

BUSINESS

REVIEW



THE DAIRY INDUSTRY OF BANGLADESH: WHERE TRADITION MEETS INNOVATION

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2nd Highest Taxpayer
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in the Non-Banking Financial Institution Category
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**The Dairy Industry of Bangladesh:
Where Tradition Meets Innovation**

The dairy industry has withstood several economic shocks in recent years and maintained steady growth. The industry started off on a small scale and gradually expanded over the years, with many dairy farms now up and running in different areas of Bangladesh. Being a source of food and a means of subsistence, the industry holds enormous power to create a transformative effect on the country's economy. The sector has undergone tremendous development recently, with technologies and innovation playing important roles in enhancing production, market access, and sustainability. According to the Department of Livestock Services, the dairy market size in Bangladesh is estimated at USD 2.47 billion and is projected to grow by over 5% every year. The market size is large enough to attract both domestic and foreign direct investment to maximise its potential.

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Business Operations, PRAN
Dairy Limited

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Capital Market Review



The Dairy Industry of Bangladesh: Where Tradition Meets Innovation

The dairy industry has maintained a strong foothold as a promising sector in Bangladesh. Since the early stages, the industry has undergone massive development, as evident by its enormous market size at present, which is estimated at USD 2.47 billion by the Department of Livestock Services. Despite registering steady growth in the production of milk, the industry is still heavily reliant on importing milk to meet local demands.

In recent years, the industry has integrated modern technologies into dairy farming, with innovation now playing a key role in maximising milk production. Automation in dairy farming has enhanced the collection, processing, and production of milk, leading to economies of scale and minimising costs. Artificial insemination is helping to extract 225% more litres of milk from cow breeds in comparison

with traditional farming. Additionally, leading industrial processors are diversifying their product offerings by offering variations of milk derivatives.

Though the industry has several hurdles to overcome, incorporating cutting-edge technologies with traditional practices will promote growth, increase production, and facilitate product diversity to meet changing consumer preferences. As the government aims to be self-sufficient in meeting domestic demand by the year 2030, encouraging innovation will be instrumental in reducing the import gap and boosting the dairy industry.

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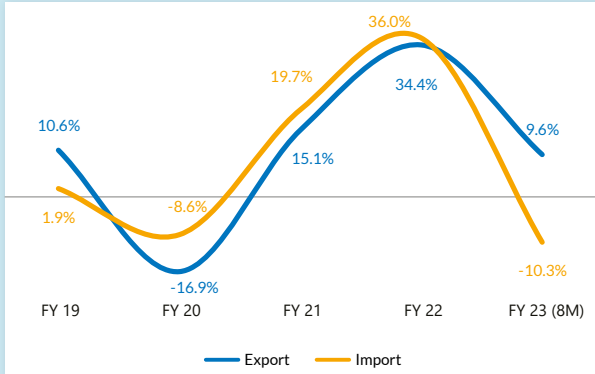
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ECONOMY AT A GLANCE

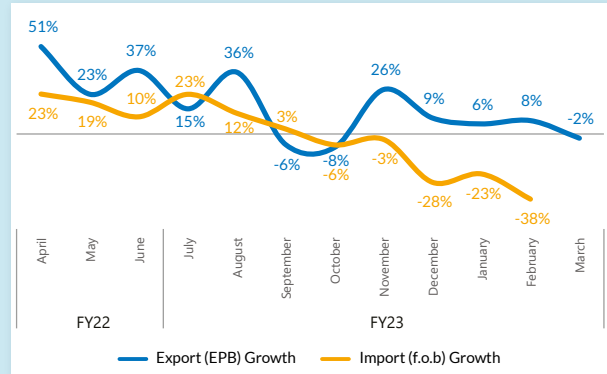
Prepared by IDLCSL Research Team

EXPORT-IMPORT

Growth in Export-Import Trade (Last 5 Years)

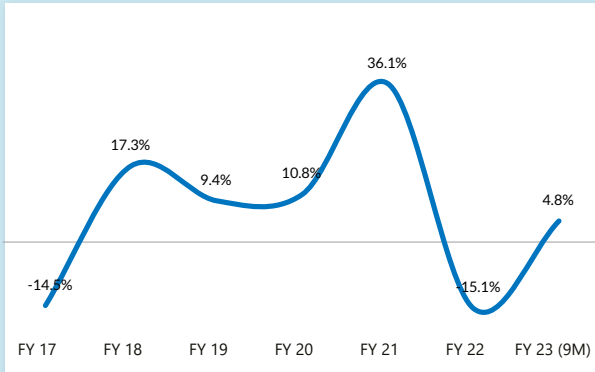


Export and Import Growth (Last 12 Months)

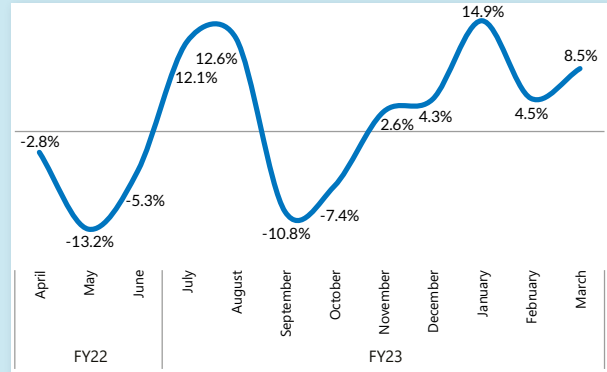


REMITTANCE

Remittance Growth (Last 7 Years)

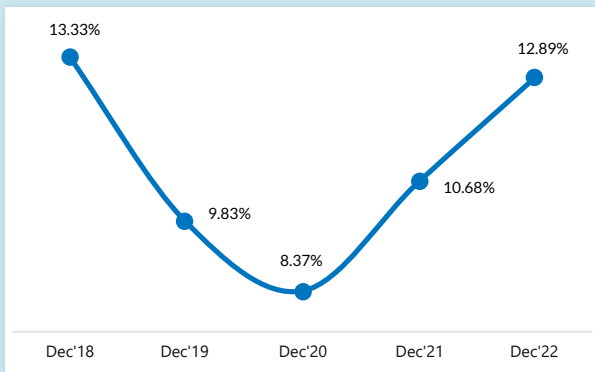


Remittance Growth (Last 12 Months)

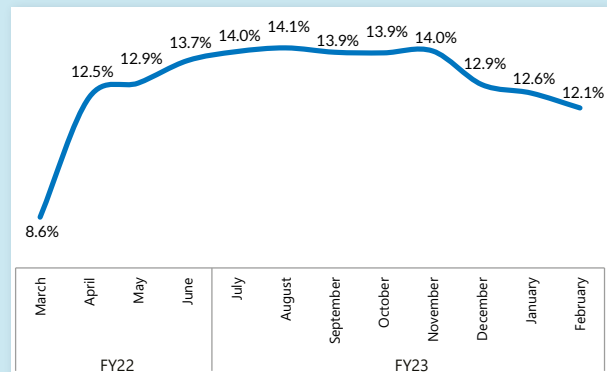


PRIVATE SECTOR CREDIT GROWTH

Private Sector Credit Growth (Last 5 Years)



Private Sector Credit Growth (Last 12 Months)



■ MONTH IN BRIEF

● **The Bangladesh Bank has declared to remove the existing 9% rate cap and implement a benchmark lending rate**, which is also called a reference rate, in the upcoming monetary policy for the next fiscal year, as per a meeting held on March 19, 2023.

● **The Bangladesh Bank issued a circular on March 28, 2023, announcing the revision of its refinance scheme of BDT 25,000 crore** for cottage, micro, small, and medium enterprises by lifting the investment limit for manufacturing and the service sector.

● To facilitate green practises and sustainable growth in export-oriented and manufacturing companies, **Bangladesh Bank has introduced a refinance fund of BDT 5,000 crore named the Green Transformation Fund at an agreement**

● **In FY2022-23, from July 2022 to January 2023, the government borrowed a total of BDT 427.17 billion from domestic sources**, which is 72.26% more than the BDT 247.98 billion it borrowed during the same time period the year before.

● In the fourth quarter of the year 2022, multinational banks operating in **Bangladesh experienced a growth of 8.57% in deposits, which is the highest since 2018.**

● **As per a loan agreement signed on March 29, 2023, Japan will provide financial assistance of USD 1.27 billion to Bangladesh** for the Matarbari Port Development Project, the Chattogram-Cox's Bazar Highway Improvement Project, and the construction of a dual-gauge double-line railway between Joydebpur and Ishwardi.

● **At a meeting held on March 16, 2023, it was announced that Bangladesh can potentially increase its exports of ready-made garments to the United Kingdom up to USD 11 billion by 2030**, as it will retain a duty-free market even after graduating from the Least Developed Country status.

● Due to steady growth in exports and remittance earnings and limits on imports, the amount of gross foreign currency held by banks rose from **USD 4,849 million in January 2023 to USD 5,240 million in February 2023.**

● The National Board of Revenue experienced a growth of 8.92% in the collection of income tax, VAT, and customs, with a collection of **BDT 1.96 trillion during the period of July 2022–February 2023 in FY2022-23, in comparison to BDT 1.79 trillion in the same period of the previous financial year.**

WE HAVE HEARD ABOUT THE BENCHMARK LENDING RATE MECHANISM THROUGH WHICH THE LENDING RATE CAP WILL BE LIFTED. THIS NEW INTEREST RATE REGIME WILL BE GOOD FOR THE FINANCIAL SECTOR AS BANKS WILL GET A SPACE FOR THE PRICE ADJUSTMENT.

Ali Reza Iftekhhar, Managing Director and CEO of Eastern Bank, on Lifting of Lending Rate Cap in June 2023. (March 19, 2023. The Business Standard.)

There is no fee to open an account. Money can be sent everywhere instantly. At the same time, many new services have been added including payment of shopping bills, and loan facilities. These are contributing to an increase in the number of users.

Dr Salehuddin Ahmed, Former Governor of Bangladesh Bank, on Daily Transaction of Mobile Financial Services Crossing BDT 32 Billion. (March 18, 2023. The Financial Express.)

The sales of electronic home appliances have declined by 30% to 40% due to higher inflation and a spike in the price of electronic products. The price of electronic items has risen by 15% to 20% because of the dollar price hike. Besides, consumers are reluctant to purchase non-essential items.

Ritesh Ranjan, Head of Business of Transcom Digital, on Consumer Electronics Sales Plunging Amid High Inflation. (March 09, 2023. The Daily Star.)

It is because Bangladesh is now known to the world as an investment hub. Especially, the government's plan to implement 100 economic zones is attracting such investments. Foreign companies are interested in investing in Bangladesh due to the cheap labour and the large market in the country.

Sheikh Shoebul Alam, Registrar of Registrar of Joint Stock Companies and Firms, on 56 Multinational Companies Applying This Year for Permission to Invest BDT 15,000 Crore. (March 21, 2023. The Business Standard.)

The US brands and buyers are shifting their sourcing from China and Vietnam due to some specific reasons and some of the manufacturing countries, including Bangladesh, India and Indonesia, are getting benefits from the relocation.

Syed Nasim Manzur, President of Leathergoods and Footwear Manufacturers and Exporters Association of Bangladesh, on Footwear Exports of Bangladesh to the United States Rising by 64.40% in 2022. (March 25, 2023. New Age.)

We are happy to know that A&E has expanded its manufacturing footprint in Chittagong which will help to cater more to the needs of the apparel sectors. We hope A&E will bring more quality products for the garment factories that will increase efficiency in the production process.

Faruque Hassan, President of Bangladesh Garment Manufacturers and Exporters Association, on Potential Collaboration of American & Efirid and Bangladesh Garment Manufacturers and Exporters Association to Support Value-added Garment Manufacturing in Bangladesh. (March 22, 2023. The Financial Express.)

As some conditions have been relaxed in the DCTS and China's market share is declining there, the growth rate could be 10% till 2026. On the other hand, after LDC graduation in 2026, Bangladesh's duty-free export facility under market preferences to countries other than the member-states of the European Union will come to an end and so the concentration in the UK will increase. And for this reason, the growth projection for exports to the UK is 15% beginning 2026.

Dr Mohammad Abdur Razzaque, Chairman of Research and Policy Integration for Development, on Potential of Exports of Readymade Garments to the United Kingdom to Grow 2.5 Times by 2030. (March 16, 2023. The Business Standard.)

The free-of-charge service for cash-outs will not create any negative impact on the earnings. Rather, it will help expand our business to a large extent.

Tanvir A Mishuk, Managing Director of Nagad, on Nagad Making Cash Withdrawal Free by This Year. (March 21, 2023. The Daily Star.)

Country	Nominal GDP: 2021 (USD in Billion)	Real GDP Growth: 2021 (Yearly % Change)	Inflation Point to Point (%)		Current Account Balance: (% of GDP)	Interest Rates (%), Ten years Treasury Bond	Currency Units (Per USD)
Frontier Market							
Sri Lanka	88.98	3.58	50.30	March-23	-3.76	24.40	317.54
Vietnam	366.20	2.58	3.35	March-23	-1.96	3.50	23,447.00
Kenya	110.52	7.23	9.20	March-23	-5.20	14.72	131.08
Nigeria	441.54	3.65	21.91	February-23	-0.42	14.47	465.00
Bangladesh	460.22	7.10	9.33	March-23	-4.06	8.45	107.41
Emerging Markets							
Brazil	1,608.00	4.62	5.60	February-23	-1.74	13.14	5.22
Saudi Arabia	833.54	3.24	3.40	January-23	5.32	N/A	3.75
India	3,176.30	8.95	6.52	January-23	-1.22	7.43	81.97
Indonesia	1,187.32	3.69	5.47	February-23	0.28	7.06	15,502.55
Malaysia	373.03	3.13	3.70	January-23	3.80	4.07	4.52
Philippines	394.09	5.60	8.60	February-23	-1.76	6.47	55.18
Turkey	817.51	10.99	55.18	February-23	-1.66	11.65	18.96
Thailand	505.90	1.57	3.79	February-23	-2.18	2.42	34.80
China	17,744.00	8.08	1.00	February-23	1.79	2.89	6.91
Russia	1,778.53	4.70	11.00	February-23	6.88	10.89	76.20
Developed Markets							
France	2,957.43	6.98	6.20	February-23	0.36	2.97	0.94
Germany	4,260.77	2.79	8.70	February-23	7.36	2.46	0.94
Italy	2,101.28	6.64	9.20	February-23	2.44	4.28	0.94
Spain	1,426.22	5.13	6.10	February-23	0.92	3.49	0.94
Hong Kong	369.16	6.42	2.40	January-23	11.27	3.64	7.85
Singapore	396.99	7.61	6.60	January-23	18.12	3.25	1.35
United States	22,996.08	5.68	6.40	January-23	-3.68	3.70	1.00
Denmark	398.30	4.13	7.60	February-23	8.75	2.71	7.00
Netherlands	1,013.52	5.04	8.00	February-23	9.04	2.81	0.94
Australia	1,635.26	4.69	7.80	December-22	3.15	3.48	1.52
Switzerland	799.80	3.72	3.40	February-23	9.45	1.31	0.92
United Kingdom	3,187.63	7.44	10.10	January-23	-2.59	3.65	0.83

