

# Public-Private Partnerships in Housing: Empirical Study on Bangladesh as an Emerging Country

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## ABSTRACT

The concept of PPP in Bangladesh has been widely recognized as a natural response to meet the colossal demand for housing, government's dwindling budgetary capacity, massive demand coming from a section of the society for better quality of services and a need for a catalyst to boost macro-economic conditions. The city has been in the forefront of housing market revival and prime government agencies have, under the PPP framework, assumed a unique facilitating role without undermining the pervasive influence of the regulatory ideology. As the influential partner in implementation, the government is able to revise regulations related to land supply, building materials, target groups, affordability, building bye laws and regulatory framework as and when necessary. This paper investigates the dynamics of the public private interplay that has resulted from the Bangladesh Government's Public Private Partnership policy in supplying affordable housing in all over Bangladesh. Overall, its considerable success in the city paints a rosy picture as the joint approach brings together the technical and managerial expertise of the private sector with the accountability and fair pricing (obligation) of the public sector to improve the delivery of good quality housing. It is interesting to observe how two opposite forces have blended and are growing in the midst of prospect and constraints, conflict and cooperation, that are, oddly enough, set within the socialist institutional context. However, housing production under the PPP model is impressive in terms of costs and quality but is miniscule in terms of numbers.

**KEY WORDS:** Bangladesh; Public Private Partnership; Legal and Regulatory Framework; Urban Poor; Affordable Housing;

## 1.0 PREAMBLE

The emergence of a new wave of partnership in urban housing sector across Bangladesh saw in last few years. The capital city of Bangladesh has been in the forefront of housing market revival with its own Public Private Partnership (PPP) "model," regarded highly successful nationally. This country is one of the most vulnerable countries to climate change. Interventions will be required over a long time for adaptation and mitigation. They will need to adopt different approaches to programming, while the ongoing development initiatives will need to be sensitive to climate change. One such approach is Public Private Partnership (PPP). A public-private partnership (PPP) is a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies. In a partnership, "public and private actors (parties) share costs, revenues and responsibilities," whereas, in the case of privatization, full responsibility over provisions is transferred to the private sector (Bult Spiering and Dewulf, 2006).

Public Private Partnership (PPP) involves contract between a public sector authority and a private party in which the private party provides and produces a public service or project and may assume substantial financial, technical or operational risks. The variations on this theme are almost endless and are constantly being expanded around the world – Bangladesh is arguably the world's emerging PPP implementer.

The Policy and Strategy for Public Private Partnership (PPP) to facilitate the development of core sector public infrastructure and services vital for the people of Bangladesh. The PPP program is part of the Government's Vision 2021 goal to ensure a more rapid, inclusive growth trajectory, and to better meet the need for enhanced, high quality public services in a fiscally sustainable manner (Government of Bangladesh, 2010).

As the main portal to information on the national PPP program, this includes new policies and procedures for realizing PPP projects; institutions supporting the PPP programme; proposed pilot PPP projects; news on PPP developments in Bangladesh. In the future, this website will serve as the main clearinghouse for information on upcoming PPP project tenders and financing vehicles.

The Policy and Strategy for Public-Private Partnership covers vital sectors of the economy where the PPP construct will be applied in support of national development objectives are housing, roads and highways, mass-transit, railways, ports, airports, electricity, tourism, irrigation and agricultural services, industrial estates, water supply and distribution, wastewater management, waste management, information and communications technology, land reclamation and dredging, oil and gas downstream production, mineral resources, health, education, public facilities, social infrastructure and other social services, and other urban, municipal and rural projects that the government views as priority areas for development.

Real estate in Bangladesh has developed dramatically in recent years due to the construction boom and increasing number of high-rise buildings in the major urban centers of the country, most notably Dhaka and Chittagong. PPP involves a contract between a public sector authority and a private party, in which the private party provides a public service or project and assumes substantial financial, technical and operational risk in the project. In some types of PPP, the cost of using the service is borne exclusively by the users of the service and not by the taxpayer. In other types (notably the private finance initiative), capital investment is made by the private sector on the basis of a contract with government to provide agreed services and the cost of providing the service is borne wholly or in part by the government. Government contributions to a PPP may also be in kind (notably the transfer of existing assets). In projects that are aimed at creating public goods like in the infrastructure sector, the government may provide a capital subsidy in the form of a one-time grant, so as to make it more attractive to the private investors. In some other cases, the government may support the project by providing revenue subsidies, including tax breaks or by removing guaranteed annual revenues for a fixed time period.

This study presents a brief overview of housing situation in Bangladesh followed by a discussion on the forces instrumental in the emergence of the PPP as a mode of housing market revival in Bangladesh. The second section discusses the operational arrangement of this partnership pertaining to the administrative and financial arrangement, land and legislative issues. This paper seeks to highlight the dichotomy of government intervention in housing market in Bangladesh where slow reforms and regulated partnership is hindering a speedy implementation of PPP schemes but state's role cannot be undermined in this transition in light of Bangladesh socio economic condition.

