

BUSINESS

REVIEW

EdTech in Bangladesh: A Revolution in the Offing



POWERING THE COUNTRY'S FINANCIAL PROGRESS

**FOR THE FIRST TIME IN BANGLADESH
BDT 10 BILLION FUNDS HAVE BEEN RAISED BY IDLC FOR
NORTH-WEST POWER GENERATION COMPANY LIMITED**



Proceeds of the BDT 10 billion coupon bearing non-convertible bond will be used to establish 2 (two) power plants of 4,920 MW at Payra in Patuakhali District.

Arranger:
IDLC
Finance Limited
financing happiness

Issuer:

NORTH-WEST
POWER GENERATION
COMPANY LIMITED

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**EdTech in Bangladesh:
A Revolution in the Offing**

When COVID-19 broke out in 2020, around 42 mln elementary-level students, along with other advanced level learners, were suddenly out of school. Within a few months of a countrywide lockdown, a significant number of learners returned to education, thanks to numerous digital online learning platforms. At that critical juncture, EdTech startups played a crucial role in helping the students connect with a plethora of learning and skill development programs.

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EdTech in Bangladesh: A Revolution in the Offing

In March 2020, the global Coronavirus pandemic resulted in shutdown of classrooms. Teachers and students opted for online classes in order to save academic years for millions of students across the country. EdTech start-ups such as 10 Minute School, Shikho, Shohopathi, which provided online platform for learning, started to thrive from that period of time.

Funding in the EdTech industry which was around 0.16 mln in 2018 climbed to around 6 mln in 2022 and 89% of it is foreign funding. According to The Business Standard, 10 Minute School achieved 12 times growth in 2021 with 3.20 mln application users and the amazing part is that, majority of the application users are rural learners.

Meanwhile, Shikho which is the country's largest seed-funded start-up has its paid application users growing by around 140% since its inception. Needless to say, hence, a revolution in the EdTech industry is indeed in the offing.

However, factors such as better internet connectivity across the country, greater and cheaper access to hand-held smart devices, more world-class education accreditation for online platforms, etc. should be addressed, to make the growth of this industry sustainable.

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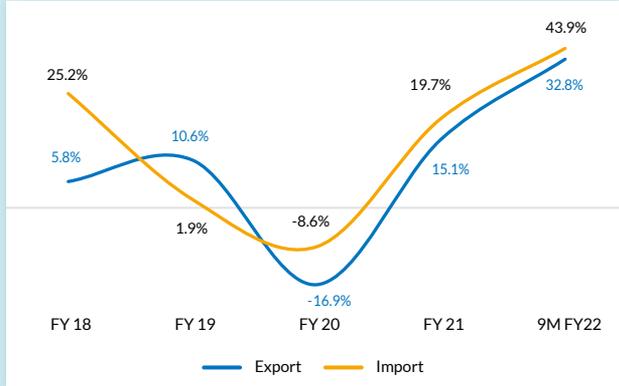
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ECONOMY AT A GLANCE

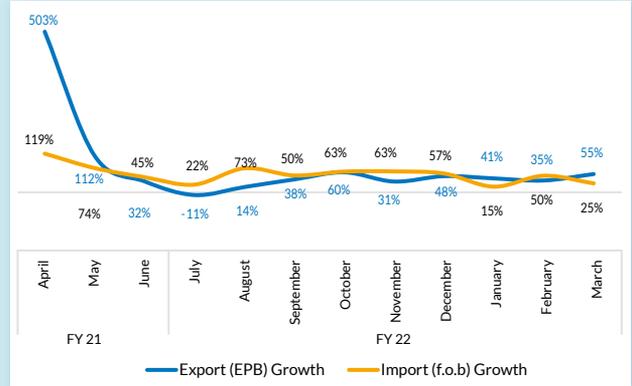
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EXPORT-IMPORT

Growth in Export-Import Trade (Last 5 Years)

