock generate by troubles with its household support and other policies. Bangladesh has benefit from these financial support by import Indian supplies of these belongings at the subsidize price. on the other hand, if Bangladesh were a locked up market planned for these produce under an FTA, India would be able to transport in Bangladesh at no matter what higher price would be likely known the Bangladesh MFN tariff, a approximately absolutely connecting lower or zero Indian export financial support.

These risks for Bangladesh of an India Bangladesh FTA are considerable & grave, and lift the basic query: why not wish to get hold of the similar trade & industry happiness increase from a policy of multilateral import liberalization, which could produce the comparable consumer additional repayment for Bangladesh consumers and the alike net household financial reimbursement, while avoid the risk?

Implication for India

India's do business with Bangladesh is very diminutive family member to its whole trade and to its financial system, & so the financial wellbeing penalty of an FTA connecting Bangladesh are also fairly slight even although they are important for Bangladesh.

The RMG case study suggest the likelihood of a few Indian customer wellbeing benefits from Bangladesh RMG exports to India less than an FTA, but these and other possible customer wellbeing benefits appear to be rather incomplete in sight of the present universal directness of India's industrial introduce policy, and the competitiveness of household manufacture & prices in the majority of the segment with far above the ground & extremely elevated import protection, particularly undeveloped products and the textile & clothing segment secluded by specific tariffs..

All of this suggest that present is no forceful case for India to follow an FTA with Bangladesh, base on the possible financial wellbeing reimbursement to India. no matter what trade and industry remuneration capacity result from an FTA with Bangladesh, are potentially available on a much broader basis & better weighing machine from long-lasting the common independent import liberalization procedure that has been b

eneath way throughout the historythree years. This would pay particular attention to non-tariff barrier and prohibitive tariffs in the agricultural segment (including stock and fisheries products and processed foods) andto the specificduties defensive the textile and clothing sector.

FMCG Sector Bangladesh:

One of the biggest obstacles to successful fmcg sector development of the Bangladesh market is the absence of a modern and efficient tax system and the lack of reliable data. Foreign capital always seeks predictability, especially in terms of projected tax obligations. The lack of a stable fiscal regime is the number one reason dollar level of foreign direct investment in Bangladesh is very low compared to other emerging markets. A common and frequent concern expressed by foreign companies is the fear (real or perceived) of an unstable system, uneven, unreliable and unpredictable taxes in Bangladesh. As a result, the capital that could be invested in Bangladesh is in contrast, in other countries that are perceived as enjoying more stable tax systems. For Bangladesh, it's time to introduce tax breaks and other incentives to the end of the year for companies using international accounting methods as part of a new trade reform plan. For example, companies that follow these international accounting standards () will have their income tax fell by, say, a five percent ... or maybe they will receive other privileges. Most Bangladesh companies developed national accounting practices used to calculate tax levels. West say Bangladesh accounting Accountants has limited use of business planning and investment. Then, we have established some suggestions and concerns about public finances in transition economies:

- The economy has grown at the rate of 6 to 7% per annum Other goods produced are jute, fish, fruit, vegetables, leather goods, textiles, ceramics, and ready made goods. Bangladesh has made substantial stride in its economic sector performance since independence in 1971.
- Depreciation of Taka over time, Financial sector constraints, Fiscal deficit, High tax rates, Restriction on outward movement of capital, Political instability & Provision of attractive incentives to non-resident investors in developed countries.

Some common FMCG products types include food and daily products, glassware, paper products, medicines, consumer electronics, packaged food , plastics products, printing and stationary, domestic products, photography, drinks, etc. the coffee, tea ,

greeting cards, gifts, detergents products, tobacco , cigarettes, watches ,soaps, etc. are the some examples of FMCG products . That has many same product making manufacturing producing same product and sale it in low price so, the other brand product sales is down and it directly affect to the fmcg sector and also to the Bangladesh government in the national income.

Sustained growth of firms requires consistent improvement in their productivity. Within the industrial sector, the growth of the food processing industry is particularly important for Bangladesh as this is one of the major industries in terms of contribution to total manufacturing production and employment. It is expected that recent liberalization programs will encourage firms to improve productivity development. Bangladesh can no longer afford to hold unrealized capacity and recent reforms have put an emphasis on productivity gains rather than, as in history, the injection of new inputs into the production process.

FMCG industry provides a wide range of Consumer packaged goods. The amount of money circulated against FMCG products is also high. The competition is also increase among FMCG manufacturers. So, investment in FMCG industry is also growing, specifically in India, where FMCG industry is regarded as the 4th largest sector with total market size of US\$13.1 billion. In India, FMCG Sector is estimated to grow 60 per cent by year 2010. FMCG industry is regarded as the largest sector in New Zealand which accounts for 5 per cent of Gross Domestic Product (GDP).

Market potentiality of FMCG industry because of Low operational cost, strong distribution channels, presence of famous FMCG companies. Population growth is also responsible factor behind the success of this industry.

