

CHAPTER NINE

STATE-OWNED ENTERPRISES

The contribution of SOEs is very important specially in power and gas, transport, communication and service sector. During FY 2017-18, the total operating revenue of all existing SOEs was Tk. 1,74,361.14 crore which was increased to Tk. 2,27,953.26 crore in FY 2021-22. However, considering factors factoring into the production cost, the amount of value addition in FY 2017-18 was Tk.19,375.24 crore which stood Tk. 22,788.68 crore in FY 2021-22. According to the revised estimation in FY 2021-22 the SOEs made a net profit of Tk. 4,808.55 crore. On the other hand, the SOEs that earned profit contributed Tk. 879.84 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. 1,83,170.36 crore up to 28 February 2023 in FY 2022-23. Outstanding state owned commercial bank loan against 30 SOEs stood at Tk. 59,730.96 crore. Out of this, the classified loan stood at Tk. 184.76 crore. Though the operating profit on total assets of SOEs was 1.50% in FY 2017-18. This profit reached to 0.73% in FY 2021-22. The net profit on operating revenue was 0.75% in FY 2021-22. The rate of dividend on equity stood at 0.44% in FY 2021-22. Considering the turnover of assets, the efficiency of resource utilisation during FY 2021-22 was increased in comparison with the level of efficiency in FY 2019-20.

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), and Bangladesh Jute Corporation.
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 2017-18, the total operating revenue of all existing SOEs stood at Tk. 174,361.14 crore which rose to Tk. 227,953.26 crore in FY 2021-22. During this period the average annual growth rate was of 6.93%. At the same time, the value of purchase of goods and services boosted up to 10.95%. According to the production cost, the

amount of value addition in FY 2017-18 was Tk. 19,375.24 crore which increased to Tk. 22,788.68 in FY 2021-22. Incremental growth in value addition was 4.14%. In FY 2017-18, the operating surplus of the SOEs stood at Tk. 6,492.28 crore which decreased to Tk. 4,827.00 crore in FY 2021-22. Table 9.2 shows the growth rate of revenue, value addition and production income of non-financial SOEs during FY 2017-18 to FY 2021-22.

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

(Taka in Crore)

	2017-18	2018-19	2019-20	2020-21	2021-22*	Growth Rate from 2017-18 to 2021-22
Operating revenue	174,361.14	179,630.54	166,722.20	184,150.87	227,953.28	6.93
Purchased goods and services	154,985.90	161,553.65	142,487.11	160,460.34	234,853.50	10.95
Value addition by production cost	19,375.24	18,076.99	24,235.09	23,690.52	22,788.68	4.14
Pay and allowances	6,050.99	6,901.25	6,851.64	6,308.35	6,169.75	0.49
Depreciation	6,831.97	7,694.64	11,696.88	10,490.61	11,761.93	14.55
Operating surplus/Loss	6,492.28	3,481.10	5,686.57	6,891.57	4,827.00	-7.14
Value Addition	19,375.24	18,076.99	24,235.09	23,690.52	22,788.68	4.14

Source: Monitoring Cell, Finance Division.

Net Profit/Loss

The net loss of SOEs was Tk. 2,604.73 crore in FY 2012-13. The net profit of the SOEs was Tk. 3,531.14 crore in FY 2013-14. Since then SOEs earned profit consecutive years. According to the revised estimate the net profit stood at Tk. 1,708.06 crore in FY 2021-22. During this period Bangladesh Telecommunication Regulatory Commission (BTRC) made the highest net profit of Tk. 3,830.67 crore, followed by Chattogram Port Authority. On the other hand Bangladesh Power Development Board (BPDB) made the highest net loss of Tk. 3,240.28 crore in FY 2021-22. The net profit/loss of SOEs is shown in Appendix-21.1 and 21.2.

Contribution to Public Exchequer

The SOEs contributed Tk. 1,424.21 crore to the public exchequer in FY 2019-20 which decreased to Tk. 879.85 crore in FY 2021-22. According to

the revised estimation, the contribution of SOEs to the public exchequer is Tk. 982.73 crore in FY 2022-23 up to 2 May 2023. The dividend contribution of non-financial state-owned enterprises to national exchequer is shown in Appendix-22.1 and 22.2.

Government Grant/Subsidy

In FY 2021-22, the government provided grant/subsidy amounting to Tk. 1,407.26 crore to 16 public entities which decreased to Tk. 1,422.30 crore according to revised estimation of FY 2022-23. Among all SOEs BIWTA took the highest subsidy amounting to Tk. 532.85 crore in FY 2022-23. BADC received the second largest amount which was Tk. 488.72 crore in FY 2022-23. In addition, the Government approved Tk. 190.74 crore as subsidy in favour of BSCIC in FY 2022-23. Table 9.3 shows the government grant/subsidy provided to different SOEs during FY 2016-17 to FY 2022-23.

