

## CHAPTER NINE

### STATE-OWNED ENTERPRISES

*The contribution of SOEs is very important specially in power and gas, transport, communication and service sector. During FY2019-20, the total operating revenue of all existing SOEs was Tk. 1,66,722.20 crore which reduced from Tk. 18150.87 in FY 2020-21. However, factoring into the production cost, the amount of value addition reduced to Tk.24,235.09 crore during FY2019-20 which was Tk. 23,690.52 crore in FY 2020-21. According to the revised estimation in FY2021-22 (up to 8 May 2022), the SOEs made a net profit of Tk. 2,867.48 crore. On the other hand, the SOEs that earned profit contributed Tk. 1,287.80 crore to the national exchequer during the same period. According to the estimation of Finance Division, the total Debt Service Liabilities (DSL) stood at Tk. 1,60,751.78 crore up to 8 May 2022 in FY 2020-21. Up to 28 February 2022, outstanding state owned commercial bank loan against 30 SOEs stood at Tk.48,362.85 crore. Out of this, the classified loan stood at Tk. 111.44 crore. Though the operating profit on total assets of SOEs was 2.87% in FY2016-17, in FY2020-21 this profit reached to 1.17% . The net profit on operating revenue was 8.23% in FY2020-21. The rate of dividend on equity stood at 0.61% in FY2020-21. Considering the turnover of assets, the efficiency of resource utilisation during FY2020-21 increased compared to the level of efficiency in the previous fiscal years.*

State owned enterprises play significant role in increasing national productivity, value addition, employment and revenue income. Scope and intensity of investment from state owned enterprises for expansion of local industry and trade is also increasing as well as the investment of the private sector.

In accordance with Bangladesh Standard Industrial Classification (BSIC), 48 state-owned non-financial enterprises in the country have been categorised into 7 sectors. Both the economic and financial achievements of these sectors have been analysed in this chapter. Classification of these enterprises shown in table 9.1

**Table 9.1: Non-Financial Public Enterprises**

Sl. No	Sector	No. of Enterprises	Title of Enterprises (Non-financial)
1	Industry	6	Bangladesh Textile Mills Corporation (BTMC), Bangladesh Steel & Engineering Corporation (BSEC), Bangladesh Sugar & Food Industries Corporation (BSFIC), Bangladesh Chemical Industries Corporation (BCIC), Bangladesh Forest Industries Development Corporation (BFIDC), Bangladesh Jute Mills Corporation (BJMC).
2	Power, gas and water	6	Bangladesh Oil, Gas & Mineral Corporation (PETROBANGLA), Bangladesh Power Development Board (BPDB), Dhaka Water Supply and Sewerage Authority (WASA), Chattogram Water Supply and Sewerage Authority, Khulna Water Supply and Sewerage Authority and Rajshahi Water Supply and Sewerage Authority.

Sl. No	Sector	No. of Enterprises	Title of Enterprises (Non-financial)
3	Transport and communication	7	Bangladesh Shipping Corporation (BSC), Bangladesh Inland Water Transport Corporation (BIWTC), Bangladesh Road Transport Corporation (BRTC), <i>Chattogram</i> Port Authority (CPA), <i>Mongla</i> Port Authority (MPA), Bangladesh Land Port Authority (BLPA) and Bangladesh Bridge Authority (BBA).
4	Trade	3	Bangladesh Petroleum Corporation (BPC), Trading Corporation of Bangladesh (TCB), Bangladesh Jute Corporation and Trading Corporation of Bangladesh.
5	Agriculture and Fisheries	2	Bangladesh Fisheries Development Corporation (BFDC), Bangladesh Agricultural Development Corporation (BADC).
6	Construction	6	<i>Rajdhani Unnayan Kartipaksha</i> (RAJUK), <i>Chattogram</i> Development Authority (CDA), <i>Rajshahi</i> Development Authority (RDA), <i>Khulna</i> Development Authority (KDA), Cox's Bazar Development Authority (Cox DA) and National Housing Authority (NHA).
7	Service	18	Bangladesh <i>Muktijoddha Kalyan</i> Trust (BMKT), Bangladesh Film Development Corporation (BFDC), Bangladesh <i>Parjatan</i> Corporation (BPC), Bangladesh Small and Cottage Industries Corporation (BSCIC), Civil Aviation Authority of Bangladesh (CAAB), Bangladesh Inland Water Transport Authority (BIWTA), Bangladesh Rural Electrification Board (BREB), Bangladesh Export Processing Zone Authority (BEPZA), Bangladesh Handloom Board (BHB), Bangladesh Sericulture Board (BSB), Bangladesh Tea Board (BTB), Bangladesh Telecommunication Regulatory Commission (BTRC), Export Promotion Bureau (EPB), Bangladesh Sericulture Research and Training Institute (BSRTI), Bangladesh Energy Regulatory Commission (BERC), Bangladesh Standard and Testing Institution (BSTI), <i>Bangabandhu Sheikh Mujibur Rahman</i> Novo Theatre, Bangladesh Industrial Technical Assistance Centre (BITAC) and Bangladesh Economic Zone Authority (BEZA).