The total growth of the FMCG sector in Bangladesh in year of 2007-08 sales increased by 7% in FMCG sector in Bangladesh. In year of 2008-09 sales increased in Bangladesh by 7%. In year of 2009-10 Sales of Bangladesh increased by 25%. At a time in 2010-11 sales decreased by 7%.

In the year of 2010-11 Net Profit is decreased by 15% in FMCG sector of India. The reason behind that is there was operating expenses overall less in of FMCG sector of India. At the same time Net Profit of Bangladesh is increased by 8%.

Banking Sector Bangladesh:

In arrange to run and manage efficiently the labor force, the bank managers should have full capability of using their authority from side to side presentation honesty, honesty and equivalent action of their subordinates.

A country like Bangladesh wants a rising framework for bank organization strategies which could be severely followed by the stakeholders in order to take on a sensible course of act concerning the good banking norms and regulations.

The nature of the deception dedicated by the Hallmark Group was paralleled to the abuse of the banking system in Bangladesh. The against the law channeling manage of money in the stock marketplace has helped those culprits to get your hands on a huge quantity of money over a long era of time from side to side Letter of Credit and other bank dealings with both enterprises and confidential persons.

As a result, if the bank business bodies, older bank officials down to the bankers, as well as the sales team, auditors, so as the stock brokers were just being watchful and hard-working enough in doing each task severely, every bank deal would be monitored and every indiscretion would be recognized right away by the workers. There was a strong authority from the senior level of the association to let that against the law loan deal of Hallmark Group to be accepted by the worried banking officials.

The normal bank workers would have been out of manages over the state of affairs. Apparently, the incompetence and uselessness of the banking personnel just reflect on the poor banking system included in the banking division in Bangladesh. Any loan scam happens in the banking industry lies greatly on the large-scale treatment of the senior level of the business.

The infringement of the banking system of principles, commerce standards, cultures, and banking norms would not have happened if those workers and banking officials worried have become more accountable, see-through and have included a high sense of principles, sincerity and honesty of responsibility their jobs.

Financial sector of Bangladesh comprises with commercial banks, non-bank financial institutions, insurance companies etc. However, the banks engage in leisure the key

role in the monetary scheme of Bangladesh. After release of Bangladesh in December 1971, all the financial institutions counting the profitable banks approved out their operations in arrange to attain the objectives of the administration.

This state of affairs sustained up to 1982. At that period, some system was formulated and some instructions were complete to the banks with a view to total the economic objectives of the administration rather than to fulfill the profitable attention of the banks. Expansion of bank twigs was also heading for to add to the system of the banking scheme.

As a result, bank twigs greater than before admirably which as a result abridged the inhabitants per branch. Based on the socio-economic thought, the administration formulated the credit growth policy and banks were heading for to authorize credits to public division enterprises and priority sectors. Banks were jump to give funds to the main concern sectors with low attention rates.

Major portion of these loans became late and the productivity of the state-owned commercial banks (NCBs) was declined. In 1983, the Bangladesh Government initiated "possession reform" agenda and allowed private commercial banks (PCBs) to start their commerce in the manufacturing and to improve the competence of the individual banks. At the same time, government determined to denationalize two NCBs. This plan was not fully winning due to two main obstacles, which is the unwarranted power in the credit sanctioning procedure, and the nonattendance of obligation to account loan categorization and provisioning.

In the background of the current poor presentation and weak ability of the banks, the government was genuinely worried to be familiar with the main evils in the financial system. Later on, a figure of reform events were initiated generally beneath the Financial Sector Reform Program (FSRP) and then under Banking Reform Committee (BRC) and

Commercial Bank Restructuring Project (CBRP). Banking sector improvement is a predictable procedure when the obtainable arrangement of bank cannot complete the preferred level of economies of level in process. Disastrous banking scheme from time to time might cost the genuine sector harshly. These sorts of banking sector evils have been epitomized by the analysts and donors as banking weakness,

crisis, suffering, breakdown, fall down, bankruptcy and so on, which call for “banking reforms” on the part of the worried banking system.

Sheng (1996) defines banking sector improvement or reform of banks as “the package of macro-economic, micro-economic, institutional and narrow events in use to reinstate easily broken banking systems to monetary solvency and discipline”. Some authors consider that intensification narrow and decision-making structure is the necessary part of improvement procedure. This view is supported by Caprio and Klingebiel.

They argued that with no having an well-organized and effectual set of prudential system from the governing authority, the financial markets and the institutions are susceptible and face problem to stay alive during the time of monetary catastrophes. In addition, according to S. Golubović and N. Golubović (2005), the underpinning of a winning reform is to enact and enforcement of suitable laws and system.

During the Gulf crisis, India faced huge evils in the equilibrium of sum in 1991. This crisis convinced the start of structural events in the monetary scheme. Later on, India formed the following three committees to recognize the fundamental weaknesses in the scheme and to propose the corrective events:

- Ⓢ Financial System Committee in 1991;
- Ⓢ Balance of Payments Committee in 1992; and
- Ⓢ Banking Sector Reforms Committee in 1998.