## 2.0 OBJECTIVES OF THE STUDY

The primary objective of the study is specific to know about the situation of the Public-Private Partnership in housing sector at Bangladesh. After all, the situation has been created with a great advantage for the country where the government and private organizations are moving together. The secondary objectives of the study are given below:

- i. To understand about the condition and accumulation of the institution for this Public-Private Partnership in Bangladesh.
- ii. To know about the financial benefits and other non-financial benefits for the organization.
- iii. To understand the value creation by this Public-Private Partnership projects for the country.

## 3.0 LITERATURE REVIEW

In Bangladesh, the problem of urbanization is further aggravated by limited land supply in urban areas, lower land utilization and the lack of proper planning and land use policy. Due to globalization, the urbanization process is also increased. The ever-increasing urban population is creating an increasing demand for shelter. "Everyone has the right to a standard of living adequate of the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right of security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control" (UNO, 1948).

Bangladesh has one of the lowest land-person ratios in the world. The situation is further aggravated every year through an irrevocable reduction of per capita share of land for housing, as a result of continuing population growth. Acknowledging the importance of housing, which is one of the five basis needs incorporated in the constitution of Bangladesh, the government is compelled constitutionally to play a vital role in securing housing rights. "It shall be a fundamental responsibility of the State to attain, through planned economic growth, a constant increase of productive forces and a steady improvement in the material and cultural standard of living of the people, with a view to securing to its citizens--the provision of the basic necessities of life, including food, clothing, shelter, education and medical care" (Constitution of the People's Republic of Bangladesh).

From the above statement it is quite clear that providing shelter to all the people is one of the fundamental responsibilities of state. But being a government of a poor developing country, it is almost impossible for the government to ensure housing for all. As the public sector failed to provide this, people have taken their own

initiative to ensure their fundamental need for shelter. Government alone cannot provide housing to all and realizing this, they decided to share the task of providing safe decent places to live with Real Estate Developers, to make people a productive resource. Real estate had made a mark in the very first year of its emergence with leaping to prominence as prime & various locations of the city and in manufacturing quality concrete products that have earned them the distinguished stature they enjoy today.

Overall, its considerable success in the city paints a rosy picture as the joint approach brings together the technical and managerial expertise of the private sector with the accountability and fair pricing (obligation) of the public sector to improve the delivery of good quality housing. It is interesting to observe how two opposite forces have blended and are growing in the midst of prospect and constraints, conflict and cooperation, that are, oddly enough, set within the socialist institutional context. However, housing production under the PPP model is impressive in terms of costs and quality but is miniscule in terms of numbers. This leads to a proposition that although the agenda of public private partnership is important, one must not lose sight of the needs of the low income group comprising half of the total city population and the primacy of current state- articulated regulation in this transition. Since the outcome of the new policy remains uncertain in the long term, any prognosis about this union is difficult to make. The city will need to hedge its best and continue to exploit new opportunities and multiple possibilities (Sengupta, U. 2004).

Events in the building industry in Nigeria in the last decade show the important role the private sector played in housing finance. With the advent of the public-private partnership concept in almost every sector of the socio-economic spheres of the nation, the role of the private sector in housing finance cannot be over-emphasized. This paper clearly states that the low-income public servants do not easily have access to housing finance. The responsibility of generating housing finance at a relatively low interest rate repayable over a maximum period of twenty five years rests on whoever seeks for a housing loan. This paper seeks mediatory role of the private sector between this class of the society and the mortgage banks to source for funds to enable them to own their houses. This paper examines the role of the private sector in the public-private partnership in housing delivery to the low-income earners in Nigeria through housing finance (Taiwo, A. A. Adeboye, A. and Aderonmu, P. A. 2009).

Affordable housing construction is a lagging sector in most of the CEE countries. Recent increases in housing production have mainly served the top end of the market. In some countries, policy schemes for public housing have been established. However, actual construction of housing for moderate-income households has yet to take place. Wolfgang Amann describes the approach of the Austria-based IIBW – Institute for Real Estate, Construction and Housing aimed at rectifying this unsatisfactory situation. The framework for a Public-Private Partnership (PPP) model in housing will be established, with two parallel strategies. First, a legal framework will be established to allow for a new business model of PPP housing. Second, financing tools will be implemented, similar to structured financing, implementing the different layers of sources. This approach refers to lessons learned in many Western European countries, e.g., the Netherlands and Austria, where a Third Sector in housing contributes substantially to good housing provision for large parts of the population. IIBW is currently implementing this new approach in several CEE countries, including Romania, Montenegro and Albania (Amann, W. 2010).

The Current trend of urban growth in Bangladesh is about 6 to 7% per annum. At present 29% of Bangladesh's population live in urban areas, which will be 34% by the year 2025. Considering this situation in this report is to identify the role of Real Estate Entrepreneurs in providing the housing facilities for the growing urban population and how these are influencing the growth pattern of the city and its sustain ability to the trade (REHAB, 2012).