Source: Monitoring Cell, Finance Division.

### Production and Factor Income of SOE Sector

In FY 2016-17, the total operating revenue of all existing SOEs stood at Tk. 1,49,898.93 crore which rose to Tk.18150.87 crore in FY2020-21. During this period the average annual growth rate was of 5.28%. At the same time, the value of purchase of goods and services boosted up to 6.10%. According to the production cost, the

amount of value addition in FY 2019-20 was Tk. 24,235.09 crore which decreased to Tk. 2,36,90.52 in FY 2020-21. Incremental growth in value addition was 0.46%. In FY 2019-20, the operating surplus of the SOEs stood at Tk. 5,686.57 crore which increased to Tk. 6,891.57 crore in FY2020-21. Table 9.2 shows the growth rate of revenue, value addition and production income of non-financial SOEs during FY 2016-17 to FY 2020-21.

**Table 9.2: Growth Rate of Revenue, Value Addition and Production Income of Non-financial SOEs**

(In Crore Taka)

	2016-17	2017-18	2018-19	2019-20	2020-21	Compound Growth Rate
Operating revenue	149898.93	174361.14	179630.54	166722.20	18150.87	5.28
Purchased goods and services	126643.24	154985.90	161553.65	142487.11	160460.34	6.10
Value addition by production cost	23255.69	19375.24	18076.99	24235.09	23690.52	0.46
Pay and allowances	6594.91	6050.99	6901.25	6851.64	6308.35	(1.10)
Depreciation	5950.33	6831.97	7694.64	11696.88	10490.61	15.23
Operating surplus/Loss	10710.45	6492.28	3481.10	5686.57	6891.57	(10.44) 4444
Value Addition	23255.69	19375.24	18076.99	24235.09	23690.52	0.46

Source: Monitoring Cell, Finance Division.

**Net Profit/Loss**

The net loss of SOEs was Tk. 2,608.35 crore in FY2012-13. The SOEs earned profit for nine consecutive years. According to the revised estimation, net profit stood at Tk. 2,867.48 crore up to 8 May 2022 in FY 2021-22. In FY2021-22, Bangladesh Telecommunication Regulatory Commission (BTRC) made the highest net profit. Bangladesh Telecommunication Regulatory Commission (BTRC) earned of Tk. 2,651.55 crore in FY 2021-22. Bangladesh Petroleum Corporation (BPC) earned second highest profit of Tk. 1,263.78 crore in FY 2021-22. Conversely, Bangladesh Power Development Board (BPDB) made the highest net loss in FY2021-22. Net loss of BPDB was declined to Tk. 1895.69 crore in FY 2021-22. The net profit/loss of SOEs is shown in Appendix 21.

**Contribution to Public Exchequer**

The SOEs contributed Tk. 1,424.21 crore to the public exchequer in FY 2019-20 which decreased

to Tk. 1278.81 crore in FY2020-21. According to a revised estimation, the contribution of SOEs to the public exchequer was Tk. 1,287.80 crore in FY2021-22 up to 8 May 2022. The dividend contribution of non-financial state-owned enterprises to national exchequer is shown in Appendix 22.

