China's banking regulator seeks help from Yunus to promote microcredit

STAR BUSINESS REPORT

The China Banking Regulatory Commission (CBRC) has sought help from Nobel Laureate Prof Muhammad Yunus to promote microcredit in China to help the country's efforts to reduce poverty and support entrepreneurship among rural people.

Guo Ligen, vice-chairman of the commission, led a high powered delegation to meet Prof Yunus at the Yunus Centre in Dhaka to discuss the policy to promote microcredit in the world's second largest economy, Yunus Centre said in a statement.

Ligen said it is the top priority of the Chinese government to reduce poverty and promote microcredit to support entrepreneurship among rural people, particularly women.

China aims at benefitting from the vast experience of Prof Yunus in running and supporting microcredit programmes in the country through public and private sectors, Ligen said.

Ligen invited the microcredit pioneer to set up a Grameen programme in China on an experimental basis in collaboration with the CBRC.

YUNUS CENTRE

Nobel Laureate Professor Muhammad Yunus poses with a delegation of China Banking Regulatory Commission, led by Guo Ligen, vice chairman of the commission, at Yunus Centre in Dhaka.

Prof Yunus emphasised that microcredit programmes can advance at a steady speed if certain policy barriers are removed.

Grameen China, which runs Grameen microcredit programme in China, will work with the CBRC, the Nobel laureate said.

Wenzhong Fan, director general of internal department of the CRBC, and Hong Guo, chairman of China Financial System for Youth Federation at the CBRC, were also present.

In another statement, Yunus Centre said Grameen China and Heng Chang Li Tong Investment Management Company Ltd of China have signed an agreement to create a joint venture social business company in Beijing to provide financial services to the poor.

Beijing is providing strong support to the initiative, for which a deal was signed at a programme at Yunus Centre in Dhaka on April 21.

The company has been named as Grameen Heng Chang.

Hongtao Qin, CEO of Heng Chang Li Tong Investment Management, and Gao Zhan, CEO of Grameen China, flew over from Beijing to sign the agreement in the presence of Yunus.

Heng Chang is investing nearly a million US dollars to launch the microcredit company and will invest more as needed in the social business, according to the statement. The company helps thousands of small business owners, working class and peasants through the platform to solve funding requirements.

The city government and the company will organise a more elaborate programme in Beijing during Yunus's visit to Beijing in February next year to launch Yunus Social Business Centre in Renmin University.

Xiangqian Mao, CEO of E-Loan China, an online peer-to-peer lending company of China, came up with an idea of creating a social business of peer-to-peer lending platform using 'E Loan China' platform jointly with Grameen China.

New top brass for crop protection assoc

STAR BUSINESS DESK

Ruman Hafiz

Ruman Hafiz of Shetu Corporation and Md Moazzem Hossain Palash of Assign Crop Care have been elected as chairman and secretary general of Bangladesh Crop Protec-tion Association respectively, the organisation said in a statement yesterday.

The 36th annual general meeting of the association took place at the Convention Hall of Krishibid Institution in Dhaka on Thursday. Md Sadiqul Islam of Sara Chemicals was also elected as vice chairman and M Marufuzzaman Tutul of Gurpukur Corporation as joint secretary general, according to the statement.

Supplementary duty should go in phases

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Currently, SD is applicable to 1,362 products at the import level.

It may not be possible to go for the duty cut now considering the political and economic situation, PRI Executive Director Ahsan H Mansur said. "So we suggest removing the duty in phases."

The former economist of the International Monetary Fund said no country or trade bloc would want to sign free trade deals with Bangladesh because of the country's highly protective tariff structure.

He said the government should consider easing the duty structure, because the duty-free market access that Bangladesh now enjoys in many markets would die out once the country leaves the league of least developed countries by 2025.

Mansur also suggested the tax authority periodically monitor whether the companies are deducting or withholding tax from the salaries of its employees.

There is no system for the employers to submit quarterly report on tax to the NBR, he said, citing that only 3 percent of salary income is deducted at source, although there is scope to expand collection through deduction.

The PRI also recommended the tax authority increase tax on tobacco products, especially low-priced cigarette, biri and other tobacco-based items, to increase revenue collection and discourage consumption of such items.

The consumption of low-priced cigarettes has increased due to tax reduction at the beginning of the current fiscal year, Mansur said.

The PRI said the tax on low-priced cigarettes should be raised in a way that the price of each stick goes up by Tk 1 to Tk 3 in the next fiscal year.

A floor price should be fixed for cigarettes so that none can reduce the prices from that level, said Mansur.

The PRI also suggested imposing higher tax on biri. The price of each stick of biri should be Tk 1, Mansur said. "We will not miss out on anything because of the hike in taxes on such items."