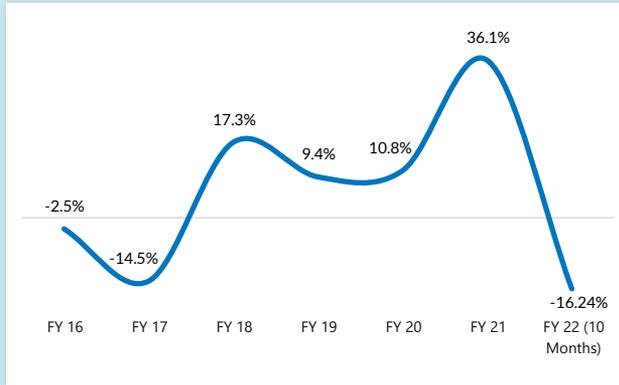


Export & Import Growth (Last 12 Months)

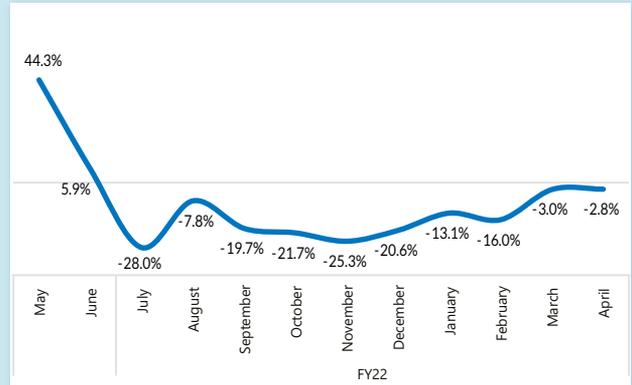


REMITTANCE

Remittance Growth (Last 7 Years)



Remittance Growth (Last 12 Months)

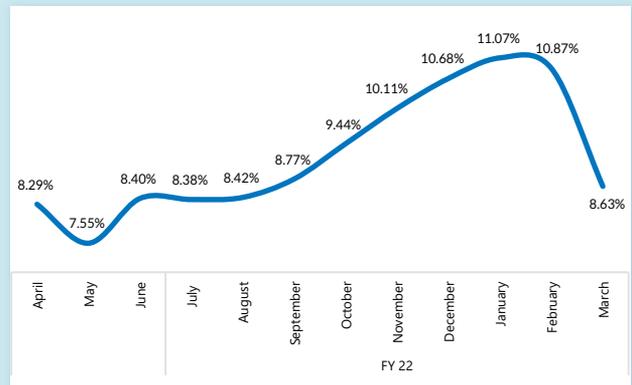


PRIVATE SECTOR CREDIT GROWTH

Private Credit Growth (Last 5 Years)



Private Sector Credit Growth (Last 12 Months)



■ MONTH IN BRIEF

● Remittance to Bangladesh rose to an eight-month high in March 2022. Expatriates transferred **USD 1.86 bln last month, the highest since July 2021 when USD 1.87 bln flew into the country.**

● **Bangladesh's gross domestic product is expected to grow by 6.9% in the running FY22, according to ADB, while Inflation is expected to increase to 6.0% in FY2022 from 5.6% in 2021.** The current account deficit is likely to widen from 0.9% of GDP in FY 2021 to 2.7% of GDP in FY2022 on increase in imports and decline in remittance growth.

● Classified loans of the country's non-bank financial institutions rose sharply, amounting to BDT 130.16 bln at the end of the last year. As of December 2021, the total disbursement of the 34 institutions stood at **BDT 673.5 bln, while around one-fifth or 19.33% of the disbursement was classified. In 2020, classified loan ratio was 15.02%.**

● **The central bank has set ceiling on the interest rates on deposit collection at 7% and loans at 11%** for the country's non-banking financial institutions (NBFI). These interest rates will be effective from 1 July this year, according to a Bangladesh Bank circular.

● **The government has initiated a move to implement a BDT 22.7 bln project to increase the power distribution capacity** of Dhaka Electric Supply Company Limited in a bid to ensure sustainable and reliable power supply to its clients.