Government in the developed and developing countries have tried to tackle the problem of housing discrepancy to their nations over the last three decades. This paper has emphasized that a pragmatic housing policy in Yemen should endeavor to resolve the contradictions among "need", "demand" and "supply" in the housing market. It reveals that there is a peculiarity between top-down and bottom up supply to gratify effectiveness and fairness in housing policy. It scrutinized the experience of housing policies in developed and developing countries. It presented the Public Private Partnership (PPP) as a promising housing policy in both developed and developing countries. It explored the evolution of housing policy in Yemen the case of Aden city, signifying that (PPP) is a promising housing policy that could be carefully adopted as housing policy in Yemen (Shareem, K. M. Yusof, N. A. Roosli, R. B. and Abdullah, A. 2014).

The description of the companies involved in real estate business is as; Ananda Group is a Bangladeshi business conglomerate. The name of the real estate company is Ananda Builders. The first Ananda company was established in 1983 as the Ananda Builders. The diverse business areas of the group include ship building, heavy engineering, textiles, real estate and shipping. ([www.anandagroup.com](http://www.anandagroup.com))

Bashundhara Group is one of the largest industrial conglomerates of Bangladesh. It began in 1987 as a real estate company venture under the name East West Property Development Ltd (EWPDP). The first project of EWPDP

turned out to be very successful. After then, the company grew very quickly. It presently owns more than 20 major concerns located throughout Bangladesh. Bashundhara Group (founded by Ahmed Akbar Sobhan) began in 1987 as real estate venture. After its first successful project, Bashundhara invested in new fields, including manufacturing, industry and trading. More enterprises were established in the early 1990s; these included cement, paper, pulp, tissue paper and steel production, as well as LP Gas bottling and distribution. Bashundhara Group experienced this tremendous growth in a span of less than 10 years. ([www.bashundharagroup.com](http://www.bashundharagroup.com))

Concord Group is one of the largest Bangladeshi construction and real estate conglomerates. This group belongs two real estate companies named Concord Real Estate & Building Products Limited and Concord Real Estate & Development Limited. The industries under this conglomerate include construction, real estate, architecture & design, communication, entertainment, hospitality, garments etc. Concord Group was established the by Bangladeshi entrepreneur SM Kamaluddin. It has built more than 1000 technically challenging construction projects in Bangladesh and abroad. Concord Group is one of the largest Bangladeshi construction and real estate conglomerates. The industries under this conglomerate include construction, real estate, architecture & design, communication, entertainment, hospitality, garments etc. Concord Group was established the by Bangladeshi entrepreneur SM Kamaluddin. It has built more than 1000 technically challenging construction projects in Bangladesh and abroad. ([www.concordgroup.com](http://www.concordgroup.com))

Eastern Housing Limited (EHL) is a public limited company in Bangladesh working in real estate development. The registered office of the company is situated in Bangladesh. Eastern Housing Limited is one of the 29 members of the REHAB Association, the central body for private sector developers in Bangladesh. Eastern Housing Limited (EHL) was established with the objectives of development of land for housing in the urban areas of Dhaka. It is involved in construction, engineering, manufacturing and trading activities. It has been responsible for redefining the environment in Dhaka, the capital of Bangladesh, along with other major developers. ([www.easternhousing.com](http://www.easternhousing.com))

M. M. Ispahani Limited also known as the Ispahani Group is a Bangladeshi conglomerate. Headquartered in Chittagong, it is owned by the Ispahani family. The group owns Bangladesh's largest tea company, as well as other major food brands in the country. It also has interests in shipping, real estate, textiles, jute and hotels. The group was awarded the prestigious Bangladesh Business Awards in 2003. According to the Daily Star, M Ispahani is one of the most respected business concerns in the subcontinent. ([www.ispahanibd.com](http://www.ispahanibd.com))

Navana Group is a Bangladeshi industrial conglomerate. The name of the real estate company of this group is Navana Real Estate Limited. Navana Group under the leadership of Mr. Shafiul Islam Kamal as Chairman emerged into a separate physical entity from Islam Group after the death of its Chairman Mr. Jahurul Islam (entrepreneur) which was then the largest business group in Bangladesh. Navana Group comprises a number of companies, has diversified its activities in various areas like product and project marketing, construction and real estate business, international trading, distributorship and production of various items and already attained significance in the business arena of Bangladesh.