Bangladesh Data: The new GDP size (FY22) and real GDP growth (FY22) are as per new base year. Calculation Method of CA balance (% of GDP) = CA balance of FY22 / GDP of FY22

Interest rate (%) 10 years TB as per March 2023, Inflation as per March 2023 and Currency Unit (per USD) as per 5th April are sourced from Bangladesh Bank

Nominal GDP: Data of all countries apart from Bangladesh is sourced from IMF estimates of 2022 data (October, 2022 Outlook)

Real GDP Growth and Current Account Balance: Data of all countries apart from Bangladesh is sourced from IMF estimates of October, 2022 data (World Economic Outlook, October 2022)

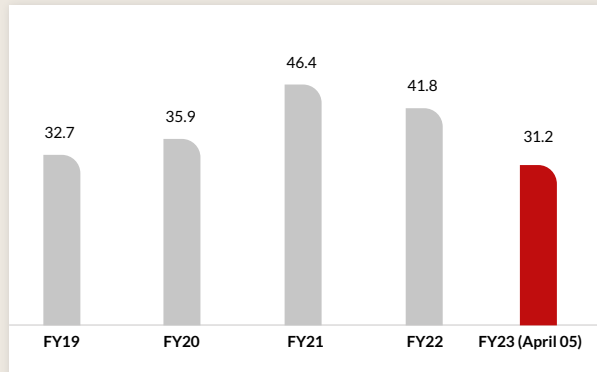
Inflation : Data of all countries apart from Bangladesh is sourced from tradingeconomics.com

Interest rates 10 years TB and Currency Unit : Data of all countries apart from Bangladesh is sourced from Investing.com

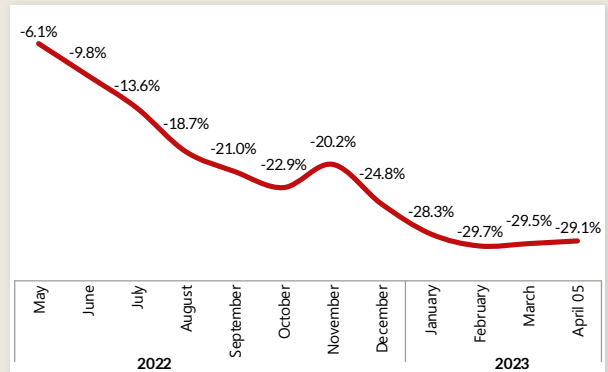
BANKING DATA CORNER

Prepared by IDLCSL Research Team

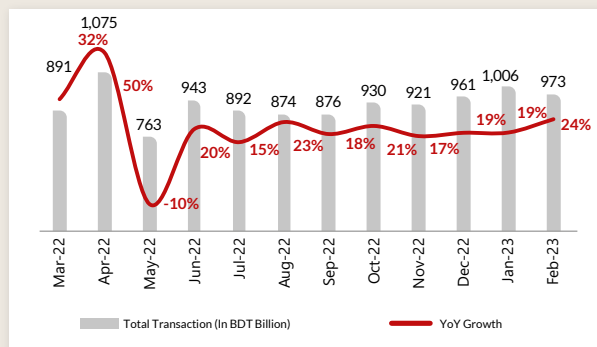
Foreign Exchange Reserve (In USD Billion and Last 5 Years)



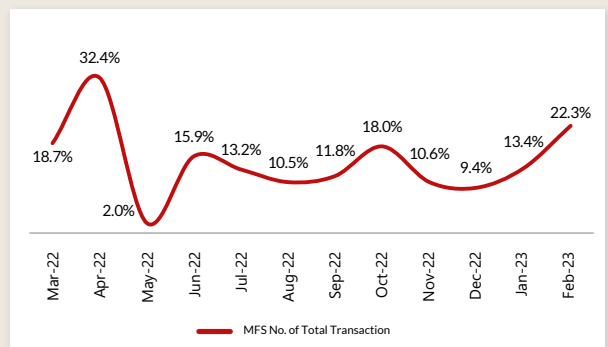
Foreign Exchange Reserve (Last 12 Months Trend)



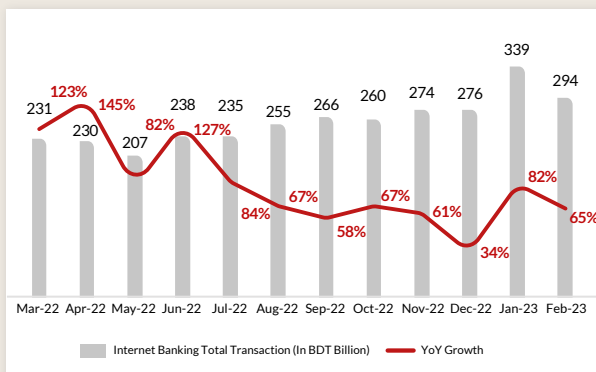
MFS Monthly Transaction (BDT Billion and YoY Growth)



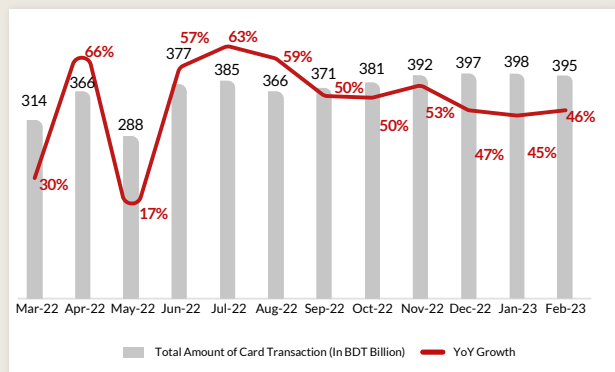
MFS No. of Total Transaction (YoY Growth)



Total Amount of Internet Banking Transaction (BDT Billion and YoY Growth)



Total Amount of Card Transaction (BDT Billion and YoY Growth)



Source: Bangladesh Bank

Intelsense AI



Rumman Arefin

Founder and CEO, Intelsense AI

Interviewed By

Syed Md. Rakeen, Team MBR

Intelsense AI is a leading voice technology company based in Bangladesh that aims to empower businesses to reach their full potential by offering state-of-the-art speech recognition and natural language processing (NLP) solutions. It has developed diverse speech recognition and NLP solutions that can be applied in different settings to address various business needs. The company is committed to leveraging artificial intelligence (AI) and machine learning to provide cutting-edge solutions that help businesses and individuals overcome language barriers and streamline data-handling processes. Team MBR was in a conversation with Mr. Rumman Arefin, Founder and CEO, Intelsense AI, to learn about his inspirations and vision behind the company.

Syed Md. Rakeen: Since being founded in 2018, Intelsense AI has been working on developing diversified AI-powered products in the field of voice and language processing. Would you kindly share with us how you came up with this idea?

Rumman Arefin: The inception of Intelsense AI can be traced back to my childhood aspirations. As a child, I always wanted to build something that learns intuitively and evolves into something smarter than me. I needed something more than a calculator—something that could solve all the problems I could not find answers to. With time, I grew up to become a software professional and began working as a software designer for various national and international organisations. I was inspired by Mitsuku, an exceptional AI

chatbot, and realised the potential of AI-powered conversational agents. I wondered why such technologies were not prevalent in Bangladesh, and I realised that if we want to be intelligent, we must recognise speeches, videos, handwriting, faces, and all kinds of things, thereby generating all kinds of useful by-products. My passion for overcoming communication barriers led me to assemble a team and found Intelsense AI in 2018, with a focus on language and voice processing.

INTELSENSE AI
SENSE THE FUTURE

Our co-founders, Dr. Arif Ahmad, Rafi Nizamee, Jubaer Hossain, Zaowad Rahabin, Kaiser Hamid, and Dr. Mahnuma Moumi, share the pursuit of innovation. Together, we have created a collaborative environment to revolutionise communication with AI-powered technologies. Our exceptional team, some of whom have worked in the speech

processing industry worldwide, is working tirelessly to shape the future of voice and language processing, fostering a world where technologies bring us closer together, transcend boundaries, and empower connections.

Our inspiration to create SenseVoice came from experiencing frustration with traditional note-taking methods during meetings and lectures. We saw an opportunity to use AI for a voice-powered note-taking app, transcribing conversations in real time. Popular among professionals, educators, and students, SenseVoice has led to our planned expansion to include speaker identification and translation while continuing to innovate in voice and language processing.

Syed Md. Rakeen: Intelsense AI has recently launched its AI-powered transcription platform, named SenseVoice. In what industries or fields could SenseVoice be most useful, and how might it revolutionise the way humans work with audio and video content?

Rumman Arefin: SenseVoice, our recently launched AI-powered transcription platform, has the potential to revolutionise how audio and video content are managed across various industries. By capturing, transcribing, and analysing information in real-time, it aims to significantly enhance efficiency, accuracy, and collaboration in diverse sectors.

In the world of business and meetings, SenseVoice can foster improved collaboration and communication by transcribing meetings and conferences, allowing attendees to easily review and share notes while preserving important information. Journalism can benefit from SenseVoice, as journalists can transcribe interviews and press conferences for accurate and comprehensive articles, saving time by eliminating manual transcription. In education, SenseVoice becomes a game-changer by transcribing lectures and class discussions, enabling students to review material at their pace, improving learning

outcomes, and ensuring equal access for students with hearing impairments.

The media and entertainment industries can leverage SenseVoice to transcribe and analyse audio and video content, helping professionals identify trends and patterns while improving the accuracy of subtitles and closed captions for an enhanced viewer experience. Lastly, the legal profession can benefit from SenseVoice by transcribing depositions and court hearings, making it more convenient to review and analyse information, improving legal proceedings' accuracy, and reducing error risks. SenseVoice can cater to numerous other use cases, ensuring a more streamlined and productive work environment for all.

Syed Md. Rakeen: Different accents and dialects can be difficult to detect when it comes to AI-powered voice and language processing technologies. How does Intelsense AI tackle the issue and ensure accuracy across different accents and dialects?

Rumman Arefin: Intelsense AI is fully aware of the complexities involved in detecting and processing different accents and dialects in AI-powered voice and language technologies. To ensure accuracy across various accents and dialects, we adopt a multifaceted approach that makes our technologies more versatile and adaptable. One of our essential strategies is using diverse training data. We train our language models on comprehensive datasets that include different accents and dialects, enabling them to learn and recognise specific language patterns. We also utilise phonetic transcriptions, which are standardised representations of language sounds. This helps teach our language models to recognise the sounds of different accents and dialects more effectively.

Fine-tuning our language models for specific tasks and datasets is another vital part of our process. For example, we might fine-tune a

language model on a dataset of spoken language that contains a wide range of accents and dialects, significantly improving the model's performance in tasks that require recognising various accents and dialects. In addition to these techniques, we leverage speaker adaptation, which involves training the language models on data from specific speakers, allowing the models to recognise their speech patterns more accurately. Furthermore, our language models are designed and optimised for continuous learning. By constantly learning from new data, our models can adapt to changes in language patterns and improve their accuracy over time.

Syed Md. Rakeen: *Intelsense AI's HIA is an AI-powered voice-based financial assistant. Would you kindly share with us how it is bringing changes to the traditional way of banking?*

Rumman Arefin: Intelsense AI's HIA, an AI-powered voice-based financial assistant, is bringing about significant changes to the traditional way of banking and transforming the customer experience in several ways. One of the most notable aspects of HIA is its ability to offer personalised assistance. By understanding customers' financial needs, it provides tailored advice that enables them to manage their finances more effectively and make better-informed decisions. This ultimately contributes to improved financial well-being for users. Convenience is another key aspect of HIA. Customers can access their account information and perform transactions using simple voice commands, eliminating the need to visit a physical branch or use a computer. With HIA, banking becomes a seamless and hassle-free experience that is available to customers anytime and anywhere. HIA's voice-based interface makes banking more accessible to customers with disabilities or those who face difficulties using traditional banking methods. By bridging this gap, HIA ensures that a broader range of customers can enjoy the benefits of modern banking services.

HIA represents innovation in the banking industry. By leveraging cutting-edge AI and voice technologies, HIA places itself at the forefront of innovation, setting it apart from competitors and attracting new customers who value a technologically advanced banking experience. In summary, HIA is revolutionising traditional banking through personalisation, convenience, efficiency, accessibility, and innovation, ultimately providing a superior customer experience.

Syed Md. Rakeen: *Sentiment analysis technologies allow machines to comprehend the feelings and attitudes of users while communicating with voice assistants. How do the product offerings of Intelsense AI handle the differences in human emotions and other non-literal language elements?*

Rumman Arefin: Sentiment analysis is an important aspect of voice assistants in today's world, as it involves understanding human emotions and other non-literal language elements. At Intelsense AI, we take this challenge seriously and implement various techniques to make our product offerings more sensitive to these nuances in human communication. One key technique we use is contextual analysis. Our sentiment analysis technologies consider the context of a sentence or conversation to determine the speaker's intent and emotions. By analysing the surrounding words and phrases, our systems can better understand the underlying meaning of a sentence and non-literal language elements. We also employ machine learning and deep learning techniques to enhance our sentiment analysis capabilities. These techniques analyse vast amounts of text and speech data to identify patterns and relationships between language elements and emotions. As our systems process more data, they continuously learn and improve their accuracy in understanding human emotions.

In addition to these methods, our offerings incorporate emotion detection techniques, which involve analysing the tones, pitches, and other acoustic features of speech to determine the

speakers' emotions. This allows our voice assistants to be more perceptive and respond appropriately to users' emotions.

Syed Md. Rakeen: Though AI-powered voice and language processing technologies offer immense benefits, Bangladesh has yet to explore their potential on a larger scale. In your opinion, what are some of the steps required to increase the adoption of AI-powered voice and language processing technologies in business operations in Bangladesh?

Rumman Arefin: Bangladesh is an emerging market with great potential for adopting AI-powered voice and language processing technologies in business operations. However, to increase their adoption on a larger scale, several steps need to be taken, which I believe can pave the way for a successful implementation of these technologies in the country.

Many businesses in Bangladesh may not be fully aware of the potential benefits of AI-powered voice and language processing technologies. Organising workshops, seminars, and other outreach programmes can help disseminate knowledge about these technologies and their advantages. Secondly, building local capacity is essential for the long-term success of AI adoption in Bangladesh. This involves developing a skilled workforce through training and education that can create, implement, and maintain AI-powered technologies. Thirdly, fostering collaboration between academia, industry, and government can accelerate the adoption of AI-powered voice and language processing technologies in the country. This collaboration can facilitate the exchange of knowledge, skills, and resources necessary for successful implementation.

However, providing access to funding and resources can enable small and medium-sized businesses in Bangladesh to adopt AI-powered voice and language processing technologies and stay competitive. Financial support can

help businesses overcome the initial costs of adopting these innovative technologies. By focusing on these steps, Bangladesh can foster a conducive environment for the growth and integration of AI-powered voice and language processing technologies in its business operations, ultimately contributing to the country's economic development.

Syed Md. Rakeen: One of the concerns regarding AI-powered voice and language processing technologies is the risk associated with manipulation and misrepresentation by mimicking an individual's voice with the intention of misusing the technologies. What safeguards can be put in place to ensure ethical and responsible usage of AI-powered voice and language processing technologies?