The reform-measures in India have been originated based on recommendations put up in these three information. Reddy (2005) assess the crash of reforms and end that there is an important association flanked by these reforms and the sufficiency of banks' assets and the excellence of banks' assets. He shows a positive family member between reform and monetary sector constancy. He finds that the non-performing assets ratio has been abridged to approximately half after 1998. Productivity of banks was better a lot.

The evils intrinsic in the banking sector of Bangladesh have been rising over many years. Bangladesh Bank and the Government have promoted a figure of the

improvement events with a view to bring the state of affairs under manage. The very first object of the reforms was to recognize methodical evils and threats for in general banking scheme and to recognize the exact evils in person banks. The reforms were in fact wholly winning in satisfying the first object.

Following reform initiatives, financial system in Bangladesh has been urbanized significantly and it is incessantly civilizing. Particularly, monetary sector has been deepened further, while monetary aggregates are growing. Efficient monetary products are also being introduced as recruitment of investments tends to be improved.

In addition, long term savings are enthused, competitiveness within the manufacturing has been ornamental, and the productivity situation of the banking industry has been better.

Prior to the banking sector reforms, the banks did not think the fate of the outstanding loans. A large figure of non-performing loans was careful as performing assets, because there was no suitable criterion for loan categorization and provisioning. As a result, banks were able to attain a high secretarial profit. The loan classification and provisioning and loan wounded were not even necessary to report in their monetary reports.

In order to understand the status of the default loans, new loan categorization and monitor policies were formulate. As a result, default loans could be recognized easily, and therefore bank could check the loans incessantly for revival. In addition, Bangladesh Bank issued new coverage rule on the basis of global secretarial Standard (IAS-30). Banks are now bound to get ready the monetary statement complying with IAS-30. Therefore, secret loans, stipulation deficit and loan wounded are now more see-through to the stakeholders and the bank organization is more answerable.

Actual assets as proportion of necessary capital, preservation of liquidity, ready competence and productivity better to some degree. As the banks had to slowly adopt the globally conventional loan categorization policies and secretarial events, loan categorization and provisioning shortfall was senior initially in the post-reform

phase which exaggerated the productivity as well as the monetary power of the banks.

The penalty from this examines show that the receipt of risk-based assets adequacy surely better presentation of assets sufficiency of banks in the post-reform era. Management presentation in financial terms was also greater than before all through the era under thought.

In terms of productivity the banking sector had varied knowledge throughout the period under thought. Profitability of state-owned commercial banks (SCBs) had declined because of senior stipulation preservation from their profits and secretarial of attention income on secret loans as attention anticipation, which was previous shown as profits in the pre-reform phase.

On the other hand, the productivity of PCBs and FCBs showed a rising trend in 26 the post-reform phase since of deregulation of attention tax in loan pricing and freedom to select possible customers and projects for asset and engage in diversified businesses.

Liquidity presentation of the banks indicates that there is no such growth over the period. All types of banks have much liquid possessions surplus of their requirements. The performances of the foreign banks are considerably better in contrast to the local banks in each aspect.

FCBs could be able to uphold a "Capital to Risk Weighted Assets Ratio (CRAR)" which is senior than that maintained by the rest three groups of banks. Nonperforming assets of FCBs are negligible comparing with their possessions.

Though FCBs maintained a considerable quantity of liquidity, their productivity in terms of ROA and ROE, and NIM are senior than the local banks. If we think the organization competence in financial terms, the FCBs were able to manage their expenditure- income ratio lower than the other three groups of local banks.

FCBs are drama much improved than the local banks due to a figure of reasons. Apart from complying with the policies and rule issued by Bangladesh Bank, the FCBs have also to comply with the policies and rule issued by their head office. They are exploiting the global best practices in their process. In addition, they are

audited on a usual basis by their head offices. Hence, they have more scheming systems and become more see-through which lead them to build an outstanding organization and management.

They can get hold up from their skull office in analyzing risks counting credit risks and ready risks. They can with no trouble track the revival of loans as they have incomplete twigs and clientele, and higher Management Information System and Accounting Information System. The FCBs have well-organized human capital as well who are being trained up from the beginning of their job on the state of the art banking technology.

In short it can be finished that because of growth proceedings banks are at the goal leaning, more ready with in order and therapy, and more autonomous to make a decision plan for growth. In terms of making possessions answerable and transparent, the crash of improvement is exceptional. At the same time, if revival is ensuring, then in general monetary place would also get better.

