

# Political stability key to sustainable economic growth: Citi

STAR BUSINESS REPORT

Political stability, trade liberalisation and efficient implementation of investments in energy and communications infrastructure are paramount to boost inclusive and sustainable economic growth in Bangladesh, Citi said in an analysis on the country.

The government has set a 7 percent economic growth target for fiscal 2015-16, the attainment of which hinges on increasing the investment to GDP (gross domestic product) ratio by another 2-2.5 percentage points from its current level of 26 percent, the global banking giant said in its half-yearly update.

It said the measures from the government to boost investment through developing economic zones and ports, bringing in necessary policy and regulation changes and

recent announcement to merge the Privatisation Commission and Board of Investment are all steps in this direction.

About the government's 6.2 percent inflation target for the fiscal year, the analysis said domestic production of rice and the prices of fuel in the international market will be the key determinants of whether the inflation target can be achieved.

"Furthermore, the new pay scale for government employees may also put upward pressure on prices."

Bangladesh will have to diversify exports geographically and in terms of concentration to achieve the \$33.50 billion export target for 2015-16.

"Steps are necessary to enhance regional trade with South Asian and Asean (Association of Southeast Asian Nations) countries. Moreover, the export basket needs to be broad-

ened where the pharmaceutical industry and software exports have the potential to take up the baton from the garments industry."

In order to keep up healthy remittance flow, the analysis said, seeking new markets for manpower exports is of paramount importance. It is also important to equip Bangladesh's workforce with technical education and training demanded in prospective manpower markets.

At present, most of the remittances come largely from unskilled people working in Middle East countries.

Citi said the stockmarket passed a lacklustre first half dragged down by prolonged political unrest during the first quarter and low investor confidence thereafter. However, from June onwards, investor confidence has been restored to certain degree primarily driven by large cap and multinational stocks.



Christopher S Murphy, US senator, poses with Mohammad Ziauddin, Bangladesh ambassador to the United States, at a meeting at the Capitol Hill on Tuesday. The envoy urged the US administration to restore GSP facility for Bangladesh and allow duty-free access for garments to the US.

BANGLADESH EMBASSY IN US

## Dull stocks dampen confidence

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In the index, zero represents the most pessimistic view, 100 the most optimistic and 50 neutral.

According to the survey, 75 percent respondents were male and the rest female, with their average monthly household income being \$334. Of them, 62 percent live in Dhaka, 25 percent in Chittagong and 12 percent in Sylhet.

Some 52 percent are hopeful of a better economy in the next six months. Thirty-nine percent said the economic condition would remain the same, while 9 percent feared the worse.

On employment, 51 percent said the next six months would be better while 38 percent said the situation would be the same and 11 percent feared it may worsen.

Forty-six percent said the quality of life would improve in the second half of the year, while 38 percent hoped for a status quo and 16 percent are expecting the situation to become worse.

Less than a quarter of the respondents said the situation of the stockmarket might improve in the second half of 2015, while 47 percent said the situation will remain the same and 28 percent are fearing a worse situation.

The total number of respondents was 8,718, aged 18 to 64 in 17 Asia Pacific markets in the complete survey.

Although consumers in Asia Pacific remain generally optimistic about the future, the level of optimism is beginning to recede in a number of markets, the survey report said.

The decline comes off the back of a 10-year high in optimism levels in the second half of 2014 and reflects an increasingly uncertain economic outlook.

Collectively, Asia Pacific markets remain optimistic -- levels of optimism are stable at 66.1 index points in the first half of 2015 compared to 68.3 index points in the same period of 2014.

The stability reflects the fact that the most pessimistic markets are showing signs of improvement, while the most optimistic are showing decreased confidence.

In Southeast Asia, the Philippines (81.4), Singapore (65.3) and Vietnam (86.9) remain stable with increases of less than 5 points. Malaysia (44.9) moves further into pessimistic territory with -5 points.

India's consumer confidence remains in the extremely optimistic territory (93.1, +1.5). It is the only market among the 17 that is above 90 points and its consumers are extremely optimistic about the future, said Matthew Driver, a group executive of MasterCard for Asia Pacific.

"Consumer confidence is a more nuanced story for Asia Pacific in 2015 as economic uncertainty has begun to impact more developing markets," he said in a statement.

Sri Lanka makes its debut in the Index of Consumer Confidence at 67.5 putting it in the optimistic territory.

The MasterCard Index survey has a 20-year track record of consumer confidence indices collected from over 200,000 interviews -- the longest running survey of its kind in the region.

