

Prosperity for all, poverty for none: Atiur

STAR BUSINESS DESK

Bangladesh has defined the financial inclusion initiatives as access to and usage of appropriate, affordable and accessible financial services, former Bangladesh Bank governor Atiur Rahman said.

The country has been the Silicon Valley of pro-poor financial innovation, said Rahman, who is also a professor of development studies in Dhaka University.

He spoke while delivering a lecture on "Prosperity for all, poverty for none: A journey towards financial inclusion" at the Professor Shafiqur Rahman Memorial Lecture 2016 at the Asiatic Society of

Bangladesh yesterday.

The central bank has been pushing for financial inclusion as it supports social cohesion and empowerment. "Our approach has been focused on a comprehensive framework with all stakeholders' consultation."

In Bangladesh, the government placed highest emphasis on digitisation which has been adding more fuel to the central bank's drive for financial inclusion, he said.

The setting of the sustainable development goals and the launch of the seventh five-year plan have given a desirable context to the central bank's campaign for financial inclusion, Rahman said.



Chairman of NCC Bank Abdus Salam and Chairman of NCCB Securities and Financial Services Md Amirul Islam attend the annual business conference of NCCB Securities at its head office in Dhaka on January 22.

It's time to reform oil market

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This suggests that, for Bangladesh, instead of looking at oil subsidy reform in isolation, a full package consisting of oil market deregulation, oil pricing deregulation and reform of oil public companies aimed at improving their performance and competitiveness is the way to go.

Ahmed went on to cite the Philippines and India as examples to follow for this end. The two countries have now fully deregulated the oil market and oil prices.

India, for example, established a number of task forces to carry out the oil market reforms that were extensively debated and discussed. In Bangladesh, petrol is taxed but diesel, fuel oil and kerosene carry a subsidy.

Diesel and furnace oil account for 65 percent and 17 percent of oil consumption respectively and contribute the most towards the subsidy bill.

MA Mannan, state minister for finance, said all governments take temporary decisions on issues such as oil price. He also said the government took steps to increase the gas price, but the move faced huge resistance from a group of people who claim they think about the poor people.

But the poor in the villages spend Tk 4,000-Tk 5,000 a month to buy wood for cooking purposes. On the other hand, people living in the cities spend only Tk 500 a month for using gas, he said.

Wahiduddin Mahmud, a former caretaker government adviser, said time has come for Bangladesh to bring in reforms in determining the prices of oil, and also to see how the private sector can be involved in the system. Private sector investment in the energy sector would depend on how much the sector would be liberalised.

He said the country could not benefit from gas as its price has been kept very low. On other hand, the oil price is becoming a burden for the economy.

Ahsan H Mansur, executive director of

the PRI, and Sajjad Zohir, executive director of the Economic Research Group, also backed reforms in the oil sector.

Zahid Hussain, lead economist of the World Bank in Dhaka, said the demand for oil in Bangladesh would grow as the country strives to attain its development objectives. "So, it is right time to bring in reforms in the price fixing system."

Hussain also said the benefit of subsidies is short-term while everybody loses in the long run. If the subsidies are withdrawn money could be freed up for increasing spending on the health and education sectors and infrastructure development.

AMM Nasir Uddin, a former energy secretary, said determining the mode of price of oil is completely a political issue.

Stella Kaendera, resident representative of the International Monetary Fund in Bangladesh, said the economy is growing. These reforms are necessary to boost and sustain the growth. Biru Paksha Paul, former chief economist of Bangladesh Bank, said there is scope to introduce a market-based price mechanism, which will be positive for the economy.

The PRI analysis showed that most of the subsidy goes to the middle and the rich income groups. Therefore, reforms pertaining to diesel and furnace oil would be the top most priority.

As the safety net is strengthened, subsequent rounds of reforms can include larger increases in prices for fuel products that are more important in the budgets of poor households. A part of the budgetary savings can be used to finance targeted transfers to poor households.

The PRI said improving efficiency of the state-run enterprises can reduce the fiscal burden of the oil sector. Lack of competition and weak performance monitoring leave no incentives for efficiency drive.

"Well-targeted measures to mitigate the impact of oil price increases on the poor are

critical for building public support for subsidy reforms."

Fortunately, Bangladesh is already well-advanced in undertaking necessary preparatory work towards a cash-based social security system. In 2015 Bangladesh adopted the National Social Security Strategy that calls for a substantial overhaul of the social security system including transition to cash transfers.

The preparatory work undertaken in that context can also apply to the needs for phasing away fossil fuel subsidy.

The government's control over oil prices is driven by its belief that oil is a sensitive commodity for consumer welfare, whose pricing and associated consumption cannot be left to market forces. However, studies show that untargeted oil subsidies benefit the rich much more than the poor.