Rumman Arefin: Addressing the concerns about the potential misuse of AI-powered voice and language processing technologies is essential, and several safeguards can be put in place to ensure ethical and responsible usage. First, authentication protocols must be integrated into the technologies. A combination of biometric or two-factor authentication can help ensure that only authorised individuals can access and use the voice assistant, keeping sensitive user data safe.

Transparency in how the technologies work and the potential risks involved are crucial for building trust with users and ensuring that they can make informed decisions about using the technologies. Consent is also vital, requiring service providers to obtain explicit consent from users for the specific usage of their voice data and allowing users to withdraw consent and delete their data easily. Data security should be a priority for any organisation dealing with AI-powered voice and language processing technologies. Protecting user data through encryption, restricted access, and regular security audits is paramount.

Holding service providers accountable for any misuse or abuse of voice and language processing technologies is essential, with processes in place

for reporting and investigating incidents of misuse and taking corrective action when necessary.

By integrating these safeguards, we can create a robust framework for the ethical and responsible use of AI-powered voice and language processing technologies, allowing us to harness their full potential while minimising the risks.

Syed Md. Rakeen: Developers around the world are constantly creating wonders by coming up with new AI-powered technologies. Would you kindly share some of the most exciting advancements you expect to see in the field of voice and language processing technologies in the upcoming years?

Rumman Arefin: In the upcoming years, we can expect a multitude of exciting advancements in the field of voice and language processing technologies. As conversational AI systems evolve, they will become more intelligent, adaptive, and versatile, engaging in human-like conversations and handling increasingly complex tasks. The advancement of multilingual voice processing will enable AI systems to effortlessly

switch between languages and dialects, bridging the gap between cultures and fostering global collaboration. Future AI systems will also possess an enhanced contextual understanding, enabling them to comprehend idiomatic expressions, metaphors, and sarcasm, making interactions more engaging and natural. Emotion detection will play a significant role in the future of AI-powered voice and language processing, with AI systems analysing speech patterns and tones to detect and respond to emotions. This will lead to more personalised and empathetic interactions across various aspects of our lives.

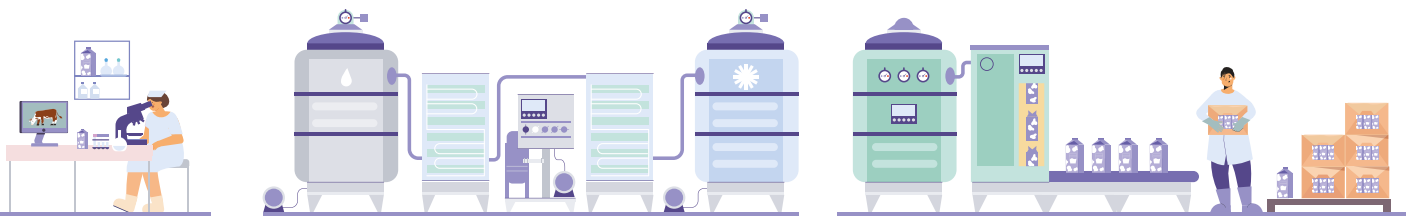
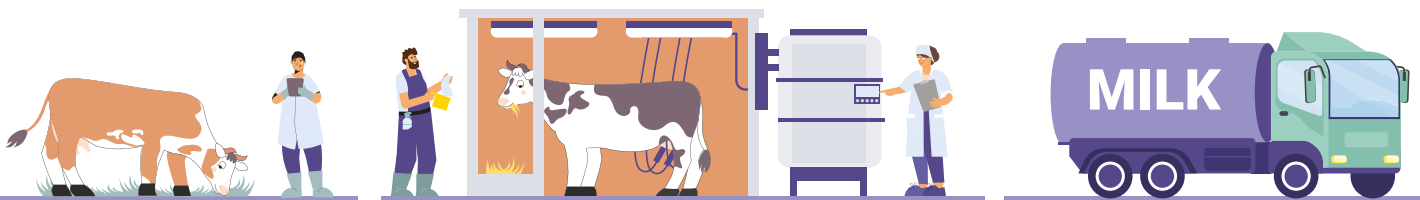
Despite ethical concerns, responsible use of voice cloning technology holds immense potential. Personalised voice assistants, improved text-to-speech capabilities, and voice restoration for those who have lost their ability to speak are just a few of the possibilities this technology can unlock.

Intelsense AI is a passionate voice tech company specialising in NLP and voice-assistant based products. To learn more, you can visit <http://www.intelsense.ai/>



THE DAIRY INDUSTRY OF BANGLADESH: WHERE TRADITION MEETS INNOVATION

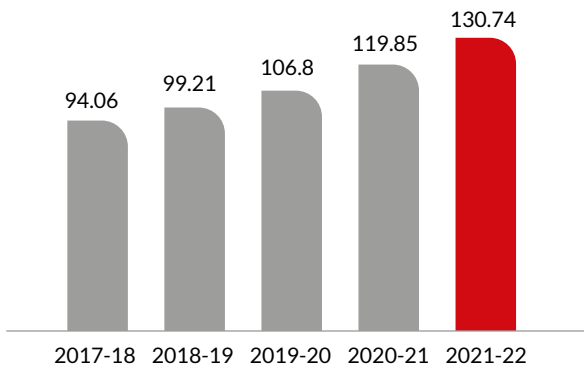
Written By
Syed Md. Rakeen



The dairy industry has withstood several economic shocks in recent years and maintained steady growth. The industry started off on a small scale and gradually expanded over the years, with many dairy farms now up and running in different areas of Bangladesh. Being a source of food and a means of subsistence, the industry holds enormous power to create a transformative effect on the country's economy. The sector has undergone tremendous development recently, with technologies and innovation playing important roles in enhancing production, market access, and sustainability. According to the Department of Livestock Services, the dairy market size in Bangladesh is estimated at USD 2.47 billion and is projected to grow by over 5% every year. The market size is large enough to attract both domestic and foreign direct investment to maximise its potential.

According to the Department of Livestock Services, the amount of milk production in Bangladesh was 119.85 lakh metric tonnes against the demand for 152.02 lakh metric tonnes in the financial year 2020–21. This gap between supply and demand was then filled by importing milk powder in bulk quantities, primarily from Australia, New Zealand, Holland, Denmark, and Poland. In a bid to accelerate the growth of the sector, the government is launching a BDT 4,280 crore project under the banner of the Livestock and Dairy Development Project with the support of the World Bank. All these are intended to merge traditional methods with modern technologies to ensure that Bangladesh is at the forefront of milk producers globally.

Figure 01: Milk Production in Bangladesh in the Last Five Fiscal Years (In Lakh Tonnes)



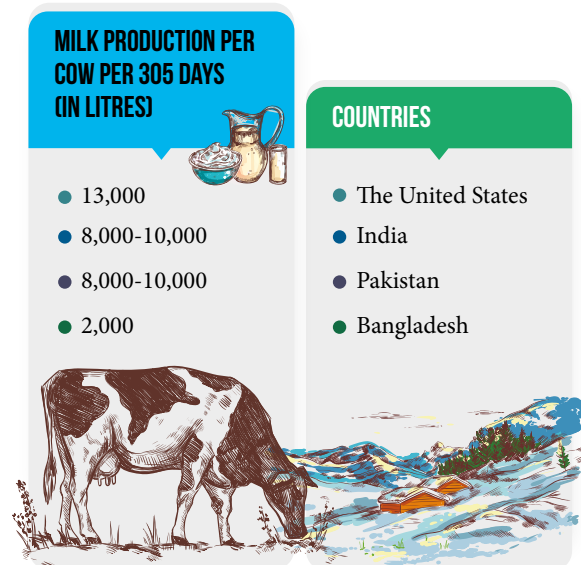
Source: Department of Livestock Services

Global Outlook of the Dairy Industry

The global dairy industry is predicted to expand by 2% annually over the next five years. A rise in population will result in more demand for dairy nutrition across the Middle East, Africa, and Asia-Pacific countries. With the demand for dairy products increasing globally, consumers are becoming more health-conscious and selective in picking dairy products while looking for options produced sustainably. The nations of the European Union dominated the production of cow milk in 2022, as shown in Figure 02, racking up a staggering 143.9 million metric tonnes, indicating that dairy has been a significant component of daily meals for the people in Europe.

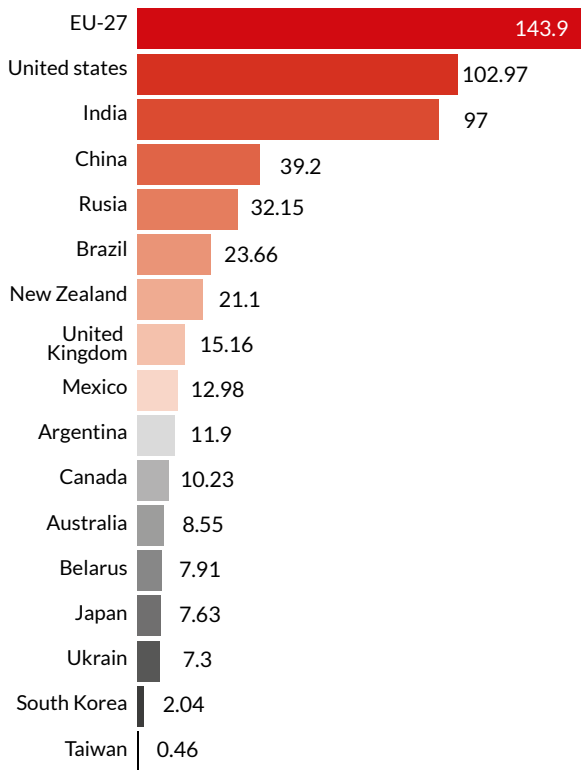
According to the Food and Agriculture Organisation of the United Nations, Asia is the world's biggest milk producer, with the majority of the output coming from Pakistan, India, Kazakhstan, China, Uzbekistan, and Japan. However, Bangladesh is ranked lowly among all the milk-producing countries, indicating that the industry requires more investment and government support to maximise its potential. As shown in Table 01, neighbouring countries like India and Pakistan produce almost 4–5 times the amount of milk produced in Bangladesh per cow in every 305 days, indicating a significant lack of inefficiencies in extracting milk.

Table 01: Comparison of Milk Production per Cow (In Litres)



Source: Department of Livestock Services

Figure 02: Largest Producers of Cow Milk Worldwide (In Million Metric Tonnes)

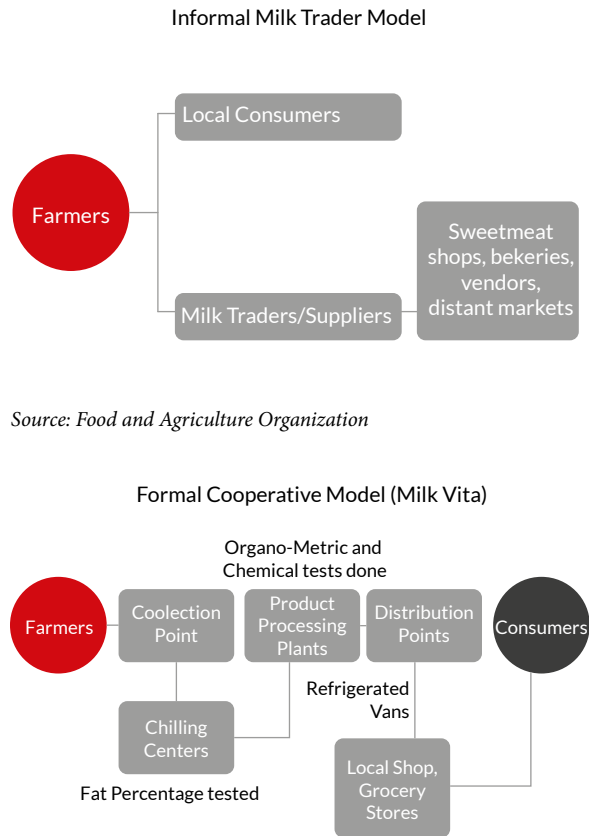


Source: Statista

The Value Chain of the Dairy Industry in Bangladesh

Currently, the value chain of the dairy industry can be classified into two models: the informal, traditional market model and the formal processed market model. A report by the International Farm Comparison Network states that almost 91% of the milk is traded informally, while only 9% is sent to industrial processors. In the informal model, the milk is directly sold to consumers by the farmers, whereas in the formal segment of the market, mostly cooperative models are imitated, where the farmers constitute cooperatives, and the cooperatives help channel the milk to industrial units, which eventually reach the consumers. In the formal segment, automation can play a crucial role in the collection of milk, the processing of milk, and the production of end products, aiding in achieving economies of scale and reducing cost per unit.

Figure 03: Informal Milk Trading Channel vs Formal Cooperative Model of Milk Vita

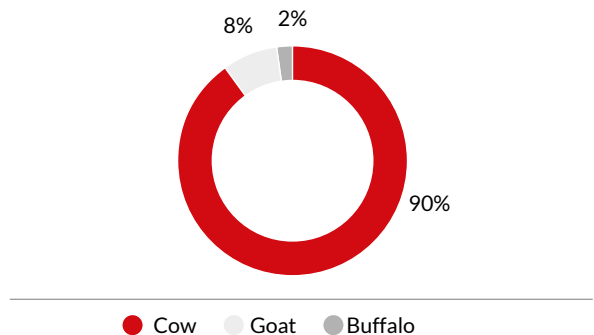


Source: Food and Agriculture Organization

Source: LCP Primary Research

As said earlier, traditional channels dominate the dairy industry in Bangladesh, and the most significant cattle for milk production in Bangladesh are cows, which account for 90% of the total milk obtained by farmers.

Figure 04: Shares of Milk Production by Animals in Bangladesh



Source: Department of Livestock Services

Though only 9% of the total milk production goes into the formal value chain, it is the most suitable model to produce more value-added items. Hence, industrial milk processors are moving their collection points closer to milk-producing zones due to milk's sensitivity to temperature and storage duration. Also, this helps fulfil the requirements of the consumers, as they are more concerned about quality and freshness these days. These collection points are typically equipped with modern refrigeration technologies and milk testing facilities, enabling dairy farmers to receive payments depending on the fat contents of the milk.

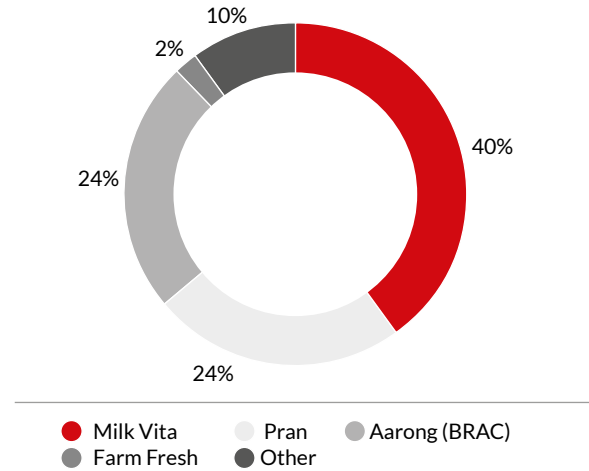
As there is a wide gap between supply and demand, the gap is filled with various imported dairy products, which is why massive amounts of foreign milk powder are entering the local market. Although the government is strongly promoting the growth of the local dairy industry, progress has been observed to be sluggish. In recent years, the country's increasing industrial demand and domestic consumption have made it dependent on imported milk powders. Boosting domestic milk production can help reduce the dependence on import channels, provided the price of domestic products remains competitive.