Food Sector Bangladesh:

Sustained growth of firms requires consistent improvement in their productivity. Within the industrial sector, the growth of the food processing industry is particularly important for Bangladesh as this is one of the major industries in terms of contribution to total manufacturing production and employment. It is expected that recent liberalization programs will encourage firms to improve productivity development. Bangladesh can no longer afford to hold unrealized capacity and recent reforms have put an emphasis on productivity gains rather than, as in history, the injection of new inputs into the production process. Several studies undertaken by the Harvard Institute for International Development and Employment and Small Scale Enterprise Policy Planning Project of the Bangladesh Planning Commission (HIID-ESEPP 1990a, 1990b, 1990c) have reported that there was no significant relationship between economic policy reforms (in terms of incentive structures) and manufacturing value-added growth and total factor productivity (TFP) growth. Although these studies have contributed significantly to the supply of information about Bangladesh food manufacturing, their results suffered from the following shortcomings. The objective of this study is to examine the sources of output growth in Bangladesh food processing industries during both the pre-reform and the

Using firm-level data from Bangladesh food processing industries in a varying coefficient production frontier framework which takes into account the differences in individual input responses to output, first, this study decomposed output development both during the pre-reform and post-reform periods into input growth, and TFP growth. The results show that input growth contributed significantly to output growth in almost all the industries, although TFP development improved from the early to late 1980s, and in many industries input use increased at approximately the same rates as output development. Next, this paper also examined whether changes in TFP from the pre-reform period to the post-reform period were caused by technological progress or improvements in firm-specific productive capacity realization. Although some industries experienced declining rates of technological progress from the early to late 1980s, technological progress still accounted for the majority of TFP growth. The results also show that there is a wide variation in capacity realization among firms, though a few experienced significant improvement

in capacity realization during the post-reform period. The outcome implies that there has been a substantial unrealized productive capacity in the Bangladesh food manufacturing sector which could be eliminated. The implications are as follows: (1) the general hypothesis that firms will exploit the technology fully, once it is given to them, is not legal in the food processing industries in Bangladesh; (2) the whole issue of the appropriate balance in emphasis between efficient choice of technology and efficient use of chosen technology is being neglected with the erroneous assumption that firms can apply technology efficiently, but cannot select it efficiently; and (3) there is still a potential to increase the output in the Bangladesh food industries without further increasing inputs, by improving the method of application of inputs.

Fish (including shrimp and prawn) is the second most valuable farming crop, and its production contributes to the livelihoods and employment of millions. The culture and use of fish therefore has important implications for national food and nutrition security, poverty and development. This review examines the current state of knowledge on the aquaculture sector and fish consumption in Bangladesh, based on wide analysis of secondary sources (including unpublished data unavailable elsewhere), consultation with various experts and especially conducted surveys. Bangladesh has extensive and highly diversified fisheries resources. Official Department of Fisheries (DOF) statistics estimate total fish manufacture of 2.56 million tonnes, of which aquaculture accounts for 39%. However, collection of these statistics is based on a design which has not been able to fully account for recent developments in aquaculture. This review therefore attempts to triangulate official statistics wherever possible using data drawn from numerous sources, including the Household Income and Expenditure study 2005. This approach suggests that aquaculture and, in particular, additional commercially oriented forms of the activity are likely to play a much more important role in meeting national fish consumption needs and alleviating poverty than previously understood. Estimates derived from these sources suggest that around 399,000 tonnes of fish are produced from farmhouse ponds; 390,000 from commercial semi-intensive carp culture; 395,000 tonnes from pellet fed severe systems; and 98,000 tonnes of shrimp and prawn, for a total of 1.35 million tonnes (325,000 t or 27% greater than the 1.06 million tonnes of aquaculture production reported in official statistics). Inland pond culture represents the mainstay of aquaculture in Bangladesh, accounting for almost 86% of total recorded aquaculture outcomes. DOF figures indicate that pond culture is dominated by production of carps. The next two most important species cultured in ponds are tilapia and pangasius catfish. Our analysis suggests that tilapia and pangasius production is under-represented in official statistics, and comfortably exceed 335,000 t. We differentiate between three main forms of pond aquaculture; „homestead pond culture“, „entrepreneurial pond culture“, and „commercial semi-intensive carp culture“, and approximation that each type currently accounts for approximately 30% of total aquaculture production. We analyze that 4.27 million

Other inland aquaculture systems are less important than pond farming, although they may play important roles in the future. Our estimates suggest that fish culture in

floodplains, rice fields, cages, and oxbow lakes together accounts for around 2% of total aquaculture production. Fish culture in modified water body is expanding throughout the country, but often involves the enclosure and effective privatization of resources which may have previously been under common property regimes for some or all of the year, thus having significant social implications which are not fully understood. Various studies have also raised questions regarding impacts on biodiversity. Rice-fish culture occurs in numerous locations but (with the exception of the distinctive *gher* systems found in the south) widespread uptake has been rather limited. Acceptance of cage culture, while growing, also remains limited. Although commercial tilapia cage culture has been successfully established in one district, producers there have knowledgeable persistent problems with fish disease and water pollution. Shrimp and prawn production takes place mainly in south and southwestern Bangladesh in converted rice fields known as '*ghers*'. These cover a total region of 244,000 ha. Estimated combined production of shrimp and prawn for 2010 stood at close to 98,000 t. The part of black tiger shrimp (*Penaeus monodon*) and giant freshwater prawn (*Macro brachium Rosenberger*) to the Bangladesh national economy is significant and shrimp and prawn are the export commodity with the second highest value after readymade clothes, generating US\$412 million in 2009/2010. Shrimp and prawn culture faces a variety of challenges however including disease, compliance with quality standards in importing markets, and inequitable terms of exchange among value chain actors.