Garment exporters must focus on growing Asian market: analyst

FROM PAGE B1

The Chinese domestic market is very strong, and its exports are also ten times that of Bangladesh at the moment, he added.

China also beats Bangladesh in the import of textiles and garment manufacturing machines, except electronic flat machines for knitwear, which were imported equally by the two competitors last year, he said.

The good news for Bangladesh is that China's global share of garments and textile is not increasing anymore, and may even fall slightly in the near future, shifting its demand to countries such as Bangladesh, Vietnam, Myanmar and other African countries, according to Schindler.

This is because China is now moving its focus to higher value-added garment items to counter its increasing costs of production, as the country's labour cost has been increasing between 10 percent and 15 percent year-on-year, he added.

By 2020, the per capita textile and garment consumption in the US will reach 36 kilograms per person from 32 kilograms at present; in Europe it will become 26 kilograms from 24 kilograms at present, Schindler noted.

The question now is whether Bangladesh should focus on textile and garment consumption in both the Asian countries and the US at the same time.

If Bangladesh increases its focus on the Asian markets, it would bring balance and diversity in the country's garment destinations, Schindler said.

A special boost to exports also came from the Chinese duty-free facility awarded to 4,721 Bangladeshi garment items since July 2010, he added.

Garment exports to China rose 26 percent year-on-year, to $304.24 million in fiscal 2014-15, as demand for low-priced basic clothes is still high among middle-income customers, he said.

China and India are stronger, bigger markets, which are have a shorter lead time facility and is also safer for Bangladeshi exporters, said Schindler.

"Diversification is important as it is not wise to depend on some specific markets. Diversified markets also reduce risks."

Another important issue for Bangladesh is branding; developing its own brand and retail chain are the few next challenges for the country. "Branding of the country is very difficult, it is not easy," the researcher said.

The consumption of textiles and garments in China, India, USA and Europe is increasing because of two factors: a growing global economy and growing populations.

With the growth of textiles and garment consumption, the inter industry competition is also growing worldwide.

However, the spending trend is shifting away from garments and textiles, apart from luxury textiles, and is being diverted into holidays, mobiles, and insurance in the developed countries, he added.

The consumption of cotton has also been on the decline due to a higher use of manmade fibres like filament, polyesters and viscose in recent years. Currently, the ratio of cotton and manmade fibre use is 28:72, with a pronounced tilt towards artificial fibres, resulting from its lower price, improved functionality and ease of use, Schindler said.

Though cotton consumption will not disappear, there will not be much of an increase in the sector; it might grow to reach 30 percent of total fibre use by the end of 2020, he said.

Cotton was sold between $2 and $2.5 a pound even four-five years ago, but now it is sold between 60 cents and 62 cents, which led many growers to abandon the crop, said Schindler.

The ITMF survey showed that the import of textile machinery will increase in the near future in Bangladesh, but the growth will depend on improved infrastructure, labour, energy, availability of qualified labour, and better educated people to handle sophisticated machinery.

ITMF feels it is necessary to work together in Bangladesh and learn something from each other, Schindler said.

"It is good for everybody. We do the same things in other countries. Some of the local companies have become members of the ITMF right now, and some are being processed for membership."

P&G earnings rise on cost cuts, Duracell sale

AFP, *New York*

Procter & Gamble reported a jump in third-quarter earnings Tuesday as cost cuts and a gain from the sale of its Duracell business offset the negative hit from a strong dollar. Net income for the fiscal third quarter ending March 31 was $2.8 billion, up 27.7 percent from the same period a year ago.

Revenues were down 6.9 percent at $15.8 billion.

Net sales fell in all five of P&G's consumer product categories.

However, sales throughout P&G rose one percent when the impact of the strong dollar was excluded.

Brands with good results included the shampoo Pantene and products to treat adult incontinence.

Lower-performing product areas included health care, due to a weak cough and cold season.

P&G said results in the quarter benefited from the sale of the Duracell battery business to Berkshire Hathaway, which closed on February 29.

LPG market to heat up

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Bangladesh consumed only 1.6 lakh tonnes of LPG in 2015, according to industry insiders. Of the quantity, 1.42 lakh tonnes were imported and 18,000 tonnes were generated from different government factories as a by-product.

Industry people said, once the five companies enter the market, the consumers will be benefitted as there will be a dozen LPG bottlers and distributors in total then.

The first to hit the market would be Index LP Gas, a concern of Index Group.

Index LP Gas, which has invested Tk 180 crore to build the country's largest LPG plant with a storage capacity of 6,000 tonnes, will start its journey next month, according to Shafiullah Al Munir, chief executive of Index Group.

Orion has targeted to hit the market by August this year, said its managing director, Salman Karim. The company invested Tk 165 crore in the LPG plant. Sena Kalyan Sangstha, the self-financing welfare trust of Bangladesh Armed Forces, is spending nearly Tk 150 crore on its plant. All the plants are being built in Mongla of Bagerhat.