The survey began in the first half of 1993 and has been conducted twice yearly since.

The Asia Pacific markets surveyed are: Australia, Bangladesh, China, Hong Kong, India, Indonesia, Japan, Malaysia, Myanmar, New Zealand, the Philippines, South Korea, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam.

## Govt to approve purchases electronically

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Then the committee, which is led by the finance minister, give the nod to the proposal in principle.

The proposal is then sent to the prime minister for final approval.

The whole process takes at least a month and has been blamed for the delays in implementation of projects.

The planning minister in his letter said the proposals will be sent online and all members of the committee will log in to the site and give their opinions there.

The finance minister will review the opinions of all committee members online and recommend to the prime minister for final approval. The prime minister will log in to the site and view it online and give the final approval.

The Central Procurement Technical Unit (CPTU) will take the initiative as part of digitisation of all sections.

Established under the planning ministry in 2011, a major task of the unit is to do the government purchase process electronically and make the public procurement process transparent and accountable.

Zahid Hussain, lead economist of the World Bank's Dhaka office, said the new system will be helpful in decreasing red tape and increasing the efficiency of

government procurement.

The efficiency gains will be huge if the government purchasing process is done electronically, he said. Potentially, it should also reduce the corruption in the procurement process, he added.

After the establishment of CPTU, 96 directorates of 24 ministries have been brought under the electronic government purchase system (e-GP).

At present, 1,894 procuring entities of various directorates have been conducting their purchase activities through the e-GP.

As a result, 15,332 tender bidders have registered with CPTU.

Besides, 1,686 branches of 37 banks have linked themselves with the e-GP.

Some 25,665 tenders have been called under e-GP and 15,980 tenders completed successfully, according to an official of the planning ministry.

The activities of CPTU have increased so much that another data centre is being set up, he said. All the government purchases could be done under e-GP when the second data centre is up and running.

Since the volume of work under CPTU will increase, a separate ministry for it will have to be established, whose name will likely be the Government Purchase

## Monetary policy to stay accommodative

FROM PAGE B1  
The interest of the loans to be provided from the refinancing scheme and the eligibility criteria and eligible sectors would be outlined in the MPS.

Also, a projection would be given on external funds flowing into the country as loans to the private sector, the official said.

"Our intention is not to relax the policy, but to provide more options so productive sectors can access more funds," he said.

The government comfortably met its inflation target in the just concluded fiscal year riding on depressed global commodity markets and prudent management of the monetary policy.

At the end of fiscal 2014-15, the average inflation stood at 6.41 percent -- the lowest in 11 years -- against the target of 6.5 percent.

However, core inflation is on the rise: it was 6.08 percent in January and reached 6.74 percent in June -- a scenario that is

dictating the next monetary policy and stopping the central bank from announcing an expansionary one at the moment.

Core inflation represents the long-run trend of the price level. In measuring long-run inflation, the transitory price changes are excluded. One way of accomplishing this is by excluding items frequently subject to volatile prices, like food and energy.

Zahid Hussain, a lead economist of the World Bank's Dhaka office, earlier said it appears that the stability of inflation has continued and it is great news for the authors of the forthcoming MPS.

"The challenge for them is to ensure policy continuity on the inflation front. Perhaps time has come to think about nudging the economy towards a long-run rate ranging between 5 percent and 6 percent," he added. The government has set the inflation target at 6.2 percent for the current fiscal year.

## Telenor seeks bigger share in mobile money

FROM PAGE B1  
Telenor that owns 55.8 percent of Grameenphone proposed another option for MFS. Berg said Telenor can buy a bank if allowed by the government, similar to what it did in Pakistan and Serbia.

"Allow us to buy a bank and then we can serve people jointly."

Globally, 2.5 billion adults do not have access to financial services. Of them, 1.7 billion people have mobile

access, according to Berg's presentation.

Of the people that are transacting money through mobiles, only 5 percent of them have their own accounts in Bangladesh; the number is 97 percent in Kenya, 72 percent in Tanzania and 70 percent in Uganda.

Currently, there are 1.12 crore active accounts in Bangladesh, while the number of agents is 5.3 lakh with a daily average transaction amount of Tk 420

## Onion prices rise on shortfall in India

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"We used to import onions from China as well. However, prices have gone up there. Malaysia, Indonesia, Singapore and some Middle Eastern nations that usually bought onions from India, have also turned to China," he said.

However, onion prices should not go up much here because of a good local harvest in the immediate past season,

said Saha.