● **Export receipts hit USD 4.76 bln in March, the highest ever on record** in a single month, posting 55% growth year-on-year.

● **Following a strong economic recovery from the pandemic, estimated poverty declined to 11.9% in FY21 from 12.5 percent in FY20.**

● **It has projected merchandise export at USD 50bln for FY23, around 14.94% or USD 6.5 bln higher than that of the current FY's target of USD 43.5 bln. About USD 8.5bln in earnings from services export is being expected.** The government set an export target of USD 51 bln for the current FY22, according to the EPB.

● Private sector credit growth in Bangladesh accelerated to 11.29% in March, the highest in last 32 months, spurred by high commodity imports ahead of Ramadan and Eid-ul-Fitr, the biggest sales season for domestic market-oriented businesses. **In February, private sector credit growth stood at 10.87%, down from 11.07% the month before, according to Bangladesh Bank data.**

● **The revenue earnings of NBR grew by 12.62% to BDT 2.04 tln in July-March of FY22** compared with those of BDT 1.78 tln in the same period of the past fiscal year, the data showed.

*BANGLADESH'S ASPIRATION
OF BECOMING AN UPPER-
MIDDLE-INCOME COUNTRY
BY 2031 CRUCIALLY HINGES
ON THE IMPROVEMENT OF ITS
REVENUE MOBILIZATION.*

Bernard Haven, a senior economist of the WB, on WB providing USD 250 mln in budget support.

The ongoing socio-economic recovery need to be accelerated by enhancing domestic resource mobilisation, incentivising the private sector to create products and services, promoting modern green technologies, and fostering knowledge and innovation.

Edimon Ginting, ADB Country Director, on projected GDP growth by 6.9% in 2021-22.

We've imposed such LC margin to discourage the import of unnecessary items as well as luxurious goods.

Abu Farah Md. Nasser, Deputy Governor of the BB, on belt-tightening to control forex extravagance.

Robust export growth is a good sign as it would help increase our capacity to pay import bills. At the same time, it is good for the ready-made garment industry and jobs in the sector.

Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue (CPD), on exports hitting record USD 4.76 bln in March.

Most banks now mobilize deposits at a 6% interest rate. So, NBFIs will face a tough competition with banks to hunt deposits. Many of the non-banks whose financial health is weak will not be able to attract the attention of clients.

Mominul Islam, Chairman of the Bangladesh Leasing and Finance Companies Association, a platform of managing directors of NBFIs, on setting lending and deposit interest rates by Bangladesh Bank.

We set the target after analyzing everything, including the country's economic ability and taking into account the mega projects that would be implemented by this time. We will continue our efforts to achieve the goal.

State Minister for Planning Prof Shamsul Alam, on 7.5% GDP growth target for fiscal 2023.