Leading Industrial Dairy Processors in Bangladesh

Major industrial processors such as Milk Vita, Aarong Dairy, and PRAN control 88% of the processed dairy product industry. The primary target consumers are predominantly urban consumers who desire a wide selection of brands, qualities, and products. People can access processed goods via retail stores, supermarkets, restaurants, and hotels.



Figure 05: Market Shares of Industrial Dairy Processors



Source: United Nations Industrial Development Organization

Incorporating Innovation in the Dairy Industry

Product Diversification

The development and growth of Bangladesh's dairy sector have been hugely dependent on product diversification. Offering a wide variety of value-added dairy products has allowed major dairy producers, including PRAN, Aarong Dairy, Farm Fresh, and Milk Vita, to capitalise on the changing tastes and preferences of consumers. This diversity of products not only serves various consumer categories but also aids in maintaining a competitive advantage in the market.

Milk Vita: Since 1973, the state-owned company Milk Vita has led the dairy sector in Bangladesh. Milk Vita has expanded its selection of products throughout the years while staying true to its mission to produce high-quality dairy products. Pasteurised milk, powdered milk, flavoured milk, yoghurts, ghee, butter, and ice creams are in the company's product basket. Milk Vita has successfully maintained its position as a major participant in the Bangladeshi dairy market by growing its product lineup.

PRAN: Beyond the usual milk and yoghurts, PRAN Dairy, a division of the PRAN Group, now offers a wider range of products. It currently produces a wide range of dairy products, including flavoured milk,

yoghurt drinks, UHT milk, ghee, and cheeses. PRAN has responded to shifting customer needs by launching these value-added products and gaining a considerable share of the market.

Aarong Dairy: BRAC's venture Aarong Dairy is well-known for its premium dairy goods. Aarong Dairy has expanded its product line to include pasteurised milk, yoghurts, ghee, butter, and cheeses. In addition, it offers a variety of flavoured milk and yoghurt drinks, satisfying the rising need for dairy products that are portable and handy.

Farm Fresh: Farm Fresh, a brand of Akij Food & Beverage Limited, has gained recognition by providing a variety of dairy products that appeal to health-conscious consumers. In addition to pasteurised milk, it offers UHT milk, butter, and ghee. Farm Fresh also caters to consumers by providing flavoured milk, milkshakes, and yoghurts.

Processing Technologies

Artificial intelligence and big data analytics have already been incorporated into dairy farming to a small extent. Dairy farming can be made more efficient by ensuring improvements in computing power, widespread connectivity, biotechnological research, geographic information systems, and other capable technologies.

Eon Group is the first to launch an automated pasteurised milk factory in Bangladesh. Machines execute the entire processing activities, such as milking, pasteurisation, and product packaging. Nahar Agro is also one of the farms with the most advanced technologies. On this farm, the usage of IoT sensors is helping track cows' feeding, health, medication, and breeding. Technologies are aiding massively in enhancing milk production per cow, reducing cow deaths, and ensuring their good health.

Breeding by Artificial Insemination

Artificial insemination is crucial in improving the diverse breeds of cattle, specifically engineering them to produce more milk. Cross-breeding local cows with high-yielding cows such as Sahiwal, Holstein Friesian, Jersey, etc., can produce satisfactory results. Artificial insemination can even help to extract 4.5 litres of milk from cow breeds that previously used to produce only 2 litres of milk. This technique is now spreading in rural

areas of the country. According to the Central Cattle Breeding and Dairy Farm, the artificial insemination of cattle contributed BDT 45,224 crore to the national economy in the financial year 2020–21. Due to the technique's ability to increase milk production per cow, it should be made more popular with a plan to boost the dairy industry.

Confronting Challenges and Devising Solutions

The dairy industry is facing several challenges due to the ongoing unpredictability of the global economy coupled with domestic obstacles. Prices of animal feeds and medicines have shot up due to the challenges posed by both the COVID-19 pandemic and the Russia-Ukraine war, resulting in higher prices at the consumer level. However, the milk price has stayed the same for farmers. The uncertainty in the global economy has doubled the price of imported powdered milk. Also, the warm climate and high degrees of humidity in Bangladesh make it unsuitable for high-yielding cows.

The sector's most significant hurdles are the lack of trained labour, the lack of quality milk, the shortage of veterinarians, the inability to process and store milk, and the huge gap between the selling price of the farmers and the buying price of the consumers. It is to be noted that the country's dairy market is mostly constituted by unprocessed liquid milk, and the processed segment, which contains products such as cheeses, butter, etc., is highly dominated by imported brands. A major portion of the demand for processed products is met with imports. Increasing import duties on processed dairy products and exempting import taxes and duties on capital machinery required to produce processed dairy products can help the processed segment flourish.

As an increase in demand for powdered milk is observed every year, establishing local powdered milk-producing units with the help of investment-friendly policies is crucial to reducing dependence on imports.

Bangladesh's dairy industry portrays a striking example of how innovation and tradition may coexist to produce a vibrant and long-lasting endeavour. The combination of traditional practices and cutting-edge technologies has boosted growth, increased production, and enabled product diversity to meet changing consumer preferences. Through creative product offerings and marketing techniques, top dairy product providers,

including PRAN, Aarong Dairy, Farm Fresh, and Milk Vita, have significantly transformed the industry. Notwithstanding the difficulties the dairy industry is facing, it has managed to build a resilient route to a promising future because of its embrace of innovation. The industry's continued evolution and adaptation promise to support the nation's food security and economic growth and encourage other sectors to adopt a similar fusion of tradition and innovation. The Department of Livestock Services has estimated that

Bangladesh will be able to be self-sufficient in the dairy industry before the year 2030. To promote the growth of the dairy industry, policies must be formulated to curb the massive imports of dairy products. The dairy industry even possesses the potential to be an avenue for exports in the future, as the dairy industry has been a promising sector for some time now. By implementing investment-friendly policies, Bangladesh can turn that potential into reality in the coming days.





Md. Maksudur Rahman

Deputy General Manager, Business Operations
PRAN Dairy Limited

Interviewed By
Syed Md. Rakeen, Team MBR

Md. Maksudur Rahman is the deputy general manager of business operations at PRAN Dairy Limited, which is a sister concern of PRAN Group and currently the second-largest dairy processor in the country with its state-of-the-art pasteurized, UHT, yoghurt, and powdered milk processing plants. During the first 10 years of his career, he worked in the areas of promotions, communications, and brand management for three leading local conglomerates in the retail and FMCG industries. He aspires to make PRAN Dairy the largest dairy processor and the largest milk collector in Bangladesh by restructuring the dairy hub model and introducing integrated commercial dairy farm management. Team MBR was in a conversation with Mr. Md. Maksudur Rahman and was fortunate enough to receive his take on the dairy industry.

Syed Md. Rakeen: According to dairy industry experts, there has been a rise of 158% in milk production in the past decade. What are the factors that, in your opinion, have driven this outstanding growth?

Md. Maksudur Rahman: There are a number of factors driving this growth. It has been observed that formal industry players have been highly focused on expansion in the local market in recent years. Alongside this, many NGOs have come forward to support the formal dairy industry to make farming profitable. It must be mentioned that government initiatives through the Department of Livestock Services are also praiseworthy. These days, even remote villages are connected to the cities because of the development that has taken place in the roads, highways, and transportation systems, which is also contributing to this growth passively. Research and development are also playing a significant role here. High-yield cattle are being developed with the help of

genetic transformation, and the shelf life of milk has been extended through modern processing techniques like UHT. Most importantly, the demand for milk is steadily growing in the market, as people are more health conscious nowadays and looking for better sources of nutrition like milk.

Syed Md. Rakeen: There is currently a diverse range of locally produced dairy products available on the market. Would you kindly share with us your observations regarding the changes in tastes and preferences about dairy products in the Bangladeshi market?

Md. Maksudur Rahman: As the whole world has turned into a global village, we now understand each other's culture a lot more. In the earlier days, children used to consume milk primarily, and after the age of five, their habit of consuming milk gradually disappeared. But milk has now evolved into a fusion food. So, people in Bangladesh are now consuming milk in the form of

fusion products such as flavoured milk, milkshakes, milk smoothies, flavoured yoghurts, cheeses, protein shakes, salads with cheese cubes, cornflakes or oats with milk, and many others at an individual level based on personal choices. This change in tastes and preferences has led to the development of many processed dairy products by formal dairy processors.

Syed Md. Rakeen: According to the Bangladesh Bureau of Statistics, milk and cream worth BDT 3,244 crore were imported in FY 2020–21. What suggestions do you have to minimize dependence on imports and make the local dairy industry self-sufficient?

Md. Maksudur Rahman: Let's start with statistics. Over the last 25 years, local milk production has been able to meet 55% of the total market demand. Yes, there is still a long way to go, and we believe that, in the next 10 to 15 years, our dream can come true if we can just bring down the cost of milk production, which is heavily dependent on the availability of cattle feeds and prices. As we know, access to land for cattle grazing is quite limited, and we cannot offer the cheapest source of feed to cattle for this reason. This is why we are dependent on ready-made cattle feeds, and these ingredients are mostly imported. If we can produce cattle feeds locally, we can make the production of cattle feeds cheaper. When the ratio of the prices of milk and feeds is 100:50 in terms of taka, every farm will be able to generate more profits, and more young people will be encouraged to set up dairy farms. Please note that our milk price is 35% higher in comparison to the international price. So, we cannot raise the milk price any more. Rather, we should focus more on lowering the prices of cattle feeds.

Syed Md. Rakeen: It has been observed recently that feed prices have soared along with the price of processed milk; however, the farmers aren't receiving their fair share. What measures should be ensured, in your opinion, so that every participant in the value chain is better off?

Md. Maksudur Rahman: While it's true that feed prices and processed milk prices have risen in recent times, I believe that farmers aren't deprived of their

pie. The industry participants believe that farmers are at the heart of this industry. But it must also be mentioned that the transportation and processing of milk require a very costly investment. Also, the costs of operating such facilities are heavily dependent on utility costs as well. In the last four years, utility costs such as oil, gas, and electricity have increased rapidly. At the same time, we need to think of our front-line partners as well, such as distributors, sales representatives, and outlets, whose costs have also gone up. So, ensuring fair increments for all the back and front value chain partners is a must.

Syed Md. Rakeen: It has been observed that the major portion of milk trading in the local market takes place via informal channels in the traditional way. How can industrial milk processors leverage this market gap and reap benefits by catering to the market demand via formal channels?

Md. Maksudur Rahman: The informal market does not ensure the quality of milk when procured, whereas the formal players in the market purchase milk in two categories, namely, fat and solids-not-fat. If they get high-fat milk from farmers, they pay more to the farmers. And if they get less, they are required to pay less. Additionally, formal players conduct at least 10 tests to ensure the quality of milk. Since the food habits of cows are not standard, fat often seems to be lacking in the milk. Farmers currently sell milk without checking the quality of the fat content. If the government can ensure a price chart based on the fat at all levels, then farmers would have the incentive to focus on the percentage of fat in the milk they sell and, in turn, make efforts to improve the quality of milk.

Syed Md. Rakeen: Milk is considered a highly perishable item because it provides a favourable environment for microorganisms, such as bacterial pathogens, to grow and contaminate the milk. What measures can industrial milk processors take to ensure the end consumers get the very best products?

Md. Maksudur Rahman: In Bangladesh, industrial milk processors have taken various measures to ensure that end consumers have access to safe and high-

quality dairy products. Among these measures are the following:

i) Procurement of Milk from Selected Farmers: Industrial milk processors have set up milk collection points in various parts of the country. They source their milk only from selected farmers who are committed to adhering to strict guidelines on animal health, feed quality, and milking hygiene.

ii) Testing the Quality of Milk: Milk processors test milk based on various quality parameters, such as its fat content, protein content, dry matter, and microbial content, before procuring it from farmers. Milk that does not meet the required standards is rejected.

iii) Processing of Milk under Hygienic Conditions: Industrial milk processors follow strict hygiene standards while processing milk. They use state-of-the-art equipment to pasteurize, homogenize, and standardize their milk and pack it in airtight containers to prevent contamination.

iv) Tamper Checking: Industrial milk processors carry out regular inspections to detect milk adulteration. They use various methods, such as infrared and ultraviolet spectroscopy, to detect the presence of foreign substances such as water, cane sugar, powdered milk, and starch.

v) Certification: Industrial milk processors are certified by regulatory bodies such as the Bangladesh Standards and Testing Institution (BSTI) to ensure that their products meet the required quality standards.

Overall, industrial dairy processors in Bangladesh are taking various measures to ensure that the final consumers receive safe and high-quality dairy products. These measures help prevent milk adulteration and ensure farmers receive a fair price for their produce.

Syed Md. Rakeen: Would you kindly share with us your observations regarding the technological evolution that has taken place in the local dairy industry over the years? Do you think that industrial processors have

reached the global standard? If not, how can they do so?

Md. Maksudur Rahman: Bangladesh's dairy industry has undergone significant technological developments over the years. The increased use of modern technologies and equipment in the industry has increased productivity and efficiency. Many industrial processors are also introducing new processing techniques and modern machinery to improve production capacity and product quality.

However, the lack of clear definitions of what constitutes global standards for the dairy industry makes it difficult to determine whether industrial processors have reached global standards. It is also difficult to compare the dairy industry with other countries due to different factors such as climate, land availability, and government policies. However, there is always room for improvement, and industrial processors in Bangladesh can take some steps to improve their standards. One such step is investing in research and development to find innovative ways to produce high-quality dairy products. Additionally, the industry can focus on building robust supply chains and invest in modern transportation and logistics systems to reduce waste and ensure the timely delivery of products. By investing in research and development and building robust supply chains, industries can improve productivity and product quality, making them more competitive on a global scale.

Syed Md. Rakeen: Do you think the policy support is adequate for the local dairy industry? What are the areas in which policymakers can work to help the industry flourish even more?

Md. Maksudur Rahman: In the context of Bangladesh, policy support for the local dairy industry can be seen as somewhat limited. The government has taken some steps to promote the sector, but there is still much room for improvement, for example, by subsidizing dairy farmers and establishing dairy promotion associations.

One area where policymakers can work to help the industry thrive is by investing in infrastructure. This includes improving the road networks to transport milk from farms to markets quickly and efficiently, and improving access to electricity and water in rural areas where many dairy farms are located.

Another important area for policymakers to focus on is research and development. This includes investing in new technologies and techniques for dairy farming and processing, as well as conducting research on the nutritional values of local dairy products. By improving the quality and quantity of locally produced dairy products, the industry can become more competitive and better meet the needs of domestic consumers.

In addition, policymakers can work to create better marketing channels for local dairy products, such as by supporting the development of local brands and promoting consumption of local dairy products, which will increase demand for dairy products and increase production and profitability for dairy farmers.

Overall, some efforts have been made in Bangladesh to support the local dairy industry, but more needs to be done to help the sector thrive. By investing in infrastructure, research and development, and marketing, policymakers can help create a more sustainable and profitable dairy industry that can contribute to the country's economic development.