Table 9.3: Government Grant/Subsidy

(Taka in Crore)

Organisation	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 Provisional	2022-23* (Revised)
BJMC (export subsidy)	55.04	77.29	35.84	41.35	37.51	-	-
BIWTC	0.50	0.50	0.50	0.50	0.50	0.50	0.50
RDA	0.50	1.50	4.00	3.00	3.00	3.18	4.00
BIWTA	419.06	417.31	427.59	504.79	507.85	519.26	532.85
BSCIC	144.04	163.34	208.49	193.98	197.00	194.06	190.74
BSB	22.37	23.07	26.94	30.50	33.70	30.06	26.67
EPB	27.95	34.84	28.69	26.18	24.30	25.41	23.90
BADC	376.98	405.95	415.74	477.29	456.00	456.30	488.72
NHA	17.00	19.00	20.00	18.77	19.00	18.72	19.02
BEJA	10.00	14.00	73.99	73.99	44.13	44.13	32.83
<i>Khulna Wasa</i>	14.10	14.50	15.50	15.50	16.00	16.00	14.00
<i>Rajshahi Wasa</i>	15.91	27.60	23.73	22.27	23.64	24.16	20.21
BSRTI	5.56	6.11	6.19	6.56	-	-	-
BSMRN	-	4.59	5.13	5.71	5.10	5.57	5.60
CBDA	-	6.65	12.00	12.00	7.55	7.55	5.19
BITAC	-	45.29	57.40	62.58	62.58	62.36	58.07
Total	1,109.01	1,261.54	1,361.73	1,494.97	1,437.86	1,407.26	1,422.30

Source: Monitoring Cell, Finance Division *up to 27.04.2023.

Debt Service Liabilities (DSL)

DSL Branch of Finance Division has provisionally estimated the total debt service liabilities of 132 SOEs. According to this estimate, the total Debt Service Liabilities (DSL) against 132 SOEs stood at Tk. 1,83,170.36 crore in FY 2021-22. The total DSL liabilities and recovery SOEs is shown in Appendix-23.

Bank Loan

At the end of 28 February, 2023, the outstanding bank loan against 30 state-owned enterprises (SOEs) stood at Tk. 59,730.96 crore. Out of this amount, the classified loan accounted to Tk. 184.76 crore. The SOEs which own substantial amount of debt to State-owned Commercial Banks (SCBs) are: BADC (Tk. 13,878.42 crore), BCIC (Tk. 9,068.51 crore), BPC (Tk. 8,569.28 crore), BSFIC (Tk. 7,807.71

crore), BPDB (Tk. 6,827.08 crore), TCB (Tk. 6,091.55 crore), BBC (Tk. 4,859.95 crore), and BIWTC (487.76 crore). On the other hand the SOEs which have classified loan are- BJMC (Tk. 132.12 crore). BADC (Tk. 27.21 crore), BTMC (Tk. 24.9 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 2017-18 to FY 2021-22.

Table 9.4: Profit Earned by the SOEs from FY 2017-18 to 2021-22

(In Crore Taka)