In Bangladesh, the rationale for oil subsidies rests mainly on the argument that they help keep fuel consumption affordable, especially for low-income groups.

A review based on the 2010 Household Income and Expenditure Survey shows that the poor households' share of consumption of fossil fuels is extremely low: 0.1 percent for kerosene and less than 0.1 percent for natural gas and LPG, petrol, electricity, and motor oil and CNG.

At the other extreme, the rich and the upper-middle classes consume nearly 79 percent of natural gas and LPG, 88 percent of petrol, 89 percent of diesel, 94 percent of motor oil and CNG, and 35 percent of kerosene. In case of diesel subsidy for agriculture, the benefits do not reach the poorest farmers.

"These suggest there is very little empirical basis to claim that oil subsidies benefit the poor in Bangladesh. Clearly, the socio-economic rationale for having open-ended subsidies for fuel oil is very weak."

The PRI analysis said the current Bangladesh oil pricing system does not meet internationally established principles.

Since Bangladesh does not yet have a competitive oil market, full deregulation of oil prices may be pre-mature at this time, it said. The pricing policy should be administered by the Bangladesh Energy Regulatory Commission without any government intervention. For that end, BEREC should be strengthened with greater autonomy and quality staffing to do its assigned job with proper competence.

According to the presentation, the considerable benefits in reforming oil prices and subsidies and deregulating the oil market include: mobilising foreign and domestic private investment; supporting growth and job creation; and directing government resources currently spent for oil subsidies to other priority social programmes. The PRI said the recent bounty from the lower global oil prices has provided some relief.

But the current surpluses of BPC could well be temporary if oil prices rise again and the ad-hoc pricing regime prevails. If so, BPC could return to losses once again, with all the adverse fiscal implications.

It said the cost of the oil subsidy policy is indeed large and messy.

A recent study of 20 countries including Bangladesh finds that a phasing out of fossil fuel subsidy by 2020 leads to an average national carbon emissions reduction of 11 percent.

Additionally, if a part of the fiscal savings (30 percent) is used to improve energy efficiency and invested in renewable energy, the reduction in carbon dioxide emission could be about 18 percent.

In case of Bangladesh, the CO2 reduction estimates are 8.7 percent from removal of subsidies and 13.6 percent when 30 percent of savings from fossil fuel subsidies are subsequently invested into parallel energy efficiency and renewable energy.

Fuel subsidy reform can be an effective policy tool for reducing carbon emissions.

Grameenphone generates \$1.5b in value addition

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"Telenor has committed to its journey in Bangladesh and we at Grameenphone are proud to play a core part of this nation's enlightenment," Furberg added.

Over the last five years, Grameenphone has invested \$1.18 billion, of which \$248 million was invested only in 2015. Grameenphone also contributed \$24 billion to the national economic growth between 2011 and 2015 with its subscription

base of over 56 million, according to the report.

Its BillPay service processed 8.8 million transactions in 2015, generating total value of \$325 million.

Through its provision of mobile services in the country, it also enabled an estimated \$8.5 billion of mobile financial transactions that year.

Additionally, Grameenphone enrolled 5.71 million customers in its free micro-insurance service

'Nirvoy Life Insurance' in 2016.

In 2015, the customers of the operator generated 108 billion voice minute calls with 15 billion text messages.

The company operates 2G and 3G network and its network infrastructure includes 5,487 kilometres of fibre and more than 10,068 base-station sites, all of which have 3G and 4G capabilities.

As part of its 'Internet for All' ambition, the operator's mobile data subscribers shot up 45 per-

cent to 15.7 million between 2014 and 2015.

Telenor also ran the same kind of study in India, Malaysia, Myanmar, Pakistan, and Thailand.

In six countries in Asia, Telenor generated \$9.6 billion gross value addition and worldwide \$20.3 billion.

Telenor's total global investment stood at \$3.2 billion in 2015, including \$3.1 billion of capital expenditure.

The report also analysed contributions of Telenor's 13 markets across the world, including six in Asia. "In Telenor, we believe that connected societies are empowered societies," said Sigve Brekke, president and CEO of Telenor Group.

In a changing digital landscape, it is imperative that governments, businesses and organisations work together to develop frameworks that stimulate growth and create shared value, he added.

Regulator asks bourses to stay cautious

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Zahintex Industries was the day's best performer, posting a 10 percent gain. CVO Petrochemical Refinery was the worst loser, plunging 9.96 percent. Chittagong stocks also rose with the bourse's benchmark index, CSCX, increasing 95.47 points or 0.89 percent to close at 10,741.89.

Losers, however, beat gainers as 165 declined and 95 advanced, while 12 finished unchanged on the Chittagong Stock Exchange. The port city bourse traded 4.28 crore shares and mutual fund units, generating a turnover of Tk 119.82 crore.

