

Victory University
of
Bangladesh

Course Title: Socio Economic study
of Bangladesh

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Ans to ques no-1

A foreign direct investment refers to a purchase of a particular organisation's interest by another foreign organisation.

There are different types of foreign investment: Such as-

- i) Horizontal FDI
- ii) Vertical FDI
- iii) Conglomerate FDI
- iv) Platform FDI

1. Horizontal FDI: The most common type of FDI is Horizontal FDI, which primarily revolves around investing funds in a foreign company belonging to the same

industry as that owned or operated by the FDI investor.

2. Vertical FDI: Vertical FDI is another type of foreign investment. A vertical FDI occurs when an investment is made within a typical supply chain in a company, which may or may not necessarily belong to the same industry.

3. Conglomerate FDI: When investments are made in two completely different companies of entirely different industries, the transaction is known as conglomerate FDI.

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4. Platform FDI: The last types of foreign direct investment is platform FDI. In the case of platform FDI, a business expands into a foreign country, but the products manufactured are exported to another, third country.

In this discussion, we learned about the types of FDI.

Yes, it is profitable to invest in Bangladesh. Because, in a capital-poor country like Bangladesh, FDI can emerge as a significant vehicle to built up physical capital, create employment opportunities, develop productive capacity, enhance skills

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of local labor through transfer of technology and managerial know-how, and help integrate the domestic economy with the global economy. This policy note provides an assessment of the current situation of FDI in Bangladesh and examines its impact on the country's balance of payments.

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Ans to ques no-2(a)

Resource Mobilization: Resource mobilization is the process of getting resources from the resource providers, using different mechanisms, to implement an organization's predetermined goals. It is a theory that is used in the study of social movements and argues that the success of social movements depends on resources and the ability to use them.

There are different types of resource mobilization. Such as -

☐ Moral: Resources available, such as solidarity support, legitimacy and

sympathetic support which can be easily retracted.

☐ Cultural: Knowledge that likely has become widely but not necessarily universally known.

☐ Social Organizational:

Resources that deal with spreading the message. They include intentional social organization, which is created to spread the movements message and appropriate social organization.

☐ Material: Includes financial and physical capital like office space,

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money, equipment and supplies.

☐ Human: Resources such as labor, experience, skills, expertise in a certain field. More tangible than some of the others and easier to quantify.

Ans to ques no - 2(b)

SWOT analysis of the Bangladesh Garment Industry —

Ready made garment is a success story for Bangladesh. The industry started in the late 1970s, expanded heavily in the 1980s and boomed in the 1990s. The quick expansion of the industry was possible because of the following unique nature of the industry.

☐ The technology is less complicated (easy to transfer)

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☐ Machineries are cheap and easy to operate (Sewing machines)

☐ A large female labor force that is easy to train is readily available.

Besides the low cost of labor, one of the major factors behind the success of RMG is the availability of off-shore financing for world-priced inputs through back to back letters of credit under the special bonded warehouse scheme. Presence of foreign buyers is also a major factor that introduces the system of inter-

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national subcontracting. Foreign buying houses not only bring the international market to the doorstep of local entrepreneurs, they also ensure the availability of essential inputs such as imported fabrics and accessories for the industry. They also did the greatest favor for the RMG industry of Bangladesh by bringing the latest designs and by monitoring output quality.

Although suffering from image crisis after the GSP withdrawal

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From USA, Bangladesh has registered remarkable export growth in the just concluding fiscal year. RMG export grew 12.71% to 21.5 billion USD and total textiles export including RMG rose to 23.7 billion USD which is 11.24% higher than the previous financial year.

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Ans to ques no - 2(c)

In particular ready-made garments industry, the export-oriented industries propelled the manufacturing sector to new heights, with a vibrant private sector taking advantage of the low unit labour costs to expand into new markets.

Finally, the service sector has gained momentum from relatively strong domestic demand, bolstered by remittances and new policy initiatives

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allowing more private participation and increased competition.

This is why, public industry is laying behind in comparison to private industry.

Ans to ques no - 3(a)

Rostow's five stages of development is described below:—

1. Traditional Society: This initial stage of traditional society signifies a primitive society having no access to modern science and technology. Thus, Rostow defines a traditional society "as one whose structure is developed within the limited production function based on pre-newtonian science and technology"

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2. Pre-conditions or the preparatory stage: These conditions mainly comprise fundamental changes in the social, political and economic fields. For example

☐ A change in society's attitudes towards science, risk-taking and profit earning.

☐ The adaptability of the labor force

☐ Political sovereignty

☐ Development of a centralized tax system and financial institutions

3. The "Take-off" stage: This is the crucial stage which covers a relatively brief period of two to three decades in

which the economy transforms itself in such a way that economic growth subsequently takes place more or less automatically.

4. Drive to maturity : This stage of economic growth occurs when the economy becomes mature and is capable of generating self-sustained growth.

5. Stage of Mass consumption : In this stage of development per capita income of country rises to such a high level that consumption basket of the people increases beyond food, clothing and

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shelters to articles of comforts and luxuries on a mass scale.

Ans to ques no-3(b)

Standard criteria for evaluating a country's level of development are income per capita or per capita gross domestic product, the level of industrialization, the general standard of living and the amount of technological infrastructure. Most commonly, the criteria for evaluating the degree of economic development are gross domestic product, gross national product, the per capita

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income, level of industrialization, amount of widespread infrastructure and general standard of living. Which criteria are to be used and which countries can be classified as being developed are subjects of debate.