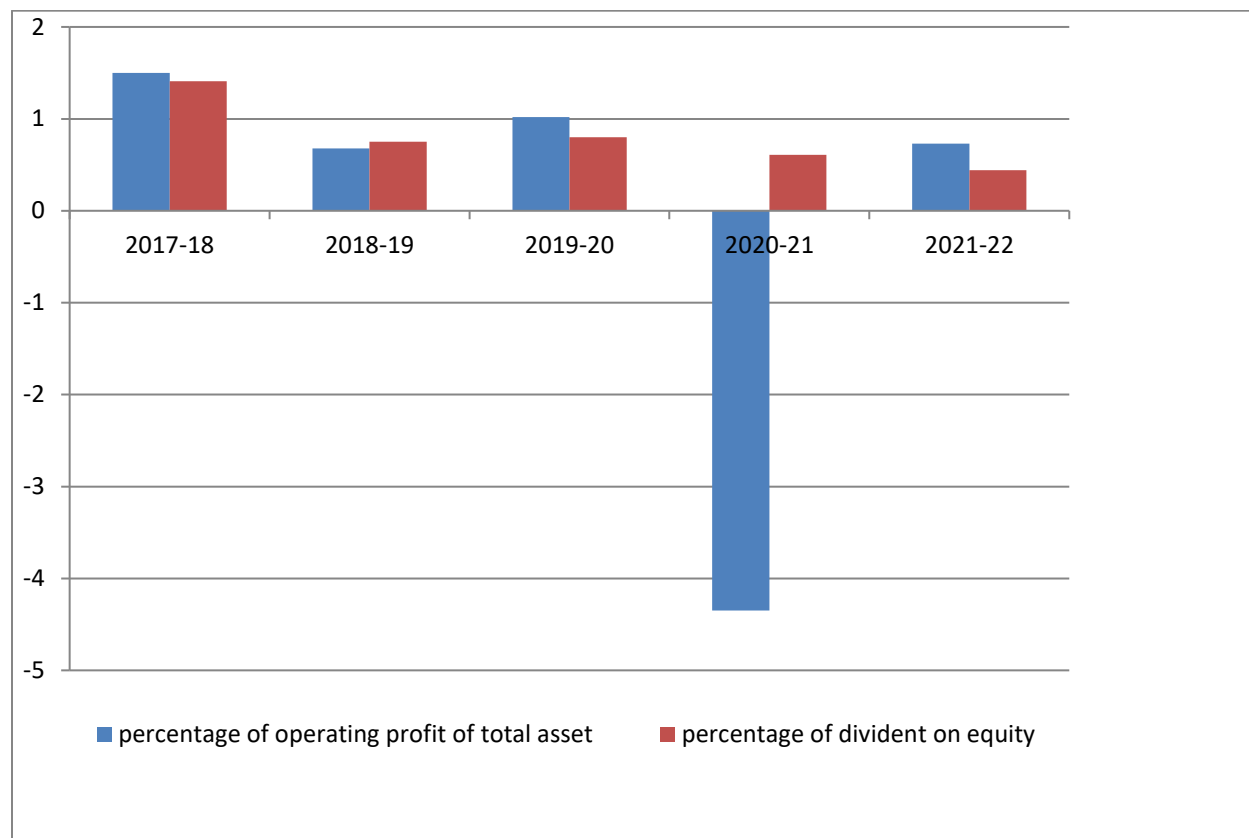
Items	2017-18	2018-19	2019-20	2020-21	2021-22*	Rate of Growth from FY 2017-18 to FY 2020-21
1. Operating revenue	174,361.14	179,630.64	166,722.20	184,150.87	227,953.26	6.93
2. Operating surplus	6,492.28	3,481.10	5,686.57	6,891.57	4,827.00	-7.14
3. Non-operating revenue	4,038.02	4,689.28	5,234.60	5,670.43	5,321.99	7.15
4. Employee participatory fund	91.00	77.26	75.51	70.75	74.30	-4.97
5. Interest	3,405.43	3,851.38	3,956.69	4,076.21	4,651.99	8.11
6. Net profit/loss(before tax)	6,793.92	12,115.80	14,293.10	20,272.75	4,808.55	-8.28
7.Tax	1,621.16	1,438.57	3,582.14	5,113.14	3,100.49	17.60
8. Net profit after tax(7-8)	5,172.76	10,677.23	10,710.96	15,159.61	1,708.06	-24.20
9. Dividend	1,010.78	920.06	1,424.21	1,278.81	879.84	-3.41
10. Retained earnings (9-10)	4,161.98	9,348.53	9,286.75	13,455.02	828.22	-33.21
11.Total investment/fund	433,588.16	509,651.05	555,780.27	587,843.44	661,007.74	11.12
12. Equity	71,883.13	122,192.71	178,092.62	209,965.09	202,135.49	29.50
13. % of operating profit on total assets.(2/12)	1.50	0.68	1.02	(4.35)	0.73	-16.43
14.% of net profit on operating revenue (9/1)	2.97	5.94	6.42	6.69	0.75	-29.11
15.% of dividend on equity (10/13)	1.41	0.75	0.80	0.61	0.44	-25.41
16.Turn over on total assets (1/12)	0.40	0.35	0.30	0.39	0.34	-3.77

Source: Monitoring Cell, Finance Division. * indicates provisional

Table 9.4 shows that in FY 2017-18 the operating profit on total assets of SOEs was 2.97 percent which declined to 0.73 percent in FY 2017-18. The net profit on operating revenue was 6.21 percent in FY 2015-16. However, in FY 2021-22 such profit turned into 0.75 percent. The rate of dividend on equity

decreased to 0.44 percent in FY2021-22 from 1.41 percent in FY2017-18. It appears from the turnover of assets that the efficiency of resource utilisation increased in FY 2021-22 (0.34 percent) compared to that in FY 2019-20 (0.30 percent).

Figure 9.1: Financial Performance of SoEs



Source: Monitoring Cell, Finance Division.