FURNISHING THE WORLD: SHOWCASING BANGLADESH'S CRAFTSMANSHIP IN INTERNATIONAL MARKETS

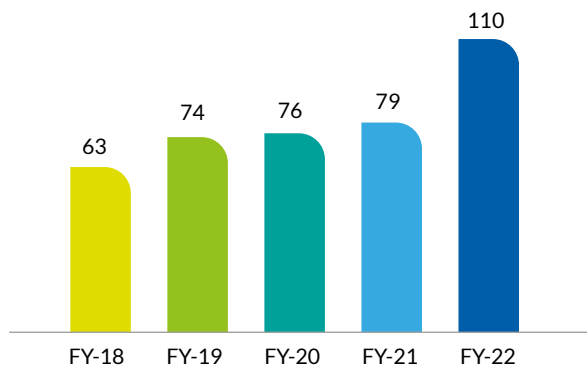
Written By
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Export basket diversification has emerged as a critical discussion for some years due to Bangladesh’s overreliance on the readymade garments sector for foreign earnings. With the foreign reserves depleting every month, finding new avenues for exports and emphasising their expansion are considered crucial areas of focus for the country. In a bid to diversify the export basket, the furniture industry can play an instrumental role by racking up substantial foreign earnings. The furniture industry has delved into diverse international markets, and its exports have grown steadily in the last decade. The rise of the global demand for furniture from Bangladesh has been sharp in the last few years, attributable to advancements in product quality, financial incentives, design varieties, labour availability, and low labour costs. The furniture industry has experienced remarkable growth in the last financial year, registering approximately USD 110 million from exports in comparison to approximately USD 79 million in the financial year 2020–21.

According to a recently published report on The Daily Star, the sector’s contribution to the gross domestic product is around 1.2%, while the total market size is about BDT 30,000 crore, among which non-branded furniture constitutes 65%. Most of the businesses involved in the sector among the 40,000 enterprises fall into the cottage, micro, or small category.

Figure 01: Trend of Furniture Exports from Bangladesh (In USD Million)

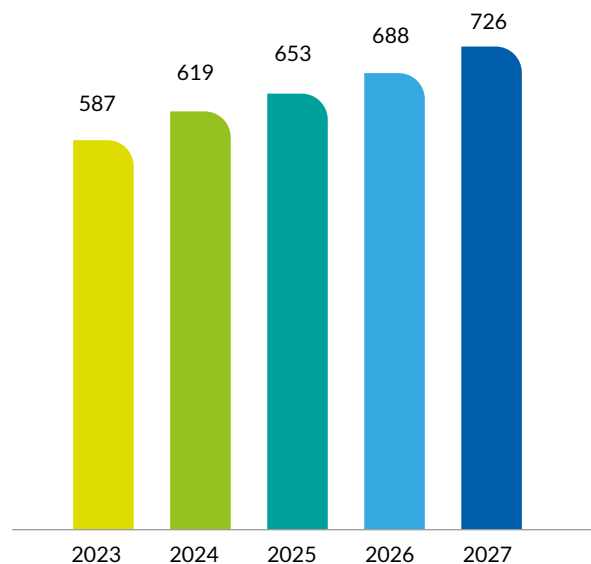


Source: Export Promotion Bureau

Global Outlook of the Furniture Industry

According to Statista, an online platform specialising in market and consumer data, the estimated value of the global furniture market in 2022 was USD 557 billion, and it is projected to rise steadily to a value of around USD 726 billion by 2027. The International Trade Centre reported that China exported USD 139.48 billion worth of furniture in 2021, accounting for 42.44% of the global furniture export market.

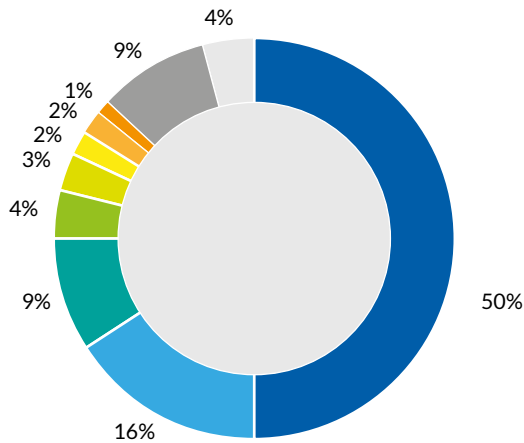
Figure 02: Projection of Global Market Size of Furniture (In USD Billion)



Source: Statista

According to a report published by the Bangladesh Investment Development Authority, the United States ranked as the top furniture importer worldwide in 2021, having imported furniture worth USD 81.38 billion in that year, and Germany stood in the second position, importing USD 25.62 billion worth of furniture, as shown in Table 1. Albeit the United States contributes a massive portion to Bangladesh’s foreign earnings from furniture exports, Bangladesh only managed to fulfil 0.035% of the demands for imported furniture in the United States in 2021. Similarly, Bangladesh also failed to capitalise on the massive markets in Germany, the United Kingdom, France, the Netherlands, and so on.

Figure 03: Major Importers of Furniture from Bangladesh in the Financial Year 2021-22 (In USD Billion)



- USA
- Japan
- France
- India
- South Korea
- Canada
- Saudi Arabia
- Spain
- Others
- Bangladesh Local Exports

Source: Bangladesh Investment Development Authority

Table 01: Import Figures of Major Importers of Bangladeshi Furniture in the Financial Year 2021-22 (In USD Billion)

COUNTRIES	IMPORTS (IN USD BILLION)
USA	81.38
GERMANY	25.62
UK	14.16
FRANCE	14.05
THE NETHERLANDS	10.20

Source: Bangladesh Investment Development Authority

The rise in the development of new residential spaces is contributing to the growth of the global furniture market. Also, consumer demands are changing regarding interior design and living room furnishing. The continuous development of smart cities and the massive growth in the construction sector have the potential to create enormous demands for furnishing solutions in the forthcoming years. The creative marketing campaigns of readymade furniture for commercial and residential accommodations, along with good discounts and excellent customer service, can help propel the growth in this sector. Technological developments in the space of furnishing and decoration will also help escalate market growth globally. All these, in turn, will increase the global demand for furniture

and will present a massive opportunity for Bangladesh to significantly ramp up its export activities and bring in revenues for the country.

In the financial year 2021-22, Bangladesh exported furniture to 61 countries, including India, Canada, Switzerland, Spain, France, Japan, Italy, Saudi Arabia, Poland, the United States, and many others.

Leading Market Players in the Furniture Industry

The Daily Star reported that Hatil Furniture, Otobi, Akhtar Furnishers, Brothers Furniture, Partex Furniture, and Navana Furniture account for the majority of the export earnings from furniture exports among the 17 members of the Bangladesh Furniture Exporters Association.



Hatil is the pioneer in Bangladesh when it comes to exporting furniture in an organised way, with its modern machines and competent artisans playing a vital role in smoothing the company's operations. Hatil currently exports to the United States, Canada, Australia, Saudi Arabia, Kuwait, Thailand, Egypt, Russia, etc. In addition to being a popular furniture brand in Bangladesh, Hatil is the only furniture brand from Bangladesh that operates brand shops in Australia and Canada.

Navana Furniture is one of the leading furniture manufacturers and retailers in Bangladesh. It currently has more than 80 franchise dealers all over Bangladesh and a footprint in the global market.

One of the top furniture manufacturers in Bangladesh, Otobi, offers desirable options for middle- and upper-class households. This furniture company is renowned for its cutting-edge production facilities, advanced and creative designs, and extensive distribution network, which allow it to export its products to international markets successfully.

Partex Furniture has made its name popular in Bangladesh by offering a diverse range of furniture. The company, founded in 1999, has its own unique styles and designs.

Brothers Furniture has a history of more than 40 years of successful commercial operations in Bangladesh. The company has begun exporting its products outside of Bangladesh recently. With superior customer service, this well-known local furniture manufacturer aims to produce furniture that fits a modern lifestyle.

Akhtar Furniture initiated its journey with a small furniture shop in the 1970s and is currently recognised as one of the country's best furniture manufacturing companies. Its high-quality products and innovative and unique designs have established the brand as a key consideration among customers looking for furniture.

Factors Fuelling the Growth in Exports

Cheaper Manufacturing Costs

There is abundant cheap labour in Bangladesh, and domestic furniture manufacturers enjoy better competitive advantages than other furniture exporting countries, as the labour costs are significantly cheaper than those of other exporting nations. That eventually brings down the total manufacturing costs.

Government Support

The government of Bangladesh has recognised the potential of the furniture manufacturing sector and actively supports its development. As the government offers a 15% cash incentive to furniture exporters, which helps offset the duties on imported raw materials, making the sector more attractive to manufacturers. If bonded warehousing facilities are implemented, the industry can become a significant export powerhouse for the country.

Growing Demands

As the country experiences rapid urbanisation and an increase in disposable income, there will be rising demands for quality furniture. This, in turn, will create

more opportunities for domestic manufacturers to cater to the local market while also targeting international markets.

Technological Advancements

Although many of the manufacturing processes are still manual or semi-automated, there has been an increase in the adoption of advanced robotics and automated machines by Bangladeshi furniture manufacturers. This shift towards automation is helping improve efficiency, reduce labour costs, and meet growing demands.

Skilled Workforce

The furniture manufacturing industry requires a combination of skilled artisans, designers, and engineers to create unique and innovative products. The country's rich cultural heritage and government initiatives to promote skill development make Bangladesh an ideal location for furniture manufacturing.

The furniture manufacturing sector in Bangladesh has immense export potential due to its ability to produce high-quality products at competitive prices. With the implementation of bonded warehousing facilities, the industry can emerge as an important player in the global market.

Prospects of the Furniture Industry

The furniture manufacturing industry rapidly transformed from a cottage industry to a heavily mechanised mass-production industry in the early 1990s and is known primarily for producing home and office furniture. Global industrialisation has led to a continued rise in demand for home and office furniture all around the world. DATABD.CO, industry data and reports provider in Bangladesh, claims that there is a vast market for office furniture in a good number of countries, including the United States and Japan. There is no doubt that the global and local demands for high-quality furniture will only increase with the growth in population and improvement in living standards.

To stand out, some furniture manufacturing companies, apart from the significant market players, have come up with innovative designs and themes. ISHO, for example, is working on addressing the gap in the market for stylish and minimalistic furniture. The brand's fundamental principle is to redefine how people use space in their homes and workplaces. ISHO offers a diverse range of products that meet global standards at a much lower price than imported furniture.

Wood Tech Solution assists businesses that produce wooden doors and furniture in finding solutions to their craftsmanship issues. The company has directly contributed to the modernisation of factories for many renowned furniture brands in Bangladesh. The company provides services ranging from designing a modern factory layout to training the factory staff to operate the production facility. The company is even producing modern machinery under the banner of its own brand, WTS.

The furniture manufacturing industry is currently the second-largest job provider after the garments and textiles sector. With abundant, low-cost labour, it signals an enormous potential to establish Bangladesh as a global manufacturing hub for furniture.

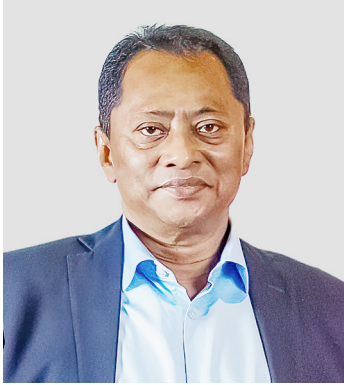
Obstacles to Export Growth

The furniture industry in Bangladesh faces several challenges when it comes to exporting its products. 60% of the raw materials, such as timber, wood coating materials, fabrics, hardware, accessories, etc., are imported from different countries. High import duties on some raw materials make manufacturing costs go up significantly. Moreover, a more skilled and trained workforce in handling modern machinery and equipment is needed to ensure the consistent growth of this sector. In addition, high-interest rates on bank loans make it difficult for businesses to invest in advanced technologies and training for their workers. The lack of research and development further adds to the challenges faced by the industry. Despite efforts by furniture manufacturers to market their products globally through international fairs, the need for access to necessary resources is holding back the industry's potential in the export market.

Additionally, there is a greater need for backward linkage, mechanisation, and automation, which can help reduce high lead times. Establishing a separate economic zone for furniture manufacturers can mitigate some of these challenges and help the industry grow. Furthermore, the woods and boards used for making furniture for export markets require certification for environmental protection, but a local policy to issue certification for furniture manufacturers is yet to be developed. These challenges are hindering the growth of the furniture industry in Bangladesh and should be given more attention by the stakeholders.

The furniture industry has experienced consistent growth in exports in the last decade, and the trend is up. According to The Business Standard, this sector is managing to meet 95% of the local demands, and its focus is now revolving around expanding the volume of exports. The country's furniture manufacturers are producing high-quality products at competitive prices in response to the rising demand for quality furniture in global markets. Alongside this, the government's assistance and measures are helping the furniture export business thrive. Then again, even with an increase in exports, Bangladesh still needs to address a considerable portion of the international markets, especially the top importers, namely the United States, Germany, the United Kingdom, etc. Catering to the demands for furniture in those countries by as little as 1% of their total imports can bring massive foreign earnings for Bangladesh. Despite the industry's potential for growth, issues such as escalating raw material prices and unpredictability in the global economy can limit its transition to a large extent. Nonetheless, Bangladesh has the potential to grow into a significant exporter of furniture on the world market in the next few years if proper plans and regulations are in place.





Selim H. Rahman

Chairman and Managing Director, Hatil Furniture

Interviewed By
Syed Md. Rakeen, Team MBR

Selim H. Rahman is the chairman and managing director of Hatil Furniture, the leading and largest furniture brand in Bangladesh, which was born from a door shop back in 1989 and later expanded into furniture manufacturing. He started working in this sector right after completing his graduation in 1989. His dream is to create a global wave through his work and put Bangladesh on the map as a major contributor to the global furniture export market. He is an advocate of Kaizen and has been practising the philosophy in his business since 2007. Team MBR was in a conversation with Mr. Selim H. Rahman and was fortunate enough to receive his take on the furniture industry.

Syed Md. Rakeen: It has been observed that exports of furniture grew to USD 110.36 million in FY2021–22 from USD 52.53 million in 2016–17. What are the factors that, in your opinion, are fuelling this boost in exports?

Selim H. Rahman: It is indeed a heartening development that the furniture industry in Bangladesh has witnessed a significant surge in exports, more than doubling from 2016–2017 to 2021–2022, despite the various challenges posed by the COVID-19 pandemic.

The key factor driving this remarkable export growth is the industry's commitment to product development and ensuring that the products meet global quality standards. This has helped the industry build trust and credibility among international buyers, increasing export orders.

Moreover, the entry of new cutting-edge technologies and new entrepreneurs into the market has ushered in a wave of innovation, developing new product lines and expanding the industry's reach in international markets. All these factors

combined have contributed to the tremendous boost in exports that we are currently witnessing in the furniture industry in Bangladesh.

Syed Md. Rakeen: Global trends show that people now prefer furniture with modern and stylish designs that keep minimalism and simplicity at their core. Do you think our furniture industry is in line with global trends in terms of designs?