Country	Nominal GDP, 2020 (USD in Billion)	Real GDP Growth, 2020 (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	80.70	-3.57	18.70	April-22	-1.34	26.22	355.00
Vietnam	343.11	2.95	2.41	April-22	3.65	3.14	22,955.00
Kenya	102.43	-0.32	5.56	March-22	-4.42	13.53	115.85
Nigeria	429.42	-1.79	15.70	March-22	-3.95	11.73	414.00
Bangladesh	416.00	6.94	6.22	April-22	-1.10	7.74	86.45
Emerging Markets							
Brazil	1,444.72	-4.06	10.54	March-22	-1.79	12.63	5.08
Saudi Arabia	700.12	-4.11	1.60	March-22	-2.81	N/A	3.75
India	2,660.24	-7.25	6.07	March-22	0.90	7.45	76.95
Indonesia	1,059.64	-2.07	2.06	March-22	-0.42	7.10	14,495.00
Malaysia	337.01	-5.65	2.20	March-22	4.24	4.51	4.37
Philippines	361.49	-9.57	4.00	April-22	3.59	6.18	52.41
Turkey	719.92	1.79	61.14	April-22	-5.18	22.95	14.94
Thailand	501.71	-6.10	5.73	April-22	3.51	2.68	34.32
China	14,866.74	2.34	0.90	March-22	1.84	2.84	6.67
Russia	1,478.57	-2.95	9.20	March-22	2.44	10.21	66.50
Developed Markets							
France	2,624.42	-7.99	4.50	April-22	-1.90	1.65	0.95
Germany	3,843.34	-4.56	7.30	April-22	6.95	1.13	0.95
Italy	1,884.94	-8.87	6.50	April-22	3.55	3.14	0.95
Spain	1,280.46	-10.82	9.80	April-22	0.69	2.21	0.95
Hong Kong	346.58	-6.08	1.60	March-22	6.54	2.99	7.85
Singapore	339.98	-5.39	4.30	March-22	17.59	2.80	1.39
United States	20,893.75	-3.41	7.90	March-22	-2.95	3.14	1.00
Denmark	356.09	-2.06	4.80	March-22	8.24	N/A	7.05
Netherlands	913.13	-3.83	6.20	March-22	6.98	1.41	0.95
Australia	1,359.37	-2.35	3.50	March-22	2.66	3.56	1.41
Switzerland	751.88	-2.51	2.40	April-22	3.79	0.99	0.99
United Kingdom	2,709.68	-9.85	6.20	March-22	-3.71	2.02	0.81

"Bangladesh data: The new GDP size (FY21) and real GDP growth (FY21) are as per new base year. Calculation Method of CA Balance (%of GDP): CA balance of FY21 / GDP of FY21. Interest rate (%) 10 years TB as per May 2022, Inflation as per May 2022 and Currency Unit (per USD) as per 8th May are sourced from Bangladesh Bank"

Nominal GDP: Data of all countries apart from Bangladesh is sourced from IMF estimates of 2021 data (October, 2021 Outlook)

Real GDP Growth and Current Account Balance: Data of all countries apart from Bangladesh is sourced from IMF estimates of October, 2021 data (World Economic Outlook, October 2021)

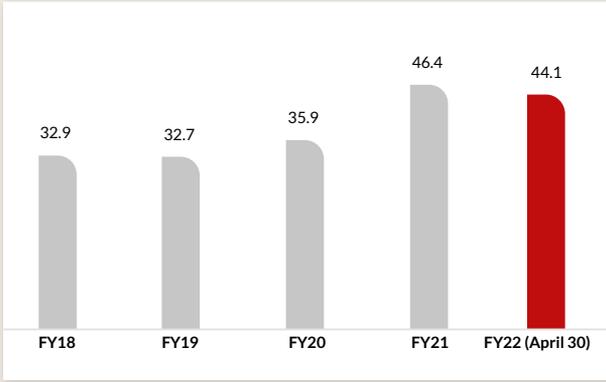
Inflation : Data of all countries apart from Bangladesh is sourced from tradingeconomics.com