BBS is yet to finalise the onion output for the last season, but Department of Agricultural Extension estimates that total onion production rose to 17 lakh tonnes in fiscal year 2014-15 from 14.88 lakh tonnes the previous year.

"So, the possibility of a surge in onion prices is low unless people start panic buying."



Mr. Md. Sirajul Islam Varosha, chairman of Jamuna Bank, attends the bank's half-yearly business conference at Lakeshore Hotel in Dhaka on Tuesday. Shafiqul Alam, managing director, was also present.

## Exports from EPZs grow 10.69pc

STAR BUSINESS REPORT

Export earnings from the country's eight export processing zones grew 10.69 percent year-on-year to \$6.11 billion in the last fiscal year.

The industrial units housed in the EPZs contributed 19.75 percent of the country's total export earnings of \$31.20 billion in fiscal 2014-15, Bangladesh Export Processing Zones Authority said in a statement yesterday.

Enterprises in Chittagong EPZ exported the highest -- \$2.39 billion -- while factories in Dhaka EPZ fetched \$2 billion.

## Bangladesh Lamps Limited

Financial Statements Sadar Road, Mohakhali  
2nd Quarter 2015 Dhaka - 1206

STATEMENT OF FINANCIAL POSITION (UN - AUDITED)  
AS AT 30 JUNE 2015

	As at 30 June 2015 Taka	As at 31 December 2014 Taka
<b>Assets</b>		
Property, plant and equipment	122,411,790	133,788,230
Capital work in progress	1,149,171	487,920
Intangible assets	388,886	600,998
Investments:		
At cost	55,346,673	55,346,673
Fair value adjustment	268,787,416	330,756,187
	324,134,089	386,102,860
Loans and deposits	5,100,066	4,294,242
<b>Total non-current assets</b>	<b>453,184,002</b>	<b>525,274,250</b>
Inventories	248,959,797	288,302,789
Trade and other debtors	306,845,037	218,557,686
Advance, deposits and prepayments	19,399,631	7,864,892
Advance income tax	164,578,893	149,615,412
Cash and cash equivalents	49,860,532	59,806,653
<b>Total Current assets</b>	<b>789,643,890</b>	<b>724,147,432</b>
<b>Total assets</b>	<b>1,242,827,892</b>	<b>1,249,421,682</b>
<b>Equity</b>		
Share capital	93,706,080	93,706,080
Reserves and surplus	462,586,696	523,102,057
<b>Total equity</b>	<b>556,292,776</b>	<b>616,808,137</b>
<b>Liabilities</b>		
Long term loan	-	7,789,803
Deferred liability - gratuity payable	48,431,450	45,217,818
Deferred tax liability	2,737,610	5,129,676
<b>Total non-current liabilities</b>	<b>51,169,060</b>	<b>58,137,297</b>
Current portion of long term loan	20,367,224	20,651,574
Short term finance	242,709,447	253,589,940
Trade and other creditors	190,571,938	148,827,606
Other liabilities	37,866,848	20,388,229
Provision for tax	119,763,193	111,051,763
Provision for royalty	24,087,406	19,967,136
<b>Total current liabilities and provisions</b>	<b>635,366,056</b>	<b>574,476,248</b>
<b>Total liabilities</b>	<b>686,535,116</b>	<b>632,613,545</b>
<b>Total equity and liabilities</b>	<b>1,242,827,892</b>	<b>1,249,421,682</b>

STATEMENT OF COMPREHENSIVE INCOME (UN - AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 2015