"This kind of collaboration is also in line with our aspiration to continue to strengthen our global presence as a generic pharmaceutical company," Hassan said.

In the first phase of the project, a metered dose inhaler facility has been created and has received endorsement from Malaysia's health ministry for good manufacturing practices.

Beximco Pharma expects the joint venture's first sales from the facility will be made during 2017, according to the statement. The company does not expect a significant contribution to its profits from the collaboration in the short term, Beximco said.

"However, the JV is an important

Beximco Pharma forms joint venture with Malaysia's BioCare

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testimony of the company's technical capability as a generic drug manufacturer." The company plans to manufacture and supply medical products, such as inhalers, under the Malaysian government's economic transformation programme.

The Malaysian government's initiatives are aimed at increasing investment in the country's pharmaceutical industry to provide dedicated drug manufacturing facilities, improve generic drug capabilities and promote local production to qualify for government procurement.

BioCare Group, the majority shareholder of BioCare, has a strong presence in key therapeutic segments in both government and private

healthcare sectors in Malaysia.

Beximco is one of the largest exporters of drugs from Bangladesh, with footprints in more than 50 countries. It exported medicines worth \$15 million in 2015-16.

Its net profit stood at Tk 195.42 crore in 2015, up from Tk 152.83 crore in the previous year.

Each share of Beximco Pharma traded between Tk 86.5 and Tk 87.9, before closing at Tk 87.2 on the Dhaka Stock Exchange yesterday.

Sponsors hold a 13.18 percent stake in Beximco Pharmaceuticals, institutions 28.84 percent, foreign investors 38.31 percent and general investors 19.67 percent, according to the DSE data.

Bangladesh Lamps Limited

Sadar Road, Mohakhali
Dhaka - 1206

Notice to the Shareholders

This is for information of all concerned that as per provisions of the Finance Act, 2015 all the tax payer companies other than banks, insurances and financial institutions shall have to change their financial year from July to June instead of January-December. Accordingly, the Company shall have to change its financial year from July to June by closing the financial statements as on June 30, 2017 and the 56th Annual General Meeting of Bangladesh Lamps Limited will be held thereafter.

By order of the Board

Dhaka
25-01-2017
Muhammad Ruhan Miah
Company Secretary

Smartphone expo begins tomorrow

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"We will offer discounts and introduce new products at the fair," said Ziauddin Chowdhury, sales director at Huawei's device business department in Bangladesh.

The platform helps bring competition in the handset business, the organisers said. ADATA, a mobile accessories brand, will be the top sponsor of the event.



Syed Waseque Md Ali, managing director of First Security Islami Bank Ltd, and Sudesh Giriyan, chief operating officer of Xpress Money Services Ltd, exchange the signed documents of a deal at a programme at the head office of Xpress Money in Dubai on January 23. The clients of the bank will be able to receive remittance through Xpress Money in cash over the counter.

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Bangladesh Lamps Limited

Financial Statements Sadar Road, Mohakhali
October-December 2016 Dhaka - 1206

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

	As at 31 December 2016	As at 30 June 2016
	Taka	Taka
ASSETS		
Non-current assets		
Property, plant and equipment	110,599,151	121,963,207
Investments:		
At cost	55,346,673	55,346,673
Fair value adjustment	442,757,378	326,404,505
	498,104,051	381,751,178
Loans and deposits	6,640,638	7,063,353
Deferred tax assets	535,542	-
Total non-current assets	615,879,382	510,777,738
Current assets		
Inventories	418,792,915	290,689,030
Trade and other debtors	189,340,287	204,750,940
Advance, deposits and prepayments	12,061,964	12,429,064
Advance income tax	213,655,511	196,650,793
Cash and cash equivalents	116,670,546	108,143,187
Total current assets	950,521,223	812,663,014
TOTAL ASSETS	1,566,400,605	1,323,440,752
EQUITY & LIABILITIES		
Capital and reserves		
Share capital	93,706,080	93,706,080
Reserves and surplus	663,243,136	538,995,817
Shareholders' equity	756,949,216	632,701,897
Non-current liabilities		
Deferred liability - gratuity payable	54,363,845	52,579,346
Deferred tax liability	-	1,304,895
Total non-current liabilities	54,363,845	53,884,241
Current liabilities		
Short term finance	397,420,474	294,719,937
Trade and other creditors	154,834,178	151,367,713
Other liabilities	63,296,555	56,609,603
Provision for tax	139,536,337	134,157,361
Total current liabilities	755,087,544	636,854,614
TOTAL EQUITY & LIABILITIES	1,566,400,605	1,323,440,752