**Government Grant/Subsidy**

In FY 2020-21, the government provided grant/subsidy amounting to Tk. 1,460.79 crore to 16 public entities which decreased to Tk. 1,436.81 crore according to revised estimation of FY2021-22. Among all SOEs BIWTA took the highest subsidy amounting to Tk.522.00 crore in FY2021-22. BADC received the second largest amount Tk. 480.50 crore in FY 2021-22. In addition, the Government approved Tk. 197.00 crore as subsidy in favour of BSCIC in FY 2021-22. Table 9.3 shows the government grant/subsidy provided to different SOEs during FY 2015-16 to FY 2021-22.

**Table 9.3: Government Grant/Subsidy**

(In Crore Taka)

Organisation	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 Provisional	2021-22 (Revised)
BJMC	48.95	55.04	77.29	35.84	41.35	37.51	0.00
BIWTC	0.50	0.50	0.50	0.50	0.50	0.50	0.50
RDA	0.40	0.50	1.50	4.00	3.00	3.00	3.00
BIWTA	274.35	419.06	417.31	427.59	504.79	507.85	522.00
BSCIC	115.69	144.04	163.34	208.49	193.98	197.00	197.00
BSB	21.35	22.37	23.07	26.94	30.50	33.70	37.10
EPB	20.18	27.95	34.84	28.69	26.18	24.30	26.41
BADC	312.33	376.98	405.95	415.74	477.29	456.00	480.50
NHA	16.61	17.00	19.00	20.00	18.77	19.00	19.00
BEJA	-	10.00	14.00	73.99	73.99	44.13	34.47
Khulna Wasa	11.50	14.10	14.50	15.50	15.50	16.00	16.00
Rajshahi Wasa	-	15.91	27.6	23.73	22.27	23.64	24.49
BSRTI	4.68	5.56	6.11	6.19	6.56	0.00	0.00
BSMRN	-	-	4.59	5.13	5.71	5.10	6.15
CBDA	-	-	6.65	12.00	12.00	7.55	7.63
BITAC	-	-	45.29	57.40	62.58	62.58	62.56
<b>Total</b>	<b>826.54</b>	<b>1109.01</b>	<b>1261.54</b>	<b>1361.73</b>	<b>1494.97</b>	<b>1460.79</b>	<b>1436.81</b>

Source: Monitoring Cell, Finance Division.

**Debt Service Liabilities (DSL)**

DSL Branch of Finance Division has provisionally estimated the total debt service liabilities of 131 SOEs. According to this estimate, the total Debt Service Liabilities (DSL) against 131 SOEs stood at Tk.1,60,751.78 crore in FY 2020-21. The total DSL liabilities and recovery SOEs is shown in Appendix-23.

**Bank Loan**

At the end of 28 February 2022, the outstanding bank loan against 30 state-owned enterprises (SOEs) stood at Tk. 48,362.85 crore. Out of this amount, the classified loan accounted to Tk. 111.44 crore. The SOEs which own substantial amount of debt to State-owned Commercial Banks (SCBs) are: BPDB (Tk. 8,975.47 crore), BADC (Tk. 8,356.66 crore), BCIC (Tk. 7,998.43

crore), BSFIC (Tk. 7,478.47 crore), BBC (Tk. 5,255.95 crore), BPC (Tk. 5,066.72 crore), TCB (Tk. 1,342.25 crore) and BJMC (Tk. 1,047.18 crore). On the other hand, the SOEs which have classified loan are- BJMC (Tk. 58.2 crore), BADC (Tk. 21.27 crore), BTMC (Tk. 20.49 crore) and BTB (Tk. 9.63 crore). The cumulative amount of outstanding bank loans and the classified loans of SOEs is illustrated in Appendix 24.

**Financial Performance of SOEs**

Almost all assets and loans belonging to the SOEs of Bangladesh are provided either by Government or by State-owned Commercial Banks (SCBs). Therefore, the rate of profit on total assets is an important benchmark for judging the financial performances of these entities. Table 9.4 shows the profit earned by SOEs during the period from FY 2016-17 to FY 2020-21.