Orion Group is one of the largest Bangladeshi industrial conglomerates. The industries under this conglomerate include textiles, chemicals, pharmaceuticals, infrastructure development, agribusiness, hospitality, textiles, aviation etc. Orion was established by Obaidul Karim, a pioneer industrial leader in the private sector. ([www.navanagroup.com](http://www.navanagroup.com))

PHP Group is one of the largest Bangladeshi industrial conglomerates. The name of the real estate company of this group is Pelican Properties Limited. The industries under this conglomerate include steel, real estate, light engineering, utility, shipping, etc. It started founded by pioneer industrialist Sufi Mohammed Mizanur Rahman, one of the pioneer entrepreneurs of Bangladesh. ([www.phpgroup.com](http://www.phpgroup.com))

Rangs Group is one of the largest Bangladeshi industrial conglomerates. The industries under this conglomerate include automobile, electronics, real estate, shipping etc. It started founded by a group of pioneer industrialists of Bangladesh. Small, medium and large family owned businesses dominate over Bangladesh's \$100 billion (\$288 billion in PPP GDP) economy, which has been growing at over 5 percent a year since 1995. ([www.rangsgroup.com](http://www.rangsgroup.com))

Sanmar Properties Limited is a real estate and land development company based on Chittagong. Sanmar Properties Limited's primary focus is to develop the land owned by the Sanmar Group into offices, hotels, service apartments, branded residences, shopping malls and retail spaces. Sanmar Properties limited is currently working on developing the Sanmar Tower and Sanmar Avenue Tower. ([www.sanmarprop.com](http://www.sanmarprop.com))

The Limitation of this field in Bangladesh where the scope is available but the initiative is not taken that much for growing up the sector by Public-Private Partnership. This study will help the further development for the policy maker and developer to boosting up this sector by taking proper initiative. The limitation of the study is not to find out the overall growth of this sector by Public-Private Partnership because the lacking of data in Bangladesh. The future study will show the actual result of this sector by Public-Private Partnership.

#### 4.0 RESEARCH DESIGN

This is an exploratory study where the present condition of the Public-Private Partnership in housing has been explained and future prospect of this sector has been proposed. The study helps to understand the present situation of this industry. The data has been collected from REHAB, PPP office, Real Estate agency, Dhaka Stock Exchange. For the analysis of Eastern Housing Limited (EHL) the data has been collected from annual report and return from 2003 to 2015. The formula for calculation of the return has been given below:

$$R_t = 100 \times \ln \left( \frac{I_t}{I_{t-1}} \right)$$

Where,

$$\begin{aligned} R_t &= \text{return at period } t & I_t &= \text{stock indices at period } t \\ I_{t-1} &= \text{stock indices at previous day return at period } t-1 \end{aligned}$$

#### 5.0 LIMITATION OF THE STUDY

The data has been used for this study only focused on secondary basis. The title of the study has limitation in Bangladesh as an emerging country. The further study will focus on the descriptive study. The growth and prospect of Public-Private Partnership in Bangladesh has a positive effect because of the density of population. The urban and rural development will be handling by the help of effective utilization of the resources and should dependable on the enriched PPP projects.

#### 6.0 ANALYSIS AND OBSERVATIONS OF THE STUDY

Private and public limited companies in Bangladesh are doing real estate business where the collaboration with the government as a Public-Private Partnership will grow this sector with huge development. The government institute involves in the real estate sector is Real Estate & Housing Association of Bangladesh (REHAB). It is a recognized fact that the health of the Real Estate Development Sector is the barometer of the National economy. In Bangladesh Real Estate Business started in Dhaka in late seventies. During 1970s there were fewer than 5 companies engaged in this business. In 1988 there were 42 such developers working in Dhaka and now in 2004 there are about 250 companies engaged in this business.

With the number of companies increasing gradually, various problems concerning the housing sector cropped up requiring early solution. At this stage it was necessary to form a trade association of the Real Estate developers to protect the overall interests of the sector. To strengthen the role of real estate sector Real Estate & Housing Association of Bangladesh (REHAB) was formed with only 11 members in 1991. The objective of REHAB was to promote formal private sector Real Estate Development in Bangladesh.

REHAB is the only trade organization of Real Estate Developers with a current membership of 260 Developers. All major institutionalized Developers are members of this organization. REHAB is also the "A Class" member of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI). In the recent years REHAB has played a very significant role in nation building through Real Estate Development by its members. The members of REHAB contribute a large amount of revenue to the Government exchequer in terms of Registration Cost, Income Tax and Utility Service Charges.

REHAB organizes its most colorful annual event REHAB Housing Fair each year in Bangladesh for the member developers, financial institutions and building material providers.

##### 6.1 Housing situation in Bangladesh

The population of Bangladesh as of 15 March 2011 is 148.692 million (census 2011 result), much less than recent (2007–2010) estimates of Bangladesh's population ranging from 150 to 170 million and it is the 8th most populous nation in the world. In 1951, the population was 44 million. It is also the most densely populated large country in the world, and it ranks 11th in population density, when very small countries and city-states are included.