STATEMENT OF PROFIT AND OTHER COMPREHENSIVE INCOME (UN - AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	1 July to 31 December 2016	1 July to 31 December 2015	1 October to 31 December 2016	1 October to 31 December 2015
	Taka	Taka	Taka	Taka
Revenue	586,353,455	592,672,567	302,978,550	312,571,615
Cost of sales	(445,982,790)	(447,433,251)	(230,801,618)	(230,787,599)
Gross profit	139,370,665	145,239,316	72,176,932	81,784,016
Other income	6,834,604	6,157,510	4,704,601	4,235,266
Operating expenses	(126,583,086)	(130,215,667)	(65,074,332)	(70,645,571)
Profit from operation	19,812,183	21,181,159	11,807,201	15,373,711
Finance expense	(10,446,104)	(9,650,623)	(5,603,391)	(5,094,865)
Finance income	2,838,556	4,552,778	1,395,339	2,058,005
Net finance expense	(7,607,548)	(5,097,845)	(4,208,052)	(3,036,860)
Profit before contribution to WPPP	12,204,635	16,083,314	7,599,149	12,336,851
Contribution to WPPP	(571,649)	(765,873)	(361,893)	(587,420)
Profit before income tax	11,632,986	15,317,441	7,237,256	11,749,431
Income tax:				
Current tax	(5,378,976)	(3,922,784)	(3,418,583)	(2,553,746)
Deferred tax	1,840,437	(730,731)	1,235,448	(697,460)
Net profit for the period	7,894,447	10,663,926	5,054,121	8,498,175
Other comprehensive income:				
Changes in fair value of financial assets	116,352,872	95,987,498	16,791,465	28,503,524
Total comprehensive income	124,247,319	106,651,424	21,846,186	37,001,699
Earning per share (per value Tk. 10 each)	0.84	1.14	0.54	0.91

STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	1 July to 31 December 2016	1 July to 31 December 2015
	Taka	Taka
A. Cash flows from operating activities		
Collection from customers	655,808,717	760,204,820
Payment to suppliers	(467,050,333)	(520,866,296)
Payment to employees	(80,612,455)	(79,626,057)
Payment for services received	(124,960,482)	(82,627,142)
VAT paid	(56,546,986)	(44,784,949)
Contribution to WPPP	-	(1,458,912)
Contribution to provident fund	(1,481,937)	(1,382,386)
Cash generated from operation	(74,843,476)	29,459,078
Cost recovery	1,958,500	3,577,998
Collection from sale of scrap and others	1,843,319	2,655,214
Interest paid	(5,185,132)	(3,781,865)
Income tax paid	(17,004,718)	(17,178,089)
Net cash generated from/used to operating activities	(93,231,507)	14,732,336
B. Cash flows from investing activities		
Dividend received	-	1,427,964
Payment for acquisition of property, plant and equipment	(669,838)	(14,140,286)
Net cash inflows/outflows from investing activities	(669,838)	(12,712,322)
C. Cash flows from financing activities		
Dividend paid	(271,833)	(805,064)
Repayment of long term loan	-	(12,577,421)
Net cash inflows/outflows from financing activities	(271,833)	(13,382,485)
D. Net cash inflows/outflows for the period (A+B+C)		
	(94,173,178)	(11,362,471)
E. Opening cash and cash equivalents as at 01 July		
	(186,576,750)	(192,848,915)
Cash and cash equivalents	108,143,187	49,860,532
Short term finance	(284,719,937)	(242,709,447)
	(260,749,928)	(204,211,386)
F. Closing cash and cash equivalents as at 31 December (D+E)		
Cash and cash equivalents	116,670,546	114,702,132
Short term finance	(397,420,474)	(318,913,518)

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Share Capital	Capital Reserve	General Reserve	Fair value Reserve	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 July 2016	93,706,080	2,305,167	183,416,823	326,404,505	26,869,322	632,701,897
Net profit for the period	-	-	-	-	7,894,447	7,894,447
Other comprehensive income	-	-	-	116,352,872	-	116,352,872
Balance as at 31 December 2016	93,706,080	2,305,167	183,416,823	442,757,377	34,763,769	756,949,216
Balance as at 1 July 2015	93,706,080	2,305,167	171,299,487	268,787,416	20,194,626	556,292,776
Net profit for the period	-	-	-	10,663,926	-	10,663,926
Other comprehensive income	-	-	-	95,987,498	-	95,987,498
Balance as at 31 December 2015	93,706,080	2,305,167	171,299,487	364,774,914	30,858,552	662,944,200

COMPARATIVE STATEMENT FOR INFORMATION OF THE SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	2016	2015
	Taka	Taka
Net assets value (NAV) per share	80.78	70.75
Earnings per share (EPS)	0.84	1.14
Net operating cash flow per share (NOCFPS)	(9.95)	1.57

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.bl.com.bd