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

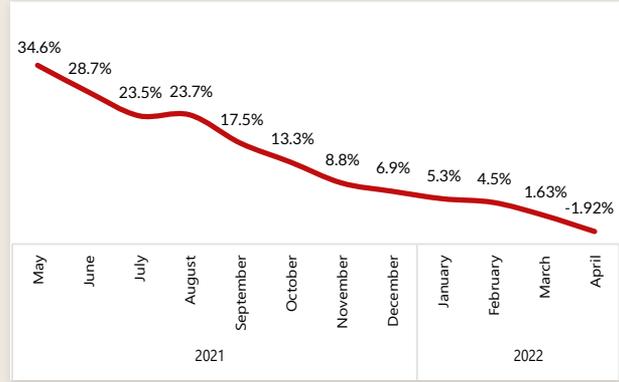
BANKING DATA CORNER

Prepared by IDLCSL Research Team

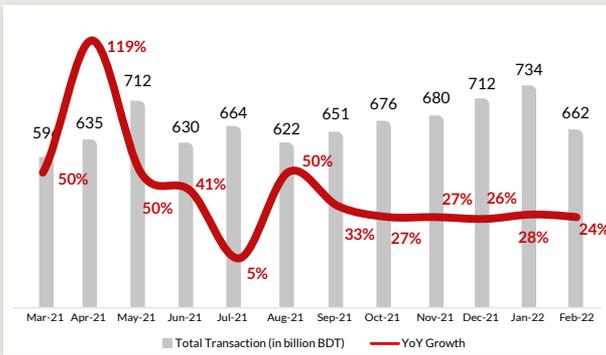
Foreign Exchange Reserve (In Billion USD, Last 5 Years)



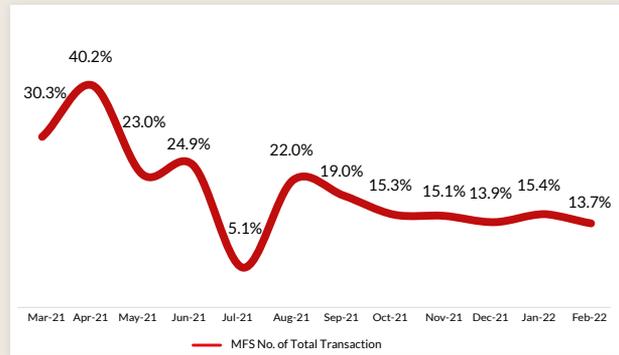
Foreign Exchange Reserve (YoY Growth)



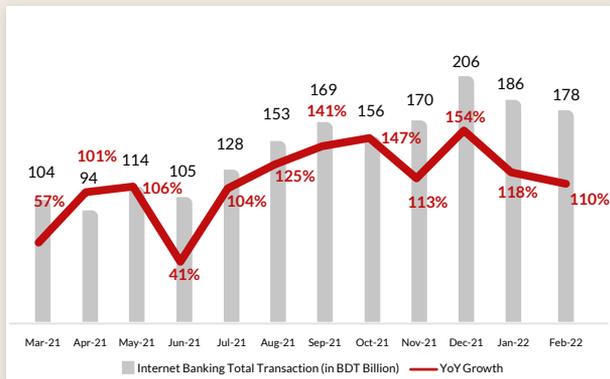
MFS Monthly Transaction (BDT Billion and YoY Growth)



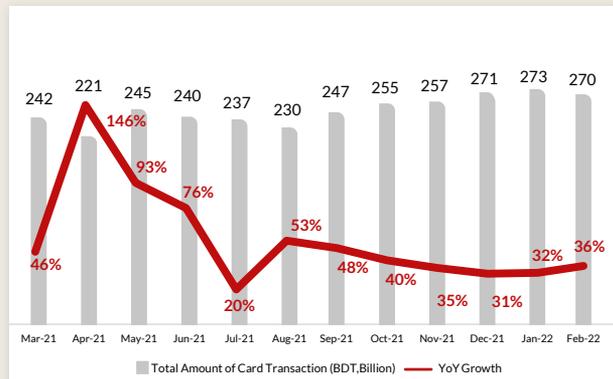
Total Number of MFS Transaction (YoY Growth) 2021-22



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



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



Source: Bangladesh Bank

Arogga



Rosina Mazumder

Co-Founder & CEO
Arogga

Interviewed by
Md. Shah Jalal, MBR Team

Arogga, which started out in Bangladesh in 2020, has made a digital pharmacy and healthcare app for the future. It uses technology that lets patients easily manage, order, and track the delivery of affordable medicine and healthcare products. E-Pharmacy, doctor consultation, and lab testing are some of the key features of Arogga.

MBR: Arogga is the largest online pharmacy in Bangladesh. Could you kindly tell us how you came up with this idea and what was the most motivating factor for you?