At least 98% of seed supplies now derived from private hatcheries. „Raw“ unformulated feeds are widely used in homestead and commercial carp aquaculture. The utilize of commercially manufactured pelleted feeds predominates in entrepreneurial fish culture. Forty major feed mills produced 0.67 million tonnes of formulated feeds, worth around \$220 million in 2010. Whilst seed and feed supply has developed rapidly in recent years, quality remains a key concern for both inputs. Fish remains by far the most important and frequently consumed animal source food in Bangladesh, but studies on fish consumption show very substantial variation depending on location, profits and season. Our analysis of Household Income and Expenditure Survey data shows national fish consumption trending strongly upward during the period 2000–2005. However, the gap in fish utilization between rural and urban areas widened markedly over this period. Per capita fish consumption in urban areas increased by 17.5% to 18.1kg from 2000-2005 against a national average of 15.4kg, while utilization in rural areas climbed 4.8% to 14.5kg. Expenditure on fish among some income quartiles in major city areas is almost twice those in rural areas. Surveys conduct for this report suggest a growing division between rural and urban fish utilization patterns. Low value wild fish and cultured carps remain the most common fish consumed in rural areas, whereas species formed by entrepreneurial aquaculture (i.e., pangasius, tilapia and climbing perch) are increasingly dominant in Dhaka and other built-up markets, along with higher value wild fish.

Of the 260 freshwater fish found in Bangladesh more than 140 are classified as small indigenous species (SIS). These fish are a particularly rich source of essential vitamins and minerals, but are ever more scarce. Excluding shrimp and prawn, Bangladesh is a net importer of fish, getting 44,000 t of mainly Indian major carps from Myanmar and India in 2010. However, imported fish is destined primarily for the restaurant trade, and net imports account for only 1.1% of total fish consumed.

Cement Sector Bangladesh:

India is ranked as the 2nd largest cement producer in the world behind China. The Indian cement industry increased in value at a compound annual growth rate (CAGR) of 13.14percentage during the review period 2007 to 2011 and is projected to grow at a CAGR of 10.64 percentages over the forecast period of 2012 to 2016. This growth is primarily credited to the government's high level of infrastructure spending and the country's increasing number of residential and commercial construction activities. The Indian government invested US 500 \$ billion on infrastructure during the 11th Five-Year Plan of 200 to 2012 and open plans to invest a further US 1\$ trillion on infrastructure during the 2nd Five-Year Plan of 2012 to 2017. The large-scale investment on various infrastructure projects including roads, railways, bridges and ports, will create a huge demand for cement over the project period. Shorter deadline for builders to complete the projects, labor shortages and space constraints in large cities, the growing need for computerization and the excess of infrastructure projects are the main factors driving the increased use of ready-mixed concrete (RMC) in India. Large township projects in the border of leading cities of India where IT zones are important are also generating more demand for Ready Mixed Concrete. Upcoming infrastructure projects including various things like energy, roads, ports and airport projects, diagonally India will continue to drive the growth of RMC in India over the forecast period.

Based on the demand growth projection, the use of cement by the end of the twelfth five year plan would be between 366.9 and 397.4 million tones assuming growth rates of 9.75percentage to 10.75percentage during the Plan period. The production and installed capacity estimated at 479.3 to 407.4 million tones. Respectively (with a capacity utilization of 85percentage in 2016-17). Review the technology status of the Indian Cement Industry, the Working Group has observed that although the modern cement plants have incorporated the latest technology, yet there is scope for further improvement in the areas of in-pit crushing and assigning, pipe conveyors, co-processing of waste derived/hazardous combustible wastes as fuel, neuro unclear expert system, cogeneration of power, multi chamber/dome silos, bulk transport of cement, palletizing and get smaller wrapping for packing & dispatch.

The cement industry is one of the key beneficiaries of the infrastructure in boom situation with robust demand and enough supply and the industry has bright future. The Indian Cement Industry has the total capacity of 165 million tones is the 2nd largest industry after China. Cement industry is conquered by 20 companies who account for over 70percentage of the market and individually no company accounts for over 12percentage of the market. The major players in cement industries like L&T and ACC have been quiet successful in creating narrow gap between demand and supply. Private housing sector is the most important consumer of cement (53percentage) followed by the government infrastructure sector. Similarly, northern and southern region use approximately 20percentage-30percentage cement while the central and western region are consuming only 18percentage-16percentage. India is the second largest cement producer in the world after country china .Right from lay concrete bricks of economy to wave fly over's cement industry has shown a great future. The overall outlook of the industry shows significant growth on the back of robust demand from housing construction, Phase-II of NHDP (National Highway Development Project) and other infrastructure development projects. Domestic demand for cement has been increasing at a fast speed in India so Cement consumption in India is forecasted to grow over 22percentage by the year 2009-10 to 2007-08. Among the states, Maharashtra has the highest share in consumption at 12.18percentage, followed by Uttar Pradesh, in production terms; Andhra Pradesh is top with 14.72percentage of total production followed by the state Rajasthan.