Lift VAT on internet use: telcos

FROM PAGE B1

"Internet will drive digitisation and so we need to concentrate on increasing the number of users."

Withdrawing the VAT will increase the number of internet users and will contribute to the development of the economy, he added. The number of active internet subscriptions stands at an overwhelming 6.13 crore as of March, according to Bangladesh Telecommunication Regulatory Commission.

A majority of the subscriptions -- about 94 percent -- is dominated by mobile internet. The mobile operators also urged the government to withdraw the Tk 100 SIM tax and Tk 100 SIM replacement tax as well.

The telecom sector's contribution to gross domestic product is increasing every year; it will go up further if the government and regulator can gain the investors' confidence, said Kabir.

The sector, being the biggest revenue earner for the state, accounted for 2.7 percent of GDP in fiscal 2014-15, up from 2.6 percent in the previous year, according to the AMTOB.

In 2013 and 2014, the industry's revenue was Tk 20,200 crore and Tk 21,100 crore respectively, and of the amounts, they contributed Tk 13,500 crore and Tk 10,700 crore to the government exchequer, the AMTOB added.

Taimur Rahman, a senior director of Banglalink, said they want a long-term tax plan from the regulator. "In the past, we have seen that the government introduced taxes in the mobile sector for short term gains," he said.

"It is time that the government realises the impact of communication and enhancement of knowledge through data proliferation, which increases the skills and knowledge level of a country."

An increase in mobile penetration by 10 percentage points typically boosts GDP growth by 1.2 percent, according to AMTOB estimates.

Alauddin, head of corporate finance at Robi, said if the government fairly addresses the corporate tax issue, it will help the operator go for an initial public offering within a short time.

The industry also demanded the government allow them to file income tax returns in the January-December period, just like banks, instead of July-June at present.

NBR Chairman Md Nojibur Rahman said they will consider the demands in a rational manner. He also called upon operators to pay all dues soon.

Ecnec approves road project

FROM PAGE B1

The roads and small bridges used for establishing regional connectivity are inadequate, and the customs and border management are in a bad shape.

"Bangladesh is situated in the middle of the Asian Highway, and the road network under the project will play an important role in increasing trade and communication with India, Nepal, Myanmar and Bhutan," he added.

Also at yesterday's meeting, which was chaired by Prime Minister Sheikh Hasina, the Executive Committee of the National Economic Council approved eight more projects, which would require a total of Tk 3,626 crore.

One of the projects is the Bangladesh Economic Zones Development Project, which has been revised higher to Tk 905 crore from the original estimate of Tk 82 crore.

As the scope of work under the project increased, its costs shot up and the World Bank and DFID will provide the entire cost, said the planning ministry official.

The WB and DFID were originally supposed to provide Tk 80 crore but now they are providing Tk 886 crore.

Bangladesh Lamps Limited

Financial Statements Sadar Road, Mohakhali
1st Quarter 2016 Dhaka - 1206

STATEMENT OF FINANCIAL POSITION (UN - AUDITED)
AS AT 31 MARCH 2016

	As at 31 March 2016 Taka	As at 31 December 2015 Taka
ASSETS		
Non-current assets		
Property, plant and equipment	120,933,195	126,333,274
Capital work in progress	7,436,825	-
Intangible assets	70,718	176,774
Investments:		
At cost	55,346,673	55,346,673
Fair value adjustment	310,481,412	364,774,914
	365,828,085	**420,121,587**
Loans and deposits	6,586,189	5,298,163
Total non-current assets	**500,855,012**	**551,929,798**
Current assets		
Inventories	245,876,838	345,043,563
Trade and other debtors	218,956,120	179,600,980
Advance, deposits and prepayments	16,044,409	8,023,827
Advance income tax	185,996,952	181,756,982
Cash and cash equivalents	100,766,759	114,702,132
Total current assets	**767,641,078**	**829,127,484**
TOTAL ASSETS	**1,268,496,090**	**1,381,057,282**
EQUITY & LIABILITIES		
Capital and reserves		
Share capital	93,706,080	93,706,080
Reserves and surplus	523,101,988	569,238,120
Shareholders' equity	**616,808,068**	**662,944,200**
Non current liabilities		
Deferred liability - gratuity payable	49,019,311	47,756,030
Deferred tax liability	2,516,591	3,468,341
Total non-current liabilities	**51,535,902**	**51,224,371**
Current liabilities		
Current portion of long term loan	4,878,543	7,789,803
Short term finance	262,709,799	318,913,518
Trade and other creditors	146,539,811	162,302,919
Other liabilities	58,369,857	54,196,494
Provision for tax	127,654,110	123,685,977
Total current liabilities	**600,152,120**	**666,888,711**
TOTAL EQUITY & LIABILITIES	**1,268,496,090**	**1,381,057,282**