Rosina Mazumder: If you look at the start-up ecosystem within the MENA region, especially in underdeveloped or developing countries, there are multiple startups solving fundamental problems and bridging gaps in different sectors, all with the use of technology. Bangladesh, like our neighbours, also started to adopt—and we saw a flurry of startups come up in logistics, transport, finance, and now education. We, as a co-founding team, felt healthcare was still a missing block in all this for Bangladesh. We still don't have a startup solving the basic problems such as fake medication and access to basic healthcare for the masses. Arogga's vision is to be this platform, and we're starting with medicine delivery, providing genuine medicine, affordably and reliably, all over the country.



MBR: Arogga is operating with the aim of empowering patients to maintain their health. In your opinion, to what extent have you been able to achieve this target?

Rosina Mazumder: Our current focus is medicine delivery. In little over a year of operations, Arogga has delivered over 8 million medicines to all districts in Bangladesh. We've grown GMV 25x and have recently completed our 100,000th order. As we grow, we'll expand our services to encompass all verticals, enabling us to be a complete healthcare platform.

MBR: How difficult was it to familiarize your business with your target clients as a healthtech firm, which is a relatively new concept in Bangladesh?

Rosina Mazumder: There's no alternative solution to this problem, so naturally, when customers

first hear about our service to provide genuine medicine affordably, and directly to customers' homes, they're intrigued. After using our service once, we gain customer trust and, very quickly, traction through word of mouth.

Healthtech may be a new concept, but to our target consumer, we're a brand that can deliver genuine medicine directly to your door at an affordable price. Our goal is to provide a convenient, simple solution to a daily problem for most people in the country.

MBR: You're the first Bangladeshi startup to obtain seed funding from the Silicon Valley Hyper Program. What attributes of your company do you believe had a role in obtaining the funding?

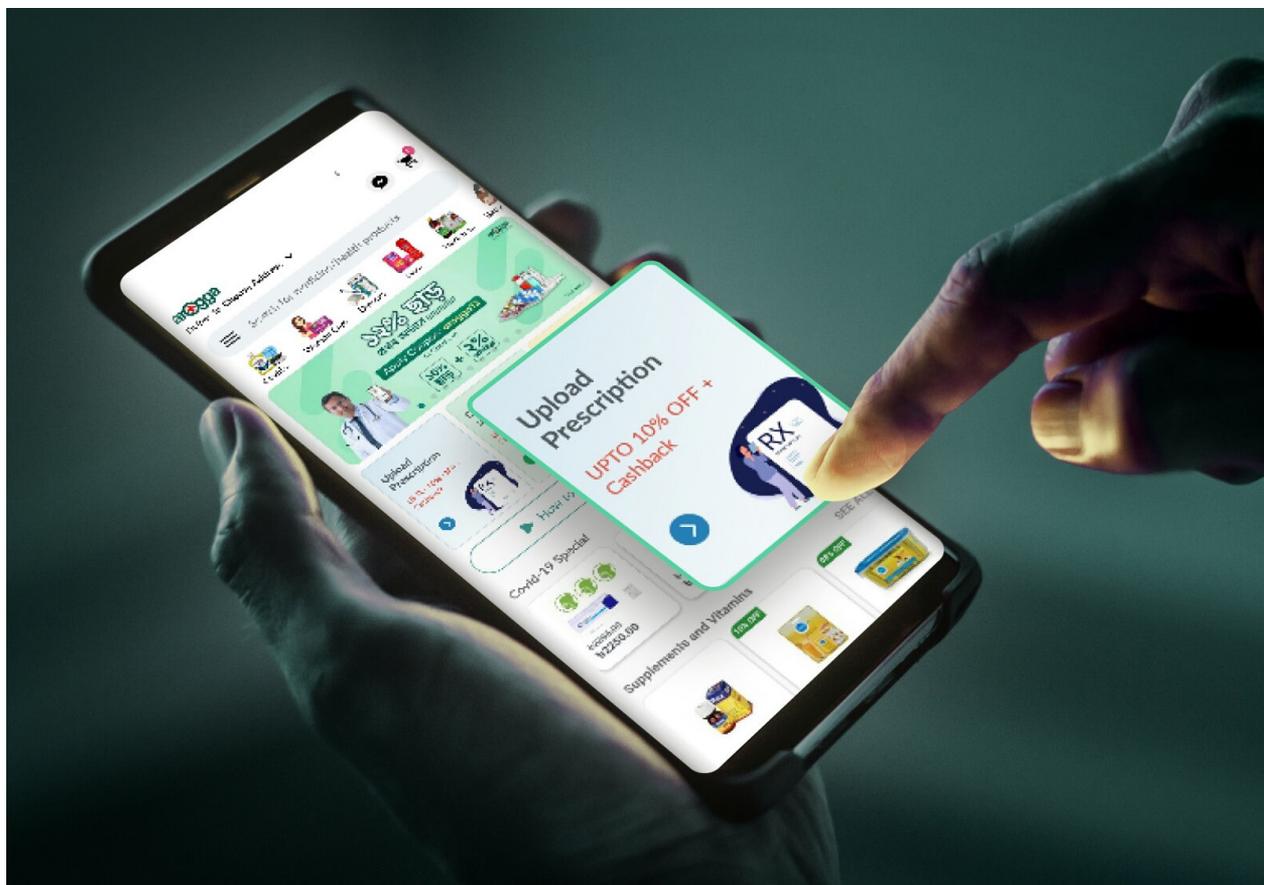
Rosina Mazumder: This was a very proud moment for us, and we're pleased to be the first Bangladeshi startup to be funded by Hyper. A key attribute Hyper liked was the co-founding team—our experience, track