Cement production grew at the rate of 9.1 per cent during the year 2006-07 over the previous fiscal's total production of 147.8 million tons. Because of rising demand of cement, the sales volume of cement companies are also increasing & companies exposure higher production, higher sales and higher profits. The net growth rate of profit in cement firms was 85percentage. Cement industry has contributed around 8percentage to the economic development of India. Outsiders or foreign players eyeing India like a major market to invest in the form of either merger or FDI (Foreign Direct Investment). Cement industry has a long way to go like Indian economy is poised to grow because of being on border of development. The company continues to put emphasis on reduction of costs throughout enhanced productivity, reduction in energy costs and logistics expenses. The cement sector is expected to observer growth in line with the economic growth due to the strong co-relation with GDP.

Future instruments of cement demand growth in India would be the road and the housing projects. As per the Working Group report on Cement Industry for the formulation of the 11th Plan, the cement demand is expected to grow at 11.5percent p.a. during the 11th Plan and cement production and capacity by the end of the 11th Plan are estimated to be 269 million tones and 298 million tons respectively with the capacity utilization of 90 per cent.

Today, the Indian cement industry is very large, 2nd only to China in the terms of installed capacity and has grown at a very fast speed in recent years. The growth rate over the past 20 years has been extraordinary. even though the Indian cement industry has some worldwide cement giants like Holcim and Lafarge, which have benefit like ACC, Ambuja Cement and Lafarge Birla Cement. The Indian cement industry is broadly home-based. Ultratech Cement is the country's largest firm in terms of cement capacity and it holds around 22percentage of the domestic market, with ACC (50percentage-owned by Holcim) and Ambuja (50percentage-owned by Holcim) having 15percentage and 13percentage shares respectively.

Many of the remaining dozen top players are Indian and are (in order of diminishing market share); Jaiprakash Associates (10percentage), The India Cements Ltd (7percentage), Shree Cements (6percentage), Century Textiles and Industries (5percentage), Madras Cements (5percentage), Lafarge (5percentage), Birla Cement (4percentage) and Binani Cement (4percentage).

Between them the top twelve cement companies have around 70percentage of the domestic market. Approximately 100 smaller players produce and grind cement in a wide range of scales but are often restricted to small areas.

The Indian cement industry grew by 4.4percentage in 2011 and during 2012. Many new projects were announced throughout the year in spite of January 2012 reports that the industry was operating as low as 65percentage of capacity. At that time cement companies liable to decrease in government infrastructure spending in major cities.

In February 2012, Fitch Ratings announced that it had downgraded its outlook for the Indian cement industry to negative, with a growth forecast of 2% to 5percentage in 2012. While large by the standards of some cement industries around the world,

such a level would represent dissatisfaction relative to current growth rates in India. Although in the same month, JK Cements announced plans to double its capacity to 9 million tons per year by 31 March 2013. It expects another plant to be specially made by autumn 2013.

Also in February 2012, Dalmia Cement Bharat Ltd expanded by purchasing a 50percentage stake in Calcom Cement India which is a local producer in Assam that commissioned later to that year. Additionally, Germany-based vertical roller mill producer Loesche GmbH held its first 'Round Table' in India between 28 February 2012 to 1 March 2012.

In March 2012, the various Indian cement producers were able to report enhanced financial performances for the 3 months to the end of 2011, among them the cement companies comes like ACC, JK Lakshmi Cement, Kakatiya Cement Sugar & Industries, Chettinad Cement and Ambuja Cement. Several producers identified higher selling prices as a driver for improved revenues and hence profits but were also eager to point out that fuel costs were on growing trend so the theme that would become common through the rest of 2012.

ACC informed the industry that it intended to increase its capacity by setting up a 4 million tons per year cement plant at Jamul in Chattisgarh as well as grinding units at Sindri and Kharagpur. It announced the planned closure of its existing Jamul plant at the same time. Lafarge also announced its intention to purchase further Indian assets in the future, even though it did not specify any targets at the time.

A number of 1st quarter results were reported by the industry in May 2012. ACC saw an increase of 19percentage in its income, Ultratech saw a 19percentage improvement in profit because of higher sales but Ambuja Cements reported a fall in its net profit in spite of higher sales.

The Indian cement industry is large, growing and, with consumption of just 185kg capita per year in 2011 compared to global average of ~300 kg capita per year. Significantly, the country itself has the capacity to demand more cement as it develops.

Though, the industry is at a complicated situation in its development. Capacity is way ahead of actual consumption. On the other hand, cement producers are eager to

maintain their market share and so develop the secure future demand. Producers in this situation should bear in mind that the Indian cement industry of the early twentieth Century, expanded, lowered prices and in many cases, they went out of business. Some have cautioned against rapid capacity addition in the next coming years.

It is estimated that the Indian cement industry will see consolidation over the next coming years. Producers that can make different cement from others or can make savings on production costs by, using alternative fuels, will be able to take advantage of increasing demand and remaining are ahead of their competitors.

The cement industry is likely to maintain its current growth energy and continue in growing around 20percentage to 25percentage in the medium and long term. Government initiatives in the infrastructure sector and the housing sector are likely to be the main growth drivers.