Bangladesh's population growth rate was among the highest in the world in the 1960s and 1970s, when its population grew from 65 to 110 million. With the promotion of birth control in the 1980s, the growth rate began to slow. The fertility rate now stands at 2.55, lower than India (2.58) and Pakistan (3.07) The population is relatively young, with 34% aged 15 or younger and 5% 65 or older. Life expectancy at birth is estimated to be 70 years for both males and females in 2012. Despite the rapid economic growth, about 26% of the country still lives below the international poverty line which means living on less than \$1.25 per day. Bengalis constitute 98% of the population.

**Table 1: Trends of Urbanization in Bangladesh (1901-2011)**

Year	Urban Population (in million)	Rural Population (in million)	Percentage Urban	Urban annual exponential growth rate (per cent)	Rural annual exponential growth rate (per cent)	Urban Rural Growth Differential (AEGR)
1901	0.70	28.23	2.43	--	--	--
1911	0.81	30.75	2.56	1.39	0.86	0.54
1921	0.88	32.38	2.64	0.85	0.52	0.33
1931	1.07	34.53	3.02	2.00	0.64	1.36
1941	1.54	40.46	3.66	3.59	1.58	2.01
1951	1.82	40.24	4.33	1.69	-0.05	1.74
1961	2.64	48.20	5.19	3.72	1.80	1.92
1974	6.27	65.21	8.78	6.66	2.32	4.33
1981	13.54	73.58	15.54	10.99	1.73	9.26
1991	22.46	89.00	20.15	5.06	1.90	3.16
2001	28.61	95.25	23.10	2.42	0.68	1.74
2011	42.70	107.80	28.37	4.01	1.24	2.77

Source: Bangladesh Census and estimations.

In 1991, REHAB (Real Estate and Housing Association of Bangladesh) was formed with only 19 members which later increased to 1,082, as of 2011. In 2000, National Housing Authority Act was adopted and approved by the national assembly and subsequently a new body named National Housing Authority was established, dissolving the former state organizations of Housing and Settlement Direction (HSD) and Deputy Commissioner Settlement (DCS). The act finally came into effect on 15 July 2001.

### 6.2 Public-Private Partnership in Housing

Public private partnership has been widely recognized as a natural response to meet the colossal demand for housing in the context of government's dwindling budgetary capacity. The need for it is also accelerated by the massive market demand for better quality of services coming from an elite section of society and a need to spin off the macro-economic conditions. The Office for Public-Private Partnership was established in September 2010 to act as a catalyst to proactively realize PPP projects. The PPP Office supports line ministries to identify, develop, tender and finance PPP projects. For interested investors and lenders, the PPP Office provides a professional, transparent, centralized portal to high quality PPP Projects. Staffed with both private sector professional and civil service resources, the PPP Office helps augment government sector line ministry project development efforts with world-class external PPP resources, with the goal of increasing the quality, attractiveness, and sustainability of PPP projects while realizing them in an efficient, cost-effective manner.

### 6.3 Ministry of Finance Public-Private Partnership Unit

The Finance Division of the Ministry of Finance has established a PPP Unit, the MOF PPP Unit. The MOF PPP Unit has responsibility for overseeing the fiscal viability of PPP projects and sanctioning support funding for their development and financing. The MOF PPP Unit has management responsibility for overseeing three key, catalytic funds, the PPP Technical Assistance Fund, Viability Gap Fund and Bangladesh Infrastructure Finance Fund.

The PPP Unit works on behalf of the Government to monitor budget implications of upcoming PPP projects and manage any contingent liability exposure that the government may deem appropriate to support PPP project financing. In this role the PPP Unit provides critical support to overall public financial management by providing inputs to the overall national Medium-Term Budgetary Framework.

### 6.4 Public-Private Partnership Processes

The documents below map to an overall PPP project development and approval process outlined in the Policy and Strategy for Public-Private Partnership, 2010. An overview of the PPP project process is provided:

1. Project Screening Manual
2. Project Development Manual
3. Environmental and Social Management System
4. Bid Process Manual
5. Financing Vehicles

- i. Scheme and Principles for PPP Technical Assistance Financing
- ii. Scheme and Principles for Viability Gap Financing
- iii. Operationalizing the Bangladesh Infrastructure Finance Fund

### 6.5 Public-Private Partnership – Technical Assistance Fund

The PPP Technical Assistance Fund will be established to provide early stage project development funding support to sanctioned PPP projects. The PPPTAF will help defray the cost of professional consultants and advisors needed to assure the government achieves appropriate risk allocation in PPP projects and pre-develops projects to a standard that attracts maximum interest from investors and lenders.

### 6.6 Public-Private Partnership – Viability Gap Fund

The Viability Gap Fund will provide supplementary government financing to projects that the PPP Unit deems economically vital to the public interest but that may not be fully financially viable on a commercial basis. VGF monies can be used to share the up-front cost of a project or provided on an annual basis to effectively subsidize PPP project costs.