record, and traction, along with our passion and grit for solving a genuine problem in the health space in Bangladesh.

MBR: The technological development in Bangladesh has already reached several milestones and is expected to unlock more achievements in the upcoming years. As a technology-based firm, which opportunities do you expect to have in the future?

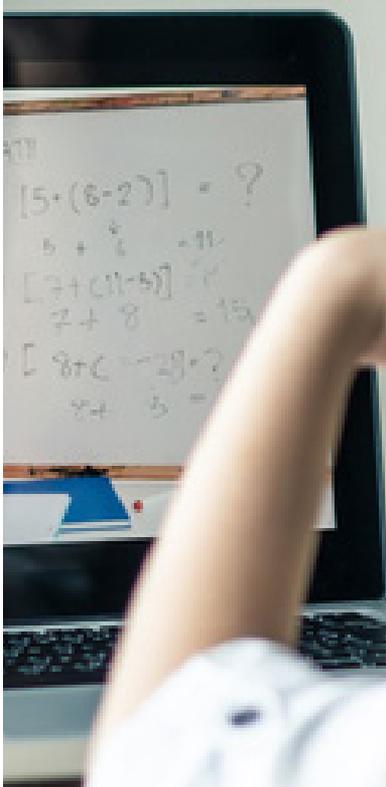
Rosina Mazumder: Our technology to date has impacted the health of thousands of Bangladeshis. It means consumers can take control of their medication and healthcare and ensure they're consuming genuine medicine.

Our near-term goals are to offer doctor consultations and lab testing. However, in the future, we expect advancements in technology to allow basic in-app diagnostics and health monitoring using biometrics.



EDTECH IN BANGLADESH: A REVOLUTION IN THE OFFING

Written by
Md. Shah Jalal
Assistant Manager
Credit Risk Management
IDLC Finance Limited



$$\begin{aligned} & [5 \cdot (6-2)] = ? \\ & 5 + 6 = 11 \\ & [7 + (11-5)] = ? \\ & 7 + 8 = 15 \\ & [8 + (12-2)] = ? \\ & 8 + 10 = 18 \end{aligned}$$

When COVID-19 broke out in 2020, around 42 mln elementary-level students, along with other advanced-level learners, were suddenly out of school. Within a few months of a countrywide lockdown, a significant number of learners returned to education, thanks to numerous digital online learning platforms. At that critical juncture, EdTech startups played a crucial role in helping the students connect with a plethora of learning and skill development programs. Surprisingly, the EdTech market in Bangladesh did not even exist a decade ago. However, the recent rise of EdTech startups in the country as well as in other Asian countries urges us to think about the factors that are pushing the change.