**Table 9.4: Profit Earned by the SOEs**

(In Crore Taka)

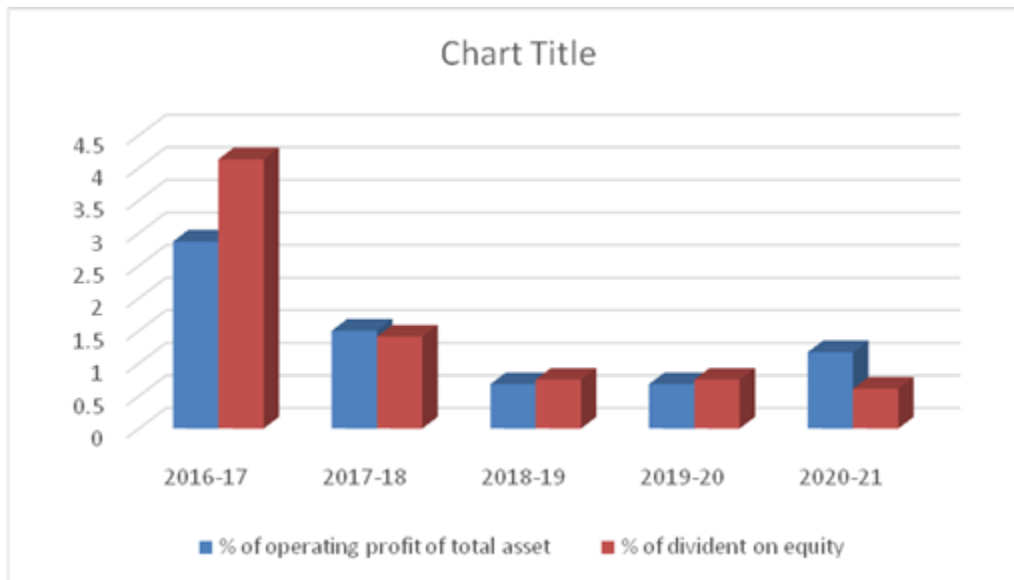
Items	2016-17	2017-18	2018-19	2019-20	2020-21	Growth Rate from FY 2016-17 to FY 2020-21
1. Operating revenue	149898.93	174361.14	179630.6	166722.2	184150.87	5.28
2. Operating surplus	10710.45	6492.28	3481.10	5686.57	6891.57	(10.44)
3. Non-operating revenue	3152.19	4038.02	4689.28	5234.60	5670.43	15.81
4. Employee participatory fund	70.18	9109.00	77.26	75.51	70.75	0.20
5. Subsidy (direct)	34.59	6.49	7978.38	7454.40	11860.26	330.31
6. Interest	2881.14	3405.43	3851.38	3956.69	4076.21	9.06
7. Net profit/loss(before tax) (2+3+5)-(4+6)	10918.42	6793.92	12115.80	14293.10	20272.75	16.73
8. Tax	1609.48	1621.16	1438.57	3582.14	5113.14	33.51
9. Net profit after tax(7-8)	9308.94	5172.76	10677.23	10710.96	15159.61	12.97
10. Dividend	2279.12	1010.78	920.06	1424.21	1278.81	(13.45)
11. Retained earnings (9-10)	7029.82	4161.98	9348.53	9286.75	13455.02	17.62
12. Total investment/fund	373821.4	433588.16	509651.0	555780.2	587529.39	11.97
13. Equity	55163.21	71883.13	122192.71	178092.6	209965.09	39.68
14. % of operating profit on total assets.(2/12)	2.87	1.50	0.68	1.02	1.17	(20.01)
15. % of net profit on operating revenue (9/1)	6.21	2.97	5.94	6.42	8.23	7.30
16. % of dividend on equity (10÷13)	4.13	1.41	0.75	0.80	0.61	(38.04)
17. Turn over on total assets (1÷12)	0.40	0.40	0.35	0.30	0.31	(5.99)

Source: Monitoring Cell, Finance Division.

Table 9.4 shows that in FY 2016-17 the operating profit on total assets of SOEs was 2.87% which declined to 1.17% in FY2020-21. The net profit on operating revenue was 6.21% in FY 2015-16. However, in FY 2020-21 such profit turned into 8.23%. The rate of

dividend on equity decreased to 0.61 percent in FY2020-21 from 4.13% in FY2016-17. It appears from the turnover of assets that the efficiency of resource utilisation increased in FY2020-21 (0.31%) compared to that in FY2019-20 (0.30 %).

**Figure 9.1: Financial Performance of SoEs**



**Source:** Monitoring Cell, Finance Division.