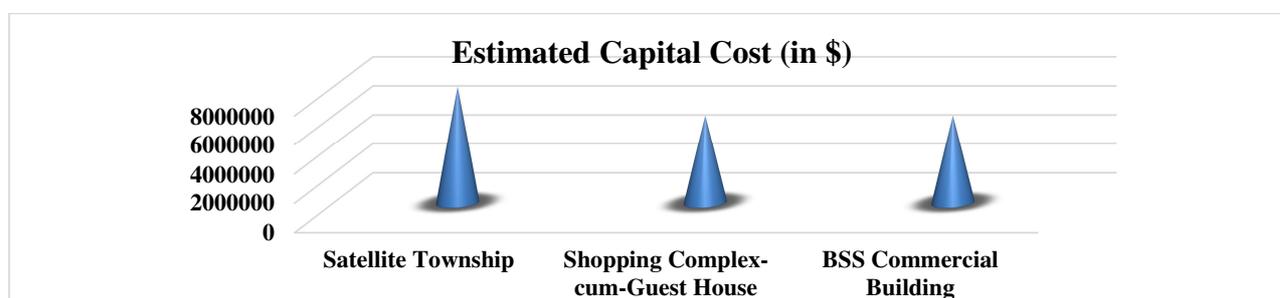
### 6.7 Public-Private Partnership – Bangladesh Infrastructure Finance Fund Limited

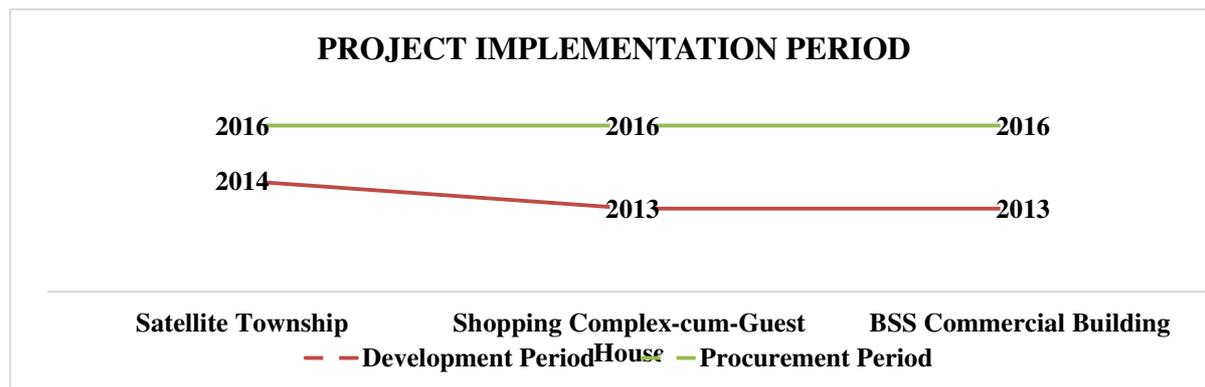
The Bangladesh Infrastructure Finance Fund Limited was incorporated by the Ministry of Finance in 2011 to provide long-term financing in local currency to infrastructure projects that meet BIFFL's investment criteria. BIFFL seeks to attract investment from both institutional and retail investors to provide an alternative investment vehicle in the Bangladesh market. BIFFL is managed independently following objective investment criteria.

### 6.8 Project under Public-Private Partnership in Bangladesh

An obvious implication of the PPP process has been the expansion of the metropolitan housing market which came through an overall real estate awareness and finance availability resulting in wider housing delivery by multiple agents in the market. A significant price drop and rise in quality in general has been observed across the board lately. The incidence of PPP appears to be working considering housing price in the private sector has not seen any reverse trend in the past several years. Traditionally, households in Dhaka have used their savings to purchase homes, land, or building materials or constructing homes by themselves.

<b>Project Information</b>	Satellite Township with Multi-storied Flat Building at Section 9	Shopping Complex-cum-Guest House on PPP Basis at Bangladesh Railway Land	BSS Commercial Building through PPP
<b>Location</b>	Mirpur, Dhaka	Comilla	Dhaka
<b>Sector</b>	Housing	Property Development	Property Development
<b>Department / Ministry</b>	Ministry of Housing and Public Works	Ministry of Railway	Ministry of Information
<b>Implementing Agency</b>	National Housing Authority	Bangladesh Railway	Bangladesh Railway





### 6.9 The Objectives of the PPP Projects

The objective of Satellite Township with Multi-storied Flat Building at Section 9 is to increase the availability of affordable housing in a planned and structured manner and reduce the acute housing problems for middle income families. To investigate the use of modern technologies and materials so as to reduce the cost and time for development and construction. The objectives of Shopping Complex-cum-Guest House on PPP Basis at Bangladesh Railway Land are to render standard accommodation and shopping facilities to the general people of Comilla as well as BR's employees, to increase revenue earning potential of Bangladesh Railway and to ensure more efficient utilization of Bangladesh Railway assets. The objectives of BSS Commercial Building through PPP are to redevelop the old BSS Bhaban to a modern commercial complex, to have a modern office complex for BSS and to promote PPP in the country.