Selim H. Rahman: Undoubtedly, the global furniture industry is witnessing a shift towards modern and stylish designs that emphasise minimalism and simplicity, and this trend is also clearly visible in Bangladesh. Several furniture brands in the country produce furniture that aligns with global design trends, keeping minimalism and simplicity at the forefront.

Previously, furniture designs in Bangladesh leaned towards bulky, ornate designs with heavy floral patterns and decorations, which consumed more wood and space. However, as consumers have become more aware of the challenges associated

with maintaining such furniture, their preferences have shifted towards modern and minimalistic designs that are more functional and easier to maintain. This shift in consumers' preferences towards minimalism and simplicity has prompted the furniture industry in Bangladesh to adapt to global design trends.

Syed Md. Rakeen: According to Statista, the global market value of the furniture industry was USD 557 billion in 2022, which is expected to reach USD 726 billion by 2027. How do you perceive Bangladesh as a major contributor to the global market in the coming days?

Selim H. Rahman: Bangladesh can become a major contributor to the global furniture market in the coming days. With its skilled workforce, competitive labour costs, and growing domestic and international furniture demands, Bangladesh can capitalise on this opportunity to expand its furniture exports and increase its share in the global market. However, the industry needs to overcome its challenges, such as the heavy reliance on imported raw materials, the lack of backward linkage industries, and limited investment, to fully realise its potential. If these challenges are addressed through proper policies and collaboration between stakeholders, the furniture industry in Bangladesh can contribute significantly to the global market and boost the country's economy.

Syed Md. Rakeen: Nearly 60% of the raw materials, such as timber, wood coating materials, hardware, accessories, etc., required to produce export-quality furniture are imported, which results in lower value addition. What are your thoughts regarding the industry establishing a complete backward linkage and being self-reliant?

Selim H. Rahman: The furniture industry's heavy reliance on imported raw materials poses a significant challenge to achieving self-reliance and increasing value addition. To address this issue, the industry needs a comprehensive strategy that

involves collaboration between stakeholders such as the government, industry, and academia. The strategy should promote local production of raw materials and increase export volumes to attract new entrepreneurs.

Furthermore, the government should formulate policies conducive to the furniture sector's growth, such as reducing import duties and providing bonded warehouse facilities. By doing so, the industry can reduce its reliance on imported raw materials and achieve greater value addition locally, leading to a more self-reliant industry.

Syed Md. Rakeen: Though export figures are demonstrating positive growth, the furniture industry is yet to realise its true potential in exports. What are the key challenges the industry is facing to flourish to the fullest in exports?

Selim H. Rahman: Despite the positive growth in export figures, the furniture industry has not yet realised its full export potential due to several key challenges. One of the major challenges is the inability to be price competitive, partly caused by high import duties on raw materials.

The nominal growth in the furniture sector's export value has also hindered the development of backward linkage industries, resulting in a heavy reliance on imported raw materials and increased prices of finished goods. To establish a stable position in exports, the furniture industry requires bonded warehouse facilities, similar to the readymade garments industry, which benefits greatly from this facility and maintains international competitiveness.

Additionally, high bank interest rates act as a barrier to entry for new entrepreneurs, limiting investment in the industry. To overcome these challenges, it is necessary to address these issues through policies that promote the growth of the furniture industry and encourage investment in the sector.

Syed Md. Rakeen: The COVID-19 pandemic had a significant negative impact on the steel

furniture market, which has seen sluggish demand in the years since. What suggestions do you have for the revival of this segment?

Selim H. Rahman: The demand for steel furniture has decreased due to various factors, including the global price hike of steel and the COVID-19 pandemic's impacts. Preferences of the customers for wooden furniture may also be a contributing factor. However, the challenges posed by the pandemic can be overcome, and we look forward to meeting the demands of our customers in the years to come.

Syed Md. Rakeen: Manufacturers and exporters have expressed their desires for enhanced policy support. Do you think that the policy support is adequate for the industry to flourish? If not, what changes are you expecting in the policies associated with the industry?

Selim H. Rahman: The current policies need to meet the requirements for the healthy growth in exports that we aspire to achieve. To tackle the challenges we are currently facing, the policies must be revised. The government can make the policies more effective and export-friendly by reducing import duties on raw materials, establishing backward linkage industries, providing bonded warehouse facilities, and introducing institutions or diploma courses tailored for this sector. These

measures would not only lead to significant growth in the furniture industry but also attract new investors, contributing to an overall boost in the economy.

Syed Md. Rakeen: Readymade garments contributed 85% of Bangladesh's total exports worth USD 52.08 billion in FY2021-22. What are your thoughts regarding the furniture industry's potential to diversify the country's export basket in the upcoming years?

Selim H. Rahman: The furniture industry has enormous potential to expand the range of products exported from Bangladesh in the coming years. With a large and relatively low-cost workforce, we have a competitive advantage over developed countries like China, a major player in the global furniture industry. In addition, our exports have grown by over 110% between the fiscal years of 2016-17 and 2021-22, indicating a positive trend. However, to fully realise the industry's potential, the government must take necessary measures, such as establishing backward linkage industries and reducing import duties on raw materials. With these initiatives, the industry can easily reach the billion-dollar mark and become the second-largest export-oriented industry in our country.



IDLC Achieves ISO 27001 Certification for Information Security Management



IDLC Finance Limited has been awarded globally recognized ISO 27001:2013 certification by Intertek Certification Limited for its Information Security Management System (ISMS), accredited by the United Kingdom Accreditation Service (UKAS).

Mr. M Jamal Uddin, CEO, and Managing Director of IDLC Finance Limited, formally received the ISO 27001:2013 Certificate from Shoriful Islam, Head of Business Assurance, Intertek Bangladesh, on Wednesday, March 22, 2023.

The CEO and Managing Director of IDLC Finance Limited said, “We are proud to have achieved the ISO 27001 certification, which demonstrates our commitment to securing our customers’ sensitive information and maintaining the highest standards of information security.”

Mir Tariquzzaman, Chief Technology Officer (CTO) of IDLC Finance Limited, said, “In the current digital

era, information security is of utmost importance, and we have always worked to secure our information assets from many forms of threats prevailing in digital space. By achieving this certification, we have demonstrated that we have implemented a robust information security management system that ensures our information assets are protected from threats, vulnerabilities, and risks.”

Mr. Asif Saad Bin Shams, DMD & Chief Risk Officer; Syed Javed Noor, Deputy Managing Director; Mir Tariquzzaman, Chief Technology Officer (CTO); Md. Masud Karim Majumder, FCA, Group Chief Financial Officer; Mahbub-ul-Kader, CAMS, Group Head of Internal Control and Compliance; Laila Nasrin, Head of Operations Controls; M Maksudul Hoque, Head of Administration; Muhammad Sazzad Hossain, Group Head of Enterprise Risk Management; and other senior executives of IDLC Finance Limited and Intertek Bangladesh were present at the handover ceremony.

Moner Bondhu



Tawhida Shiropa

Founder and CEO, Moner Bondhu

Interviewed By

Akhlaqur Rahman Sachee, Team MBR

Moner Bondhu is a mental healthcare and well-being startup in Bangladesh. Its mission is to make professional counselling accessible and affordable for everyone. With the support of its counsellors, experts, psychologists, psychiatrists, and mental health workers, the organisation has impacted more than four million lives, working towards SDGs 3, 5, and 10. Moner Bondhu has provided professional counselling services (in person, online, and via mobile app) to more than 75,000 individuals and soft skill training to more than twelve hundred thousand people. The organisation firmly encourages and supports women's empowerment. Moner Bondhu has also received investment from Startup Bangladesh Limited, the first venture capital company of the Government of Bangladesh. Team MBR was in a conversation with Ms. Tawhida Shiropa, Founder and CEO, Moner Bondhu, to learn about her inspirations and vision behind Moner Bondhu.

Akhlaqur Rahman Sachee: Moner Bondhu was started in 2016, and since then, it has been a platform for mental healthcare and well-being. What were your motivations behind taking this initiative?

Tawhida Shiropa: I have seen depression grasping people's lives very closely, and I have always felt that a healthy mind brings all the things in life into alignment. I myself came up with the idea of this startup when I observed that this particular area of nurturing mental health is untapped and unnoticed by

all. I wanted to make my surroundings and society aware of the importance of mental health and how we can take care of it. After seeing my mother suffer from severe depression and going through the experience as a family, I assembled a team of empathetic individuals who dearly believed in the need for mental healthcare in Bangladesh. My experience says that anyone who reaches and experiences proper professional mental healthcare services has managed to overcome their issues, just like my mother. My mother's sufferings are not uncommon. According to



the National Institute of Mental Health and Hospital, almost 20 million people in Bangladesh are suffering from mental health issues. According to their survey, in Dhaka, which is the capital city of Bangladesh, around 71% of people are suffering from depression. Mental health is one of the most neglected issues in Bangladesh, where people ignore mental illness and consequently suffer the effects of depression, stress, and trauma. And, for many who do consider mental health to be an important issue, poor mental health care services, societal taboos, and a lack of awareness have made professional mental health care services inaccessible to them. Hence, my main objective was to create a platform that eliminates any kind of fear or obstacle that comes with addressing mental health issues. It feels proud to be known as a platform that has provided services to almost 75,000 individuals. The number of people availing of our services is increasing day by day due to the quality of the services that we provide and the fact that they are affordable for everyone.

Akhlaqur Rahman Sachee: Even in the 21st century, there are still taboos in Bangladesh about mental healthcare. What can be done to change the perception of mental healthcare?

Tawhida Shiropa: Still, there are a lot of stigmas, feelings of shame, lack of awareness, and societal taboos about mental healthcare in Bangladesh. Because of these reasons, many people do not feel comfortable opening up their minds to go for professional counselling. In such a crisis, we are offering confidential, non-judgmental, and highly ethical one-stop services that are also easily accessible. Moner Bondhu is dedicated to offering professional mental healthcare and well-being services to millions, addressing such stigmas and crises, and supporting them. We are providing awareness sessions in various sectors of our country where the least possible thing that needs to be done is to create awareness about mental health well-being and its importance of it. That is why we focus on developing and promoting content in Bangla to make more people aware, break the stigma groups, work with them closely, and bring changes even in rural lives. Our contents are available on all of our social media platforms so that more people can reach us, learn more about mental wellness, and receive self-awareness. We have done and still do advocacy to bring about changes among people and create awareness about mental health in Dhaka and also outside of Dhaka.

Akhlaqur Rahman Sachee: According to a recent Dhaka Tribune report, 45 students committed suicide per month on average in Bangladesh in 2022. What factors, in your opinion, contribute to this undesirable scenario? How is Moner Bondhu addressing this issue?

Tawhida Shiropa: Youths and adolescents are having a hard time accommodating to the new normal, along with many challenges. It has been reported that, on average, 45 suicides occur among students each month. This is due to the education system, the personal problems that teenagers face, and all sorts of societal issues that take place in everyday life. Young people who used to earn their pocket money with tuition, part-time jobs, small businesses, or stores were forced to quit and stay at home. Social distancing, one of the key steps to controlling the spread of the virus, impacted negatively among young people. The regular interactions with friends, teachers, mentors, and supervisors were stopped. These critical situations have caused a series of interconnected mental health issues, such as screen addiction, fear, depression, frustration, intensified stress, lack of concentration, sleeping disorders, anxiety, panic attacks, paranoia, and the risk of self-harm. As a mental health service provider, we aim to keep the youths stress-free and provide a joyful life that will help them focus on their self-care and positive lifestyle. I also want to add that the internet has a vital role to play here. Since the youth have easy access to the internet, if we want, we can use it positively and create awareness through technology. Moner Bondhu has come forward to bring sustainable changes in society by providing mental healthcare services with attractive offers, especially for students. Not just that, we have worked together across Bangladesh with various schools, colleges, and universities to sensitise through awareness. We follow the national suicide prevention strategy according to WHO guidelines. If our client has any intention of self-harm or suicide, we immediately ask them to fill out the Contact Form to Prevent Suicidal Risk. Also, as per the instructions from the National Institute of Mental Health and Hospital, if we find any client or anyone trying to commit suicide or self-harm, we immediately call 999 to prevent the suicide or find the designated person to support them.

Akhlaqur Rahman Sachee: During the COVID-19 pandemic, a large number of people experienced stress, anxiety, and depression. Did Moner

Bondhu experience any spike in requests for its services during that period? How did Moner Bondhu respond to this situation?

Tawhida Shiropa: Even though the pandemic is over, people still have a hard time getting used to the new normal while also dealing with other problems. During the COVID-19 pandemic, a huge number of people suffered a series of mental health crises. Thousands of people reached out to Moner Bondhu via Facebook messaging to express the tremendous traumas and panicked situations that they were dealing with. During the COVID-19 pandemic, Moner Bondhu provided free 24/7 video and tele counselling. From March 2020 to December 2020, we served over 18,000 calls from 52 districts in Bangladesh and 10 different countries. We have created the first-ever free online capacity-building certification course in Bangla on psychosocial health and behavioural skills. This was done with the support of UNDP under the COVID-19 Crisis Response Project, where Moner Bondhu was the implementing partner.

During the pandemic, people struggled to cope with the fear of the coronavirus. They also feared that they would carry the coronavirus back to their home and spread it to their family members. In the beginning, they felt too uncomfortable to open up and discuss their distress. During that time, people came across Moner Bondhu on Facebook. Moner Bondhu developed many materials, tools, and techniques to reduce the stress caused by the pandemic.

We arranged an international mental health conference in 2021. We received a good number of messages thanking us deeply from their hearts. We believe that after taking the counselling services from Moner Bondhu, many people slept soundly. Our helpline received a huge number of calls from clients thanking us. Because of our tremendous contribution during the COVID-19 pandemic, Moner Bondhu was rewarded with honours and prestigious acknowledgements. I was also recognised as a “COVID-19 Hero” in 2020.

Akhlaqur Rahman Sachedi: How can someone avail of the services offered by Moner Bondhu? Would you kindly enlighten us about the ways in which the diversified services of Moner Bondhu are offered?

Tawhida Shiropa: Moner Bondhu feels privileged to be able to reach every corner of the country and

provide services and bring changes to people’s lives. Our success lies in being available 24/7 for our clients at their convenience through our helpline number and taking appointments via our mobile app, website, LinkedIn, Instagram, and Facebook. Our official social media pages and 24/7 helpline are attended by our first responders, who are also enriched with psychosocial educational backgrounds. People can also avail of our services in person by visiting our office premises. To date, we have provided services to almost 75,000 individuals. The number of people availing of our services is increasing day by day due to the quality of the services that we provide and their affordability.

With a committed core psychosocial team, Moner Bondhu provides in-person sessions, online one-to-one sessions, group counselling sessions, video and tele counselling sessions, workshops, and training. Moner Bondhu also produces many tools, contents, and awareness-building campaigns. In doing all these, we established community engagement, commitment, and positive pressure for change and affirmative impact. Our services are being recognised nationally and internationally. We have had an impact on 4 million people, both nationally and internationally. Moner Bondhu collects feedback, followed by professional counselling sessions. We were able to collect feedback from 85% of our clients through satisfaction surveys. This is a great achievement for us, where almost 100% of the clients who took psychosocial counselling services from Moner Bondhu expressed their high satisfaction with the quality of the counselling they received. Out of them, 49.25% said that the services were excellent and outstanding and that they were highly satisfied with them. We are proud to say that we are receiving abundant calls, texts, and appointments soon after launching our mobile app, which took place at the beginning of this year.