Our cement expenditure per year was only 65kg in the year 2009 whereas in India, its 135 kg and in Pakistan 130kg so there is a lot of opportunity to grow in this industry. If the import duty structure of various cement products, i.e. finished cement, semi-finished cement and basic raw materials for cement (25percentage, 12percentage and 7percentage respectively) continues i.e. import duties is on favor of the local manufacturers and the construction sector remains active with smooth power supply than nothing to be shocked that cement industry will be the most developing industry in the next 3 to 5 years.

The importance of the housing sector in cement demand can be gauged from the fact that it consumes almost 60percentage-65percentage of the country's cement. If housing sector growth wanes, it would impact that the growth in consumption of cement leading to demand supply mismatch.

Insurance Sector Bangladesh:

The intension of this project is to know how insurance business operates. The major findings of the overall project are discussed below:

- Importance of insurance business in the economy.
- How they are interrelated with financial market.
- Activities of an insurance company
- Services provided by general insurance companies
- Analysis of insurance company Balance sheet both country india and Bangladesh like icici insurance and green delta insurance

After completing this project we have learnt that how important insurance for a business is. Authority cannot overlook the entire factor individually. In Bangladesh country insurance business faces great problem due to inefficiency of the authority, lack of proper publicity/ trust, lack of appropriate industry as well. Insurance institution has put a great significance in the financial market as well as capital market. Beside this it increases its investment year to year in financial market which is appositive sign in the market. It does some Corporate Social Responsibility (CSR) as well for the needy people of this country. Like this many other organizations fulfill their duties & put their contribution in national income & thus make the financial market healthy

SadharanBima Corporation helps the insurances to minimize their different business risk. After all, in modern insurance system, SadharanBima Corporation, by increasing the number of policy holders, is not only reducing financial risk of policy holders, but also by reducing their risk, it is earning more profit. Insurance is a recent idea for Bangladesh and we have many problems in our economy like lack of capital, unfavorable commercial position, lack of saving setc. So SadharanBima Corporation should create more publicity among the insurances, give training facilities to the employees, and more efficient management system. If government also gives more attention to SadharanBima Corporation, then it will contribute to our economy

This analysis of micro-insurance schemes in Bangladesh with contrasting examples from India demonstrates the potential that these programmers have to reduce poverty and otherwise improve the health status of the poor. Micro-insurance programmers for health have reduced barriers to health services for the poor and encouraged them to avail of clinics and trained medical care providers for basic and preventative healthcare. The rural and urban poor have traditionally turned to self-treatment (minimally-trained village pharmacist) or traditional healers. Micro-insurance facilitates access to professional healthcare at early stages and offers

opportunities to provide accurate health information and primary healthcare interventions. In this way, the micro-insurance schemes for health in Bangladesh have increased access to basic healthcare. As micro-insurance schemes for health expand, strong efforts will be needed to design a financially-viable insurance product that covers surgeries and high-cost medical services to meet the needs of the poor. Micro-insurance can serve the interests of poor populations with risk-pooling to manage unpredictable employment, flows of income, and catastrophic events. To ensure that micro-insurance safeguards the assets and interests of the poor, micro-insurance initiatives must exercise professional management, product development, management information systems, and re-insurance.

Bangladesh insurance market is still small with a combined life and non life insurance market premium of US \$814 million in 2009. The industry ranked 68th in the world with a paltry 0.02% share in the global insurance industry. Per capita insurance spending is only US\$ 5.2. Insurance penetration (premium as a % of GDP) remains low at 0.9% (0.7% for life insurance and 0.2% for non-life). The growth of non-life insurance companies in 2009 was 10.4%, and life sector grew at an impressive rate of 26.7%.

problem of insurance business in Bangladesh Insurance industry has prospect in the economy but for some reason it's totally failed to achieve its goal. If we want to know the reason behind this then we should look forward the following according to Bangladesh General Insurance Company Ltd. Here the Major problem has been classified into some major criteria as follows

(1) Social problem

Less public awareness

(2) Economy Problem

Poor Economy Condition

(3) Higher cost of Business

By Analysis of Five Insurance company of India and Bangladesh we Know that in the year of 2010 revenue increase by 30.4% in India. Which mainly because of change in the revenue of ICICI which is increased by 6.7 times from previous year. At the same time in Bangladesh there was a minor decrement in the revenue because of decrease in the performance of MEGHNA INSURANCE COMPANY.

In the year of 2011 there was a sharp increase of 68.7% in the revenue insurance company. The main reason for such increment was the performance of BIRLA substantially improves by 21 times at the same time in Bangladesh. Overall performance of companies decrease by 12% because of the performance of GREEN DELTA and ISLAMI has decreased on y-o-y basis.

In the year of 2009-10 investment in India increase by 30.75% compare to the previous year because the increase the performance of LIC in 30.36% and SBI investment is increase by 47.66%. At the same time in Bangladesh investment is increase by 50% compare to the previous year because sharply increase the performance of GREEN DELTA in 58%, PRIME in 106% and ISLAMI in 3.85 times. In the year of 2010-11 investment in India increase by 17.10% because investment of ICICI is increase by 60%. At the same time in Bangladesh investment in decrease by -0.94% because the overall small change in insurance company.