### 6.10 The Scope of the PPP Projects

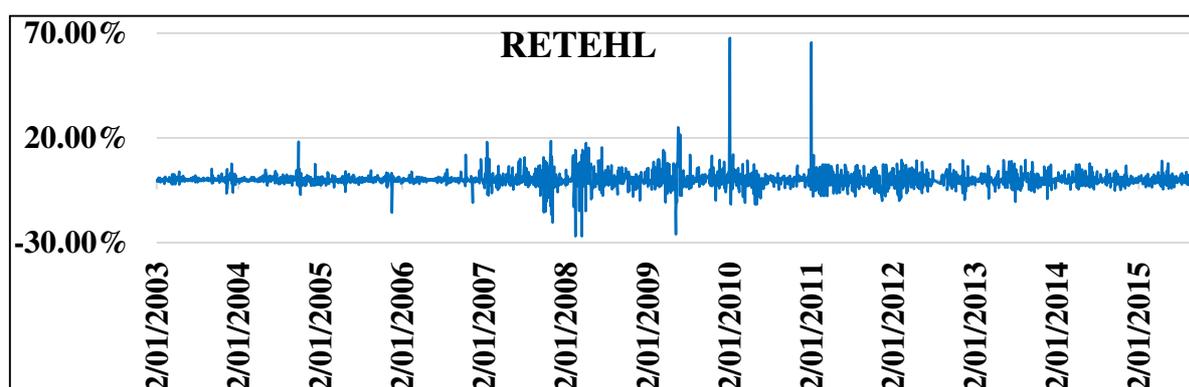
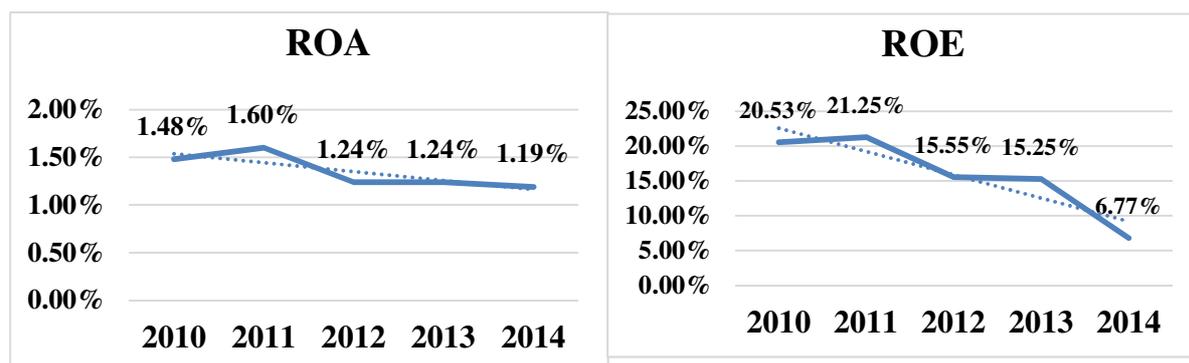
The scope of Satellite Township with Multi-storied Flat Building at Section 9 is designing, constructing, operating and maintaining of around 11 multistoried buildings providing residential accommodation and ancillary facilities (including, internal roads, footpath, utility facilities, landscaping etc). The scope of Shopping Complex-cum-Guest House on PPP Basis at Bangladesh Railway Land is construction of commercial shopping complex-cum-guest house facilities. The scope of BSS Commercial Building through PPP is construction of a 23 storied commercial complex at Motijheel area.

### 6.11 Real Estate Companies at Dhaka Stock Exchange

This measures the performance of listed Real Estate Companies in Bangladesh Stock Market i.e. Dhaka Stock Exchange and Chittagong. There is only company named Eastern Hosing Limited listed in Services & Real Estate sector at Dhaka Stock Exchange in the year 1994 and Chittagong Stock Exchange in the year 1996 with market capitalization of Taka 3,437.472 (mn). EHL is engaged in purchasing land, developing the same for urban housing and selling to the people of different income group. The company also purchases high land for construction of multi-storeyed apartment buildings, shopping mall and office spaces. The company constructs multi-storeyed building on sharing basis by virtue of agreement with the owners of the land. The total number of securities available in the market is 84,666,807 where sponsor or director share percentage is 50.75%, institute 14.45% and public 34.8%. The authorized capital of the company is taka 2,000.0 mn and paid-up capital is taka 846.7 mn.