Akhlaqur Rahman Sachedi: Counsellors are required to have relevant qualifications and expertise in this field. How does Moner Bondhu ensure the uncompromised professionalism and quality of its services?

Tawhida Shiropa: Moner Bondhu is built with an assembled team of empathetic individuals who dearly believe in the need for mental healthcare in Bangladesh. With a committed and dynamic core team of 55 people and more than 100 counsellors, mental health experts, advocates, psychologists, and psychiatrists, the mission

of Moner Bondhu is to make professional counselling accessible, affordable, and convenient. Moner Bondhu's counsellors, psychologists, and psychiatrists are strongly guided by our ethical code of conduct and UN-guided WEP's principles, and they are constantly monitored by the Moner Bondhu managerial team for their successful accomplishments. Our startup is dedicated to working for mental healthcare promotion in Bangladesh in different areas. Our team consists of psychosocial counsellors who have expertise in this field. All of our recruited counsellors have educational qualifications in the field of psychology, and they also have firm professional backgrounds. They have acquired their graduation, post-graduation, and also higher studies in psychology. They have also attended various training and received supervision from the best advisors, experts, and supervisors all over the world. As we promise professionalism and confidentiality, we religiously maintain the practice of it by ensuring awareness within the premises and also outside of them. Mental health is an inseparable component and is strongly connected with physical health. Moner Bondhu has a referral system where, if necessary, our counsellors can connect the clients to other health providers. We also work with some hospitals and rehabilitation centres for our clients' betterment and holistic services, if needed.

Akhlaqur Rahman Sachee: In January 2023, Moner Bondhu officially launched its app for smartphones. How useful is this app going to be for those looking for the services offered by Moner Bondhu?

Tawhida Shiropa: To date, more than 8,600 people have downloaded our app, and we have over 5,500 active users who regularly use our app not just for booking appointments but also to read and learn more about mental health, wellness and self-care. We have

options like bedtime stories, music, tips and tricks, and meditations that meet the various purposes of the users. It feels good to see that a huge number of users are actually giving importance to their mental health and well-being. While designing the app, we made sure we highly maintained data and information confidentiality, just like we do in general while dealing with various clients on a day-to-day basis. We always keep in mind that we deal with one of the most sensitive issues in our society, which is mental health and well-being. People come to us to seek help with their most confidential issues. We make sure we respect and maintain that in order to create brand loyalty.

Akhlaqur Rahman Sachee: There are surely many aspiring women who want to follow in your footsteps. What suggestions do you have for those wanting to pursue their career in the field in which you operate your business?

Tawhida Shiropa: Having the aim of helping the ones who are most in need of any sort of mental health support should be one thing that has to be considered in the very first place. Considering the main goal, which is to create leadership qualities, resilience, and self-acceptance among the youths to become change agents in their community, it is very crucial to have strong self-esteem and be vocal to spread the wings and let everyone know how to bring the changes. In the very first place, we need to love ourselves. We cannot pour from an empty cup. In order to offer help to others, we first need to help ourselves to be happy, healthy, and content with ourselves. Self-love is the most vital kind of love that every woman should develop personally and professionally. I would personally suggest everyone spread the word and offer help to the community to build awareness of psychosocial needs and women's empowerment.



CAPITAL MARKET REVIEW

Performance of Equity Markets of Bangladesh and Peer Countries

Bangladesh equity market closed the month of March in negative territory. During the month, the broad index DSEX went down by 0.2%. Blue chip index DS30 and Shariah index DSES declined by 0.5% and 0.8%, respectively in the month of March.

Among the regional peers, Vietnam reported the highest positive return of 3.9% followed by Sri Lanka (1.2%) and Pakistan (-1.3%). MSCI Frontier Markets Index performance was positive by 1.2% in March. Over 5-year horizon, Sri Lanka (+43.6%) booked the most encouraging return.

Table 1: Equity market performance of Bangladesh and peer countries

Indices	Index Points, March 2023	Return*					
		1M	3M	YTD	12M	3Y	5Y
Bangladesh							
DSEX	6,206.8	-0.2%	-1.0%	0.0%	-8.2%	54.8%	10.9%
DS30	2,209.4	-0.5%	-0.5%	0.6%	-10.7%	66.0%	4.9%
DSES	1,349.3	-0.8%	-1.2%	-0.7%	-8.1%	46.6%	N/A
Peer Countries							
Pakistan (KSE 100)	40,000.8	-1.3%	-5.5%	-1.0%	-11.0%	36.8%	-12.2%
Sri Lanka (CSE - All Share)	9,301.1	1.2%	8.1%	9.4%	4.5%	103.5%	43.6%
Vietnam (VNI)	1,064.6	3.9%	-6.0%	5.7%	-28.7%	60.7%	-9.4%
MSCI Frontier Markets Index	700.6	1.2%	0.0%	4.1%	-15.0%	22.5%	-17.6%

*All returns are Holding Period Return

Source: Investing.com, MSCI, DSE

Liquidity Condition in Equity Market of Bangladesh

During March, the total market capitalization decreased by 0.1%. The daily average turnover of March was BDT 4.7 bn (USD 44.0 mn), increasing by 3.6% from that of the last month. Turnover velocity which represents overall liquidity of the market stood at 14.8% in March compared to 13.6% of last month. In 2022, turnover velocity of Bangladesh equity market was 30.7%, in comparison to 65.3% in 2021.

Table 2: Market capitalization and turnover statistics

Particulars	31-Mar-23	28-Feb-23	% change
Total market capitalization (USD* mn)	71,273	71,333	-0.1%
Total equity market capitalization (USD mn)	41,299	41,211	0.2%
Total free float market capitalization (USD mn)	16,095	16,066	0.2%
Daily Avg. Turnover (USD mn)	44.0	42.5	3.6%
Turnover Velocity~	14.8%	13.6%	N/A

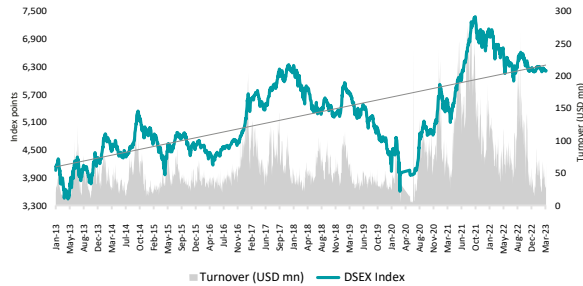
*All USD figures are converted using an exchange rate of 106.97 as of April 05, 2023 as per Bangladesh Bank website.

~Turnover velocity is calculated by dividing monthly total turnover with month-end market capitalization. The figures are annualized.

Historical Index Points and Market Participation Data

Since its inception on February 27, 2013, DSEX yielded a holding period return of 53.0% till March, 2023. During this period, daily average turnover of the market amounted to BDT 6.8 bn (USD 63.7 mn) (Figure 1).

Figure 1: DSEX since inception along with market turnover



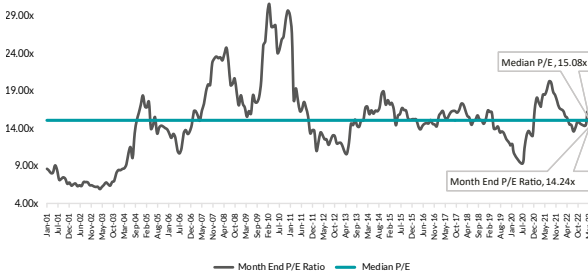
Source: DSE

Market Valuation Level - P/E Ratio

The market P/E decreased to 14.24x in March compared to February's 16.26x. It is slightly lower than the 23 years' median market P/E of 15.08x (Figure 2). In terms of trailing 12 month P/E ratio, the equity market of Bangladesh is the cheapest among its regional peers after Vietnam. (Figure 3).

Figure 2: Historical market P/E* and its median

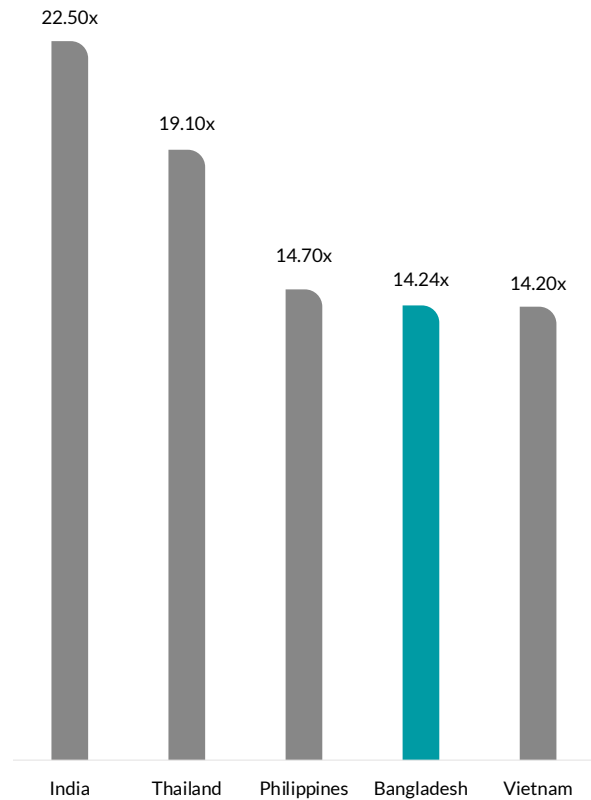
Current Market P/E* in Context of History



*Price Earnings (P/E) Ratio is calculated by dividing total market capitalization of all profit making listed companies with their total audited annual earnings.

Source: CEIC, DSE

Figure 3: Current market P/E* of Bangladesh and peer countries



*All Trailing 12 month P/E as of April 06, 2023.

Source: IDLC, Bloomberg

Sector Performance

Large cap sectors posted mixed performance in March 2023. Food & Allied posted the highest positive return of 2.80% followed by Miscellaneous (+0.70%), Telecommunication (+0.40%) and Fuel & Power (+0.40%). Conversely, Textile sector reported the highest negative return of 7.20% followed by Pharmaceuticals (-1.50%), Bank (-1.10%) and Engineering (-0.20%).

Telecommunication sector has the highest dividend yield of 5.9% among all sectors.

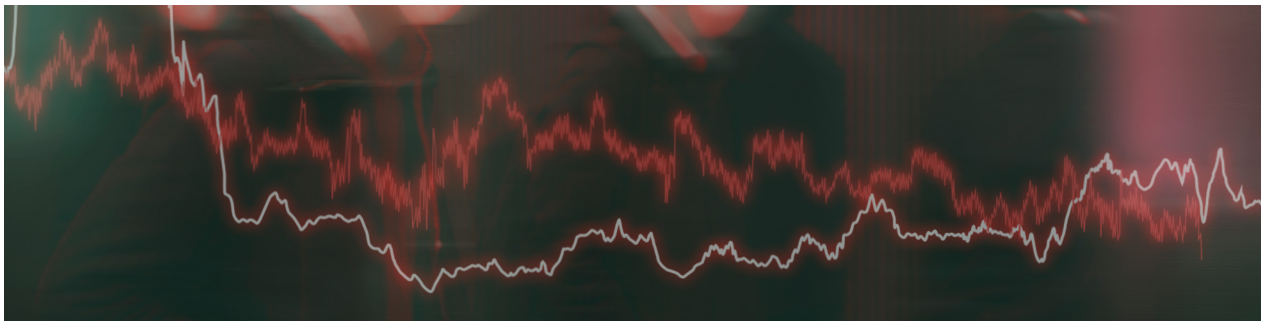


Table 3: Sector performance snapshot

Sector	Market Capitalization (USD mn)		Return*						P/E (x)**	P/BV (x)^	Dividend Yield~
	Total	Free Float	1M	3M	YTD	12M	3Y	5Y			
Pharmaceuticals & Chemicals	6,660	3,573	-1.5%	-2.0%	-2.0%	-2.0%	70.1%	41.7%	16.0	3.1	2.5%
Bank	6,301	3,398	-1.1%	-2.1%	-2.1%	-7.9%	51.7%	20.5%	6.7	0.7	3.9%
Telecommunication	5,425	597	0.4%	3.0%	3.0%	-9.3%	56.1%	-9.0%	16.8	6.0	5.9%
Engineering	4,915	1,055	-0.2%	0.2%	0.2%	-4.8%	117.9%	49.3%	297.6	2.5	1.6%
Fuel & Power	4,177	1,199	0.4%	0.2%	0.2%	-3.5%	31.9%	39.3%	11.7	1.4	4.9%
Food & Allied	3,835	1,167	2.8%	3.5%	3.5%	-5.5%	82.3%	58.6%	18.6	9.2	1.7%
Miscellaneous	2,153	911	0.7%	-0.2%	-0.2%	-13.9%	134.4%	141.1%	12.0	2.5	2.2%
NBFI	1,751	622	1.3%	-0.3%	-0.3%	-6.5%	49.5%	0.0%	28.6	2.0	1.6%
Textile	1,558	895	-7.2%	-12.1%	-12.1%	-14.5%	42.2%	15.4%	19.2	1.1	2.5%
Cement	1,037	406	1.6%	1.1%	1.1%	-13.1%	61.3%	0.7%	18.3	2.9	2.0%
Non-life Insurance	839	474	0.6%	-2.3%	-2.3%	-26.2%	112.7%	133.1%	15.2	1.7	3.2%
Life Insurance	666	392	0.5%	2.7%	2.7%	-6.7%	38.0%	42.5%	83.7	7.3	1.8%
Tannery	309	166	2.1%	1.1%	1.1%	-19.4%	74.1%	20.3%	32.8	3.0	1.1%
IT	417	254	8.1%	12.2%	12.2%	21.1%	133.3%	110.6%	23.5	3.6	1.0%
Ceramics	299	120	-0.4%	0.3%	0.3%	4.2%	72.6%	31.5%	39.6	2.1	1.7%
Travel & Leisure	578	306	10.9%	40.8%	40.8%	104.9%	156.8%	148.9%	33.4	2.2	0.8%
Paper & Printing	375	129	-0.4%	1.4%	1.4%	-10.9%	133.1%	6.3%	45.8	2.8	0.8%
Services & Real Estate	280	145	6.8%	12.7%	12.7%	20.3%	139.1%	72.7%	20.0	1.7	3.1%
Jute	29	15	-0.9%	-14.1%	-14.1%	46.9%	74.9%	73.8%	103.6	9.2	0.0%
Market	41,995	16,066	-0.2%	-1.0%	0.0%	-8.2%	54.8%	10.9%	14.7	1.8	3.1%

*All returns are Holding Period Return.

**Price Earnings (P/E) Ratio is calculated by dividing total market capitalization of all profit making listed companies with their annualized earnings.

^P/BV is calculated by dividing total market capitalization of listed companies with their respective total book values, excluding companies with negative book values.

~Dividend yield is calculated by dividing last year's declared cash dividend with market capitalization.

Cap Class Performance

During the month of March, all cap classes showed mixed performance. Micro cap and Large cap classes reported a positive return of 3.1% and 0.2%, respectively. Mid cap class faced the highest correction of 1.5% followed by Small cap (-0.3%). Large cap was the highest dividend yielding (3.7%) class.