	1 January to 30 June 2015 Taka	1 January to 30 June 2014 Taka	1 April to 30 June 2015 Taka	1 April to 30 June 2014 Taka
Sales (net of VAT and SD)	670,188,607	536,912,932	328,457,272	283,507,941
Cost of goods sold	(516,129,484)	(413,343,511)	(255,335,360)	(220,541,592)
<b>Gross profit</b>	<b>154,059,123</b>	<b>123,569,421</b>	<b>73,121,912</b>	<b>62,966,349</b>
Other income	16,921,262	15,090,381	14,722,153	11,916,749
Operating expenses	(141,776,722)	(127,564,626)	(70,521,413)	(69,764,334)
<b>Profit from operation</b>	<b>29,203,663</b>	<b>11,095,176</b>	<b>17,322,652</b>	<b>5,118,764</b>
Finance expense	(6,912,630)	(11,964,553)	(3,545,681)	(5,398,242)
Finance income	5,548,656	6,512,956	2,443,203	3,022,434
<b>Net finance expense</b>	<b>(1,363,974)</b>	<b>(5,451,597)</b>	<b>(1,102,478)</b>	<b>(2,375,808)</b>
<b>Profit before contribution to WPPP</b>	<b>27,839,689</b>	<b>5,643,579</b>	<b>16,220,174</b>	<b>2,742,956</b>
Contribution to WPPP	(1,325,699)	(265,885)	(772,389)	(130,617)
<b>Profit before income tax</b>	<b>26,513,990</b>	<b>5,377,694</b>	<b>15,447,785</b>	<b>2,612,339</b>
Income tax:				
Current tax	(8,711,430)	(2,490,775)	(4,023,900)	(1,216,368)
Deferred tax	2,392,066	2,448,946	1,287,224	1,687,806
<b>Net profit for the period</b>	<b>20,194,626</b>	<b>5,275,865</b>	<b>12,711,109</b>	<b>3,083,777</b>
Other comprehensive income/(loss):				
Changes in fair value of financial assets	(61,968,771)	(49,355,332)	30,443,735	(19,979,426)
<b>Total comprehensive income/(loss)</b>	<b>(41,774,145)</b>	<b>(44,079,467)</b>	<b>43,154,844</b>	<b>(16,895,649)</b>
Earning per share (par value Tk. 10 each)	2.16	0.56	1.36	0.33

STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 2015

	1 January to 30 June 2015 Taka	1 January to 30 June 2014 Taka
<b>Cash flows from operating activities:</b>		
Collection from customers	627,470,639	642,662,565
Collection from other income	16,921,262	15,030,381
	<b>644,391,901</b>	<b>657,692,946</b>
Payment to suppliers	(411,894,518)	(317,690,686)
Payment to employees	(64,808,368)	(57,709,308)
Income tax payments	(14,963,481)	(8,225,943)
VAT & Supplementary duty payments	(56,448,357)	(74,818,734)
Other payments for expenses & services	(69,569,479)	(115,360,943)
	<b>(617,684,203)</b>	<b>(573,805,614)</b>
<b>Net cash flows from operating activities</b>	<b>26,707,698</b>	<b>83,887,332</b>
<b>Cash flows from investing activities:</b>		
Payment for acquisition of property, plant and equipment	(748,951)	(636,172)
<b>Net cash used in investing activities</b>	<b>(748,951)</b>	<b>(636,172)</b>
<b>Cash flows from financing activities:</b>		
Dividend paid	(16,950,222)	(17,152,508)
Repayment of long term loan	(8,074,153)	(10,325,787)
<b>Net cash used in financing activities</b>	<b>(25,024,375)</b>	<b>(27,478,295)</b>
<b>Net changes in cash and cash equivalents</b>	<b>934,372</b>	<b>55,772,865</b>
Opening cash and cash equivalents	(193,783,287)	(247,705,470)
<b>Closing cash and cash equivalents</b>	<b>(192,848,915)</b>	<b>(191,932,605)</b>
Closing cash & cash equivalents represent the following:		
Cash & cash equivalents	49,860,532	11,751,606
Short term finance	(242,709,447)	(203,684,211)
	<b>(192,848,915)</b>	<b>(191,932,605)</b>

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 2015

	Share Capital Taka	Capital Reserve Taka	General Reserve Taka	Fair value Reserve Taka	Retained Earnings Taka	Total Taka
Balance as at 1 January 2015	93,706,080	2,305,167	171,299,487	330,756,187	18,741,216	616,808,137
Dividend paid	-	-	-	-	(18,741,216)	(18,741,216)
Net profit for the period	-	-	-	-	20,194,626	20,194,626
Other comprehensive income/(loss)	-	-	-	(61,968,771)	-	(61,968,771)
<b>Balance as at 30 June 2015</b>	<b>93,706,080</b>	<b>2,305,167</b>	<b>171,299,487</b>	<b>268,787,416</b>	<b>20,194,626</b>	<b>556,292,776</b>

	Share Capital Taka	Capital Reserve Taka	General Reserve Taka	Fair value Reserve Taka	Retained Earnings Taka	Total Taka
Balance as at 1 January 2014	93,706,080	2,305,167	170,154,699	305,912,432	18,741,216	590,819,594
Dividend paid	-	-	-	-	(18,741,216)	(18,741,216)
Net profit for the period	-	-	-	-	5,275,865	5,275,865
Other comprehensive income/(loss)	-	-	-	(49,355,332)	-	(49,355,332)
<b>Balance as at 30 June 2014</b>	<b>93,706,080</b>	<b>2,30</b>				