<b>Return on Eastern Housing Limited (2003 – 2015)</b>	
Mean	-0.00012
Standard Error	0.000984
Median	-0.00241
Standard Deviation	0.025297
Sample Variance	0.00064
Kurtosis	2.603959
Skewness	0.720846
Range	0.199926
Minimum	-0.10501
Maximum	0.094917
Sum	-0.07815
Largest (1)	0.094917
Smallest (1)	-0.10501
Confidence Level (95.0%)	0.001932

<b>Performance Ratios of Eastern Housing Ltd.</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Growth</b>					
Annual Revenue Growth	21.98%	40.06%	-18.10%	10.88%	15.00%
Annual Net Profit Growth	10.78%	12.63%	-17.88%	10.03%	9.68%
Annual Operating Profit Growth	25.48%	0.44%	-11.81%	90.35%	22.94%
<b>Liquidity &amp; Leverage</b>					
Current Ratio	1.09	1.09	1.10	1.09	1.08
Quick Ratio	0.21	0.23	0.24	0.14	0.12
Cash Ratio	0.10	0.11	0.06	0.01	0.01
Debt to Equity Ratio	0.37	0.32	0.55	0.11	1.91
Debt to Total Capital	0.64	0.60	1.13	0.23	0.66
Debt to Total Assets	0.03	0.02	0.04	0.01	0.48
Financial Leverage	12.89	12.24	11.52	11.31	3.01
<b>Cash Flow &amp; Capital Adequacy</b>					
Operating Cash flow / Sales	0.32	0.13	-0.47	-0.42	-0.35
<b>Profitability &amp; Investment Return</b>					
Gross Profit Margin	29.18%	24.68%	25.96%	33.71%	34.43%
Operating Profit Margin	16.32%	11.71%	12.61%	21.64%	23.13%
Net Profit Margin	13.97%	11.23%	11.26%	11.17%	10.66%
ROA	1.48%	1.60%	1.24%	1.24%	1.19%
ROE	20.53%	21.25%	15.55%	15.25%	6.77%
<b>Asset Management &amp; Asset Quality</b>					
Total Assets Turnover	0.1058	0.1455	0.1136	0.1163	0.1117
Fixed Assets Turnover	29.94	36.13	23.06	26.57	0.96
Equity Turnover	1.47	1.89	1.38	1.36	0.64
<b>Efficiency &amp; Productivity &amp; Capital Strength</b>					
Receivables Turnover	121.67	0	0	160.72	182.46
Days Sales Outstanding (DSO)	24	15	14	2	2
Inventory Turnover	0.13	0.18	0.14	0.13	0.09
Inventory Holding Days	2755.04	2006.92	2572.21	2832.97	3863.87
Payable Turnover	0.54	0.64	0.53	0.32	0.36
Days of Payable	665.65	558.83	681.05	1121.75	1007.03
Cash Conversion Cycle	2113.13	1463.57	1905.36	1713.47	2858.85



The returns volatility of Eastern Housing Limited from the year 2003 to 2015 indicates that the return between 5%-10% in an average throughout the 13 years but in the year 2010 and 2011 was the highest return year because of the securities market boom and after the downturn of the market the situation under the previous condition.

## 7.0 RECOMMENDATION

- Economic growth potential has taken advantage of global opportunities, like garments and manpower exports and expansion of the home market, particularly the growing middle class. Urban sector currently contributes 65% to GDP, it will grow in future.
- Large dense population and compact settlements requiring lower per capita investment in physical and social infrastructures.
- Innovations in employment generation and poverty alleviation.
- Demographic Dividend, youthful population and energetic labour force.
- Creation of a new generation of educated professionals and entrepreneurs.
- Presence of an active civil society
- Emergence of an organized slum citizens association (NDBUS).
- Greater awareness of rights of industrial workers (bargaining wage rates).
- The people's urge for a democratic governance system (MAB).
- Official recognition of the role of the urban sector. Formulation of National Urban Sector Policy and formation of the Bangladesh Urban Forum (GoB with other stakeholders). Support for the urban sector in the 20 Year Perspective Plan and the Sixth Five Year Plan. Also the manifesto of the political party in power to day.

## 7.0 CONCLUSION:

The twenty-first century is deemed to be a period of globalization and free market economy. Both positive and negative impacts of such forces are also evident in the case of urban (as well as rural Bangladesh). The future of Bangladesh (i.e. 30 to 50 years from now) will be very much an urban-rural mix. This will be so even if the development process is left to the market forces. This transformation process has already begun. By adopting and implementing a good urban strategy, it is necessary for careful guidance, planning and support. The challenges of economic growth and socio-cultural development in Housing such as present and future massive national and urban population, regional or spatial imbalance in urbanization, productivity and competitiveness of

the urban economy, formal and informal sector dichotomy, employment income inequality and poverty, access to land and housing, housing for the low income groups, access to urban utility services or water, sanitation, electricity, waste disposal, fuel, telephone, access to education and skill development, access to health, transportation and traffic. As an environmental management, it is important for degradation pollution (water, air, sound and visual), climate change impact, environmental hazards, social and political conflicts, crime and violence, cultural and religious conflicts, law and order situation. Problems of special groups such as aged, children, women, physically challenged, marginal groups, urban financial resource constraints: poor per capita public investment, institutionalizing, urban visioning, policy, urban planning and planned urban development, research, information, urban governance with vision, policy, planning, implementation, management governance issues institutions, human resource, research and development.

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