Table 4: Performance of different market cap classes

Cap Class	Definition based on market capitalization (USD mn)	% of total equity Meap	Return*						P/E (x)	P/BV (x)	Dividend Yield
			1M	3M	YTD	12M	3Y	5Y			
Large	≥95	77.4%	0.2%	0.9%	0.9%	-6.6%	95.9%	52.6%	13.3	1.8	3.7%
Mid	29-94	12.4%	-1.5%	0.8%	0.8%	-1.1%	-15.5%	-30.1%	19.7	1.5	2.2%
Small	9-28	7.7%	-0.3%	-5.0%	-5.0%	-12.3%	105.9%	61.9%	25.0	1.1	2.9%
Micro	<9	2.6%	3.1%	-3.7%	-3.7%	-11.3%	-77.7%	-84.8%	40.1	0.8	2.7%
Market	-	100.0%	-0.2%	-1.0%	0.0%	-8.2%	54.8%	10.9%	14.7	1.8	3.1%

*All returns are Holding Period Return

Performance of 20 Largest Listed Companies in Bangladesh

Among the 20 largest listed companies in terms of market capitalization, UNILEVERCL (+10.0%) advanced the most, followed by ROBI (+2.3%) and LHBL (+2.3%). On the other hand, BEACONPHAR registered the highest negative return of 13.7% followed by ISLAMIBANK (-1.50%) while others remained unchanged.

Majority of these companies yielded outstanding return over longer time horizon (5 years) such as BEACONPHARMA (+1339.9%), BEXIMCO (+463.6%), MARICO (+144.2%), UNILEVERCL (+136.6%), UPGDCL (+125.8%) and DUTCHBANGL (+104.0%).

Among the scripts, GP, UPGDCL, SQURPHARMA and MARICO recorded higher dividend yield compared to that of market.

Table 5: Snapshot of 20 largest companies in terms of market capitalization

DSE Code	Sector	Market Capitalization (USD mn)		Daily Avg. Turnover (USD mn)	Return*						P/E (x)	P/ BV (X)	Dividend Yield
		Total	Free Float		1M	3M	YTD	12M	3Y	5Y			
GP	Telecommunication	3,618	362	0.05	0.0%	3.3%	3.3%	-10.0%	39.4%	-19.3%	12.9	13.3	7.7%
WALTONHIL^	Engineering	2,967	30	0.00	0.0%	0.0%	0.0%	-1.2%	N/A	N/A	1,114.6	4.0	1.4%
BATBC	Food & Allied	2,619	693	0.03	1.9%	1.9%	1.9%	-7.8%	92.7%	59.7%	15.7	8.5	1.9%
SQURPHARMA	Pharmaceuticals & Chemicals	1,739	1,136	0.29	0.0%	0.0%	0.0%	0.2%	40.3%	-8.0%	8.7	2.6	4.8%
ROBI^	Telecommunication	1,469	147	0.02	2.3%	2.3%	2.3%	-8.6%	N/A	N/A	85.7	2.6	2.3%
RENATA	Pharmaceuticals & Chemicals	1,397	681	0.35	0.0%	0.0%	0.0%	-2.7%	58.2%	68.8%	32.9	7.6	1.1%
UPGDCL	Fuel & Power	1,267	127	0.00	0.0%	0.0%	0.0%	-8.0%	29.5%	125.8%	11.9	5.1	7.3%
BEXIMCO	Miscellaneous	947	633	0.13	0.0%	0.0%	0.0%	-22.5%	850.5%	463.6%	7.9	1.7	2.6%
BERGERPBL	Miscellaneous	752	38	0.02	0.9%	0.6%	0.6%	-1.2%	40.5%	78.8%	29.4	11.0	2.3%
MARICO	Pharmaceuticals & Chemicals	713	71	0.07	0.0%	0.0%	0.0%	6.3%	71.1%	144.2%	19.2	41.4	3.3%
LHBL	Cement	704	252	0.27	2.3%	2.3%	2.3%	-9.6%	98.4%	33.0%	16.9	4.8	2.3%
ICB	NBFI	693	76	0.00	0.0%	0.0%	0.0%	-12.3%	44.1%	-5.5%	79.6	7.8	0.5%
BXPBARMA	Pharmaceuticals & Chemicals	610	426	1.16	0.0%	0.0%	0.0%	-17.0%	171.7%	65.0%	12.1	2.1	2.4%
UNILEVERCL	Food & Allied	565	74	0.32	10.0%	10.0%	10.0%	10.9%	58.0%	136.6%	51.7	53.5	0.8%
BEACONPHAR	Pharmaceuticals & Chemicals	558	391	0.44	-13.7%	-9.6%	-9.6%	4.0%	332.3%	1339.9%	49.7	20.2	0.6%
BRACBANK	Bank	539	290	0.02	0.0%	0.0%	0.0%	-15.4%	55.2%	-26.8%	11.4	1.5	1.8%
ISLAMIBANK	Bank	495	223	0.09	-1.5%	-0.3%	-0.3%	0.3%	111.0%	41.6%	9.1	0.9	3.0%
DUTCHBANGL	Bank	407	53	0.00	0.0%	0.0%	0.0%	-7.5%	58.2%	104.0%	8.2	1.6	2.5%
TITASGAS	Fuel & Power	378	95	0.01	0.0%	0.0%	0.0%	3.5%	58.9%	35.2%	16.2	0.6	2.4%
POWERGRID	Fuel & Power	349	87	0.03	0.0%	0.0%	0.0%	-15.9%	42.5%	29.4%	(6.6)	0.7	1.9%
Market		41,995	16,066	43.97	-0.2%	-1.0%	0.0%	-8.2%	54.8%	10.9%	14.7	1.8	3.1%

*All returns are Holding Period Return.

^WALTONHIL got listed on February 23, 2020. ROBI got listed on February 24, 2020.

Top Performing Mutual Funds

The top ten open end mutual funds based on 5Y year CAGR outperformed the market, during the same period. Among them, Zenith Annual Income Fund (+21.8%) yielded the highest return. On YTD basis, all these funds outperformed compared to market except Shanta First Income Unit Fund, CAPM Unit Fund, HFAML-ACME Employees' Unit Fund, Second ICB Unit Fund and Capitec Padma P.F. Shariah Unit Fund

Table 6: Top ten open end funds based on 5Y return (CAGR) performance

Name	Asset Management Company	Fund Size (USD mn)	NAV Return		
			YTD 2023	2022	2018-22
Zenith Annual Income Fund	ZENITH	1.0	0.9%	-1.0%	21.8%
Shanta First Income Unit Fund	SHANTA	10.9	-1.0%	-5.3%	13.5%
Vanguard AML Growth Fund**	VANGUARD	0.9	N/A	-0.3%	12.1%
CAPM Unit Fund	CAPM	1.4	-3.7%	5.6%	12.0%
Credence First Shariah Unit Fund	CREDESCENCE	1.1	0.9%	3.2%	11.5%
HFAML-ACME Employees' Unit Fund	HFAML	1.8	-7.2%	-0.9%	11.3%
Second ICB Unit Fund	ICB AMCL	2.1	-0.4%	-1.6%	9.4%
IDLC Growth Fund	IDLC	4.3	1.2%	-3.8%	9.1%
EDGE Bangladesh Mutual Fund	EDGE	2.8	1.5%	-4.2%	9.0%
Capitec Padma P.F. Shariah Unit Fund	CAPITEC	4.0	-6.0%	10.2%	8.3%
Market (Broad Index) Return (%)			0.0%	-8.1%	-0.1%

*Based on published NAV and DSEX point of March 30, 2023

**Vanguard AML Growth Fund NAV is not available due to book closing.

All the top ten closed end mutual funds on the basis of 5 years (2018-2022) outperformed the market during the same horizon. Among them 1STPRIMFMF (+8.8%) and CAPMIBBLMF (+8.8%) posted the highest return. On the YTD basis, PF1STMF (+3.4%), ICBSONALI1 (+2.0%) and ICBEPMF1S1 (1.9%) were the top performers.

Table 7: Top ten close end funds based on 5Y return (CAGR) performance

DSE Code	Fund Manager	Fund Size (USD mn)	Price ¹ (BDT)	NAV ¹ (BDT)	Price/NAV	Dividend Yield ² (%)	NAV Return ³				Redemption Year ⁴
							YTD 2023	2022	2020-22	2018-22	
1STPRIMFMF	264.2	2.5	13.8	13.2	104.5%	8.0%	-6.8%	0.5%	23.6%	8.8%	2029
CAPMIBBLMF	766.1	7.2	10.0	11.5	87.3%	8.0%	-2.5%	-0.2%	14.8%	8.8%	2027
CAPMBDBLMF	582.5	5.4	9.9	11.6	85.2%	8.1%	-3.6%	4.6%	17.7%	8.0%	2027
ICBEPMF1S1	708.0	6.6	7.1	9.4	75.2%	7.0%	1.9%	0.8%	25.0%	7.8%	2030
PRIME1ICBA	979.0	9.2	7.7	9.8	78.7%	6.5%	1.3%	-2.3%	20.8%	7.6%	2030
ICB3RDNRB	913.0	8.5	6.5	9.1	71.2%	7.7%	1.9%	-1.1%	22.7%	7.0%	2030
PF1STMF	571.2	5.3	9.9	9.5	104.0%	5.1%	3.4%	-4.1%	21.4%	6.6%	2030
ICBAMCL2ND	509.0	4.8	8.7	10.2	85.5%	6.9%	1.3%	-0.8%	22.2%	6.4%	2029
ICBSONALI1	1,006.0	9.4	7.8	10.1	77.5%	6.4%	2.0%	-1.1%	17.1%	6.1%	2023
ICBAGRANI1	1,047.3	9.8	9.2	10.7	86.2%	9.8%	1.8%	-1.6%	17.2%	5.6%	2027
Market							0.0%	-8.1%	12.0%	-0.1%	

¹Price as on April 02, 2023 and index value as on March 30, 2023.

²On last cash dividend declared.

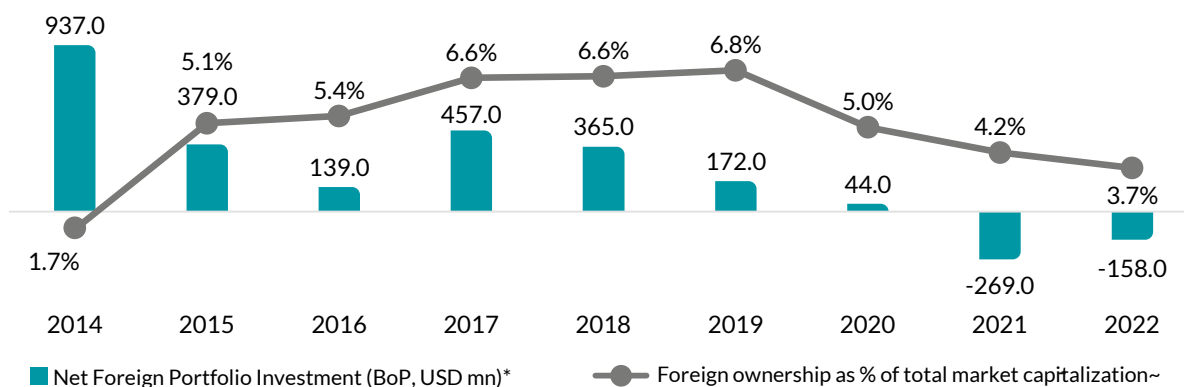
³CAGR computed for respected periods, except for 2021 and 2022 YTD, adjusted for dividend. YTD returns of funds debuting within the year represent return generated since debut, hence is not directly comparable with return of funds that operated throughout the year.

⁴In reference to BSEC Press Release বিসেক প্রেস রিলিজ/মুদ্রাপত্র (সং. স্বতঃ)/২০১১/২৫ published on March 16, 2018, tenure of existing listed closed end mutual funds can be extended by another tenure equal to maximum 10 years, provided that the full tenure of the subject fund does not exceed 20 years in total. However, the mutual funds those are not willing to extend their tenure will still have the option to convert or wind up as per rules and regulations.

Foreign Participation in Equity Market of Bangladesh

Over last 5 years, Bangladesh equity market has seen a fall of foreign investment. As of February 2023, total foreign ownership stood at 3.7% of the total equity market capitalization, which was only 1.7% in February 2014.

Figure 4: Net foreign portfolio investment and foreign ownership as % of total equity market capitalization



Source: DSE and Bangladesh Bank

~% of foreign ownership of equity market capitalization data are as of December of the respective years.

Among all the companies with foreign ownership, BRACBANK had the highest foreign shareholding of 33.5% as of March 2023, followed by BXPHERMA with 28.9%.

Table 8: Top ten companies with highest foreign shareholding as of March 2023

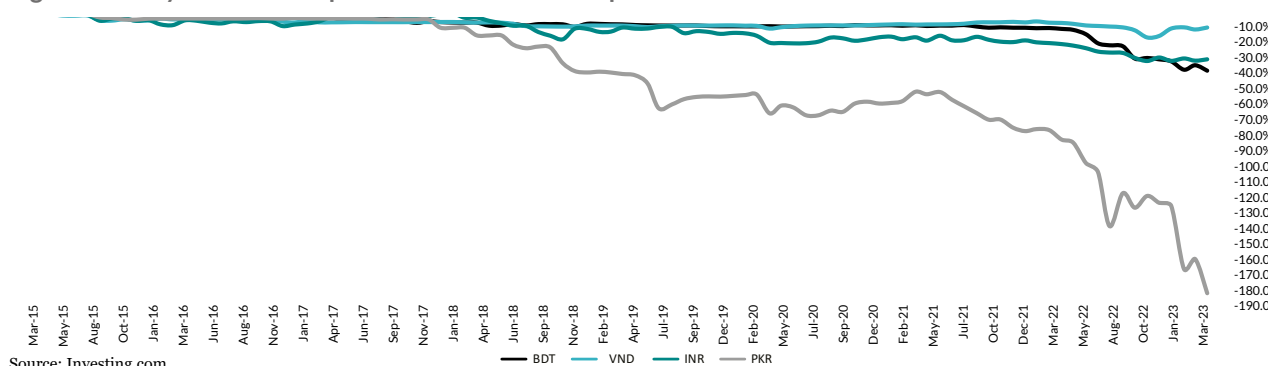
Ticker	Sector	Foreign Shareholding*
BRACBANK	Bank	33.5%
BXPHERMA	Pharmaceuticals & Chemicals	28.9%
NAVANAPHAR	Pharmaceuticals & Chemicals	27.7%
OLYMPIC	Food & Allied	22.8%
RENATA	Pharmaceuticals & Chemicals	22.7%
ISLAMIBANK	Bank	20.2%
DBH	NBFI	18.2%
BSRMLTD	Engineering	17.3%
SQURPHARMA	Pharmaceuticals & Chemicals	13.4%
SHEPHERD	Textile	9.5%

Source: DSE

Performance of BDT and Currencies of Peer Countries against USD

BDT depreciated by 37.6% against US Dollar, other currencies of neighbor countries like Vietnamese Dong (VND), Indian Rupee (INR) and Pakistani Rupee (PKR) lost 9.7%, 30.2% and 181.0%, respectively.

Figure 5: Five year's relative performance of BDT and peer currencies



Source: Investing.com



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