STATEMENT OF COMPREHENSIVE INCOME (UN - AUDITED)
FOR THE 1ST QUARTER ENDED 31 MARCH 2016

	1 January to 31 March 2016 Taka	1 January to 31 March 2015 Taka
Revenue	344,756,152	341,731,335
Cost of sales	(262,951,739)	(260,794,124)
Gross profit	**81,804,413**	**80,937,211**
Other income	2,282,573	2,199,109
Operating expenses	(69,520,760)	(71,255,309)
Profit from operation	**14,566,226**	**11,881,011**
Finance expense	(4,351,477)	(3,366,949)
Finance income	1,517,692	3,105,453
Net finance expense	**(2,833,785)**	**(261,496)**
Profit before contribution to WPPF	**11,732,441**	**11,619,515**
Contribution to WPPF	(558,688)	(553,310)
Profit before income tax	**11,173,753**	**11,066,205**
Income tax :		
Current tax	(3,968,133)	(4,687,530)
Deferred tax	951,750	1,104,842
Net profit for the period	**8,157,370**	**7,483,517**
Other comprehensive income/(loss) :		
Changes in fair value of financial assets	(54,293,502)	(92,412,506)
Total comprehensive income/(loss)	**(46,136,132)**	**(84,928,989)**
Earning per share (par value Tk. 10 each)	**0.87**	**0.80**

STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE 1ST QUARTER ENDED 31 MARCH 2016

	1 January to 31 March 2016 Taka	1 January to 31 March 2015 Taka
Cash flows from operating activities:		
Collection from customers	336,130,431	329,000,609
Collection from other income	1,479,407	2,199,109
	337,609,838	**331,199,718**
Payment to suppliers	(140,194,736)	(181,467,697)
Payment to employees	(42,115,806)	(28,707,740)
Income tax payments	(4,239,969)	(3,387,938)
VAT payments	(30,380,594)	(32,170,799)
Other payments for expenses & services	(67,682,371)	(19,441,609)
	(284,613,476)	**(265,175,783)**
Net cash flows from operating activities	**52,996,362**	**66,023,935**
Cash flows from investing activities:		
Payment for acquisition of property, plant and equipment	(7,808,013)	(327,784)
Net cash used in investing activities	**(7,808,013)**	**(327,784)**
Cash flows from financing activities:		
Dividend paid	(8,743)	(10,276)
Repayment of long term loan	(2,911,260)	(5,162,894)
Net cash used in financing activities	**(2,920,003)**	**(5,173,170)**
Net changes in cash and cash equivalents	**42,268,346**	**60,522,981**
Opening cash and cash equivalents	(204,211,386)	(193,783,287)
Closing cash and cash equivalents	**(161,943,040)**	**(133,260,306)**
Closing cash & cash equivalents represent the following:		
Cash & cash equivalents	100,766,759	39,685,937
Short term finance	(262,709,799)	(172,946,243)
	(161,943,040)	**(133,260,306)**

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE 1ST QUARTER ENDED 31 MARCH 2016

	Share Capital Taka	Capital Reserve Taka	General Reserve Taka	Fair value Reserve Taka	Retained Earnings Taka	Total Taka
Balance as at 1 January 2016	93,706,080	2,305,167	171,299,487	364,774,914	30,858,552	662,944,200
Net profit for the period	-	-	-	-	8,157,370	8,157,370
Other comprehensive income/(loss)	-	-	-	(54,293,502)	-	(54,293,502)
Balance as at 31st March 2016	93,706,080	2,305,167	171,299,487	310,481,412	39,015,922	616,808,068
Balance as at 1 January 2015	93,706,080	2,305,167	171,299,487	330,756,187	18,741,216	616,808,137
Net profit for the period	-	-	-	-	7,483,517	7,483,517
Other comprehensive income/(loss)	-	-	-	(92,412,506)	-	(92,412,506)
Balance as at 31 March 2015	93,706,080	2,305,167	171,299,487	238,343,681	26,224,733	531,879,148

COMPARATIVE STATEMENT FOR INFORMATION OF THE SHAREHOLDERS
FOR THE 1ST QUARTER ENDED 31 MARCH 2016

	2016 Taka	2015 Taka
Net assets value (NAV) per share	65.82	56.76
Earnings per share (EPS)	0.87	0.80
Net operating cash flow per share (NOCFPS)	5.66	7.05

Company Secretary   Chief Financial Officer   Director

Managing Director   Chairman

The detail of the published quarterly financial statements is available in the website of Bangladesh Lamps Limited. The address of the website is www.bll.com.bd