Financial Institution Sector Bangladesh:

The above studies had shown that the Financial Institutions of Bangladesh have performed better as compared to Indian Financial Institutions until 2007. However, this study has found that from last three years the Indian Financial Institutions have performed better as compared to the Financial Institutions of Bangladesh in most of the financial indicators.

For ensuring prudential management, banks in India are expected by the RBI to maintain Capital Adequacy Ratios (CAR - net worth as a proportion of risk-weighted assets) of 9% & NBFCs of 15 percent. In case of the Financial Institutions of Bangladesh, the capital adequacy is higher than Indian Financial Institutions, therefore, they are much safer in economic recession. However, the trend of this ratio is upward in case of India & downward in case of Bangladesh. This trend is a reason of concern for the Financial Institutions of Bangladesh.

In order to serve the large poor population of India, Indian Financial Institutions have to further enhance their capital base. The conversion from NGO to NBFC will also improve the capital adequacy for the sector.

In terms of outreach, India & Bangladesh are at the same level. Yet, the expansion rate of Indian Financial Institutions is much higher (60% CAGR in the last five years) as compared to Bangladesh (stagnant). Though the market penetration is quite low in India mainly in UP, MP, Bihar, Orissa, Chhattisgarh, which shows that there exists huge business opportunities for Indian Non Banking Financial Institutions. Yet, at the same time the Indian Financial Institutions will have to explore the cost effective means to reach to the least densely populated area.

No significant differences found between the means of Indian Financial Institutions & the Financial Institutions of Bangladesh on Operational Self Sufficiency & Percent of Women Borrowers indicators. However, both countries (India & Bangladesh) have

above 90% client as women borrowers, which justify the social commitment of Financial Institutions of their respective countries.

It can also be concluded that the equity holders will be more attracted in investing into Indian Financial Institutions than the Financial Institutions of Bangladesh because; they will earn higher return on their investment.

The operating efficiency of Indian Financial institutions is better & increasing because of higher growth in outreach & better utilization of work force (the main operating expense of Financial Institutions). In spite of the development in operating efficiency, the yield of Indian Financial Institutions is increasing fast. This means that Indian microcredit borrowers are now paying a comparatively high cost for their microcredit.

Portfolio quality of Indian Financial Institutions (PAR>30 days = , 2.4%) is far superior than the Financial Institutions of Bangladesh (12.1%) & global median (3.1%). This may be because of 'ever-greening' resulting in under-reporting by branches to the head office. Following the Andhra Pradesh crisis of 2006, there has been a significant delinquency crisis in southern Karnataka since 2009 & growing issues with portfolio quality even in states like U.P. with relatively new microfinance activity. Concerns about consumer protection have led to the state government of Andhra Pradesh stepping in with a heavy-handed ordinance that threatens to bring all microfinance activity to a halt. While this crisis may blow over, greater introspection on issues of multiple lending, the quality of internal control systems and malpractices in loan collection & how to improve portfolio management are certainly called.

The Young Financial Institutions of India are more profitable, creating better quality asset, & increasing their outreach at a higher rate as compared to the Mature & old

Financial Institutions, while Mature Financial Institutions are utilizing administrative & personnel expenses in a much better manner.

Through the analysis of the second objective, it is found that the outreach & capital adequacy are the prominent factors, which are affecting the financial sustainability of Indian Financial Institutions. Nevertheless, the capital structure does not affect the sustainability. In case of Bangladesh, the asset quality & capital adequacy are the major factors, those are affecting the sustainability of Financial Institutions. Again, the capital structure does not affect the sustainability of Financial Institutions.

The third objective has suggested a new, comprehensive, & simplified model for financial sustainability of Financial Institutions. With the help of this model, Financial Institutions can quantify the level of financial sustainability. This model will also be used to create a sustainability index for various countries & help the regulator identifying the strong & weak areas of the sector. In addition, the existence of the new model is also expected to facilitate Financial Institutions to access to capital markets.

While microfinance remains a small proportion of the overall financial system in terms of portfolio size, it is raising much faster; bank credit grew by 17.5 percent during 2008-09 while microfinance portfolios grew by around 100%. As a result, in terms of portfolio size as well as number of clients served it is becoming an increasingly significant part of the financial system.

Given recent actions by the Government of Andhra Pradesh, the expected deterioration in portfolio quality as a result, it is quite likely that there will be an increase in costs incurred by Indian Financial Institutions to maintain lending standards while ensuring portfolio quality. At the same time, it is likely that the portfolio give up will decline in response to the political & media pressure on interest rates to end-clients. The implications of such drastic interventions by the government for the long-term sustainability of Financial Institutions are hard to

forecast. At best it will result in a decline in capital available for microfinance, thereby slowing down the financial inclusion effect of Financial Institutions operations, at worst it could destroy microfinance altogether, resulting in throwing low income families back into the not-so-benevolent arms of moneylenders.