The term ‘EdTech’, combining the words ‘Education’ and ‘Technology’, can briefly describe the use of technology in teaching and learning activities. It may be defined as a system in which technology is integrated into the learning process to increase its efficacy. Often, this procedure includes using an online platform that has a variety of educational resources. Learners who have access to the internet can sign up for the courses they intend to enroll into.

While EdTech may seem to be a new notion, it dates back to 1922 when Sidney Leavitt Pressey, the father of the teaching machine, invented the ‘Automatic Teacher’, a mechanism that allowed learners to drill and test themselves. Pressey’s passionate commitment to automating education remained unwavering throughout his life. He said emphatically, “There must be an industrial revolution in education in which educational science

and the ingenuity of educational technology combine to modernise the grossly inefficient and clumsy procedures of conventional education”. With the rise of EdTech companies worldwide, Pressey’s dream of changing the way people learn came true after 100 years.

Global EdTech Industry

Today, across the globe, there is a myriad of EdTech firms operating internationally and creating immense learning opportunities for individuals from almost every corner of the world. According to Statista, a Hamburg-based data company specializing in market and consumer statistics, the global EdTech industry was worth USD 254.8 bln in 2021 and is predicted to reach USD 605.4 bln by 2027.

According to New York-based HolonIQ, a global impact intelligence platform for innovative EdTech companies, the worldwide education industry is expected to be worth at least USD 10 trillion by 2030 driven by the population growth in emerging countries in Asia and Africa and significant re-skilling and up-skilling efforts in the industrialized nations.

More than half of the students in China and over one-third of the students in India have chosen the academic solutions provided by the EdTech startups. According to a report by KPMG, even our neighbouring country, India, has more than 3,500 EdTech startups. India has already observed the uprise of a EdTech decacorn named BYJU’S along with several unicorns which can be considered as a milestone for the industry.

Table 1: Global Leading EdTech Startups

Company	Country	Cluster	Last Funding Round Date	Last Funding Round Type	Valuation
BYJU’S	India	Tutoring	Mar-22	\$800 mln PE Round	\$22 bln
Yuanfudao	China	Tutoring	Dec-20	\$300 mln Series G Top Up	\$15.5 bln
Zuoyebang	China	Tutoring	Dec-20	\$1.6 bln Series E+	\$10 bln
BetterUp	United States	Corporate Learning	Oct-21	\$300 mln Series E	\$4.7 bln
VIPKid	China	Language	Sep-19	\$150 mln VC/PE Round	\$4.5 bln
Guild Education	United States	Online Post-Secondary/Employers	May-21	\$150 mln Series E	\$3.8 bln
Articulate	United States	Corporate Learning	Jul-21	\$1.5 bln Series A	\$3.75 bln
Course Hero	United States	Study Notes	Dec-21	\$380 mln Series C	\$3.6 bln
Handshake	United States	Career Planning	Jan-22	\$200 mln Series F	\$3.5 bln
GoStudent	Austria	Tutoring	Jan-22	\$340 mln Series D	\$3.4 bln
Unacademy	India	Test Prep	Aug-21	\$440 mln Series H	\$3.4 bln
Emeritus	India	Online Post-Secondary	Mar-22	\$350 mln Debt Round	\$3.2 bln

Source: HolonIQ

Reasons Behind the Surge in the Global EdTech Industry

Impact of COVID-19: The global outbreak of coronavirus has pushed changes in almost every sector. The lockdown has caused huge interruption in the natural flow of activities within the education system. Around 1.2 bln students from different countries were not able to attend classes during that period. In that situation, EdTechs emerged as the only solution to keep the students engaged into learning. Coursera, one of the leading global EdTechs, has experienced around 109% growth in its number of subscribers in 2021 compared to the pre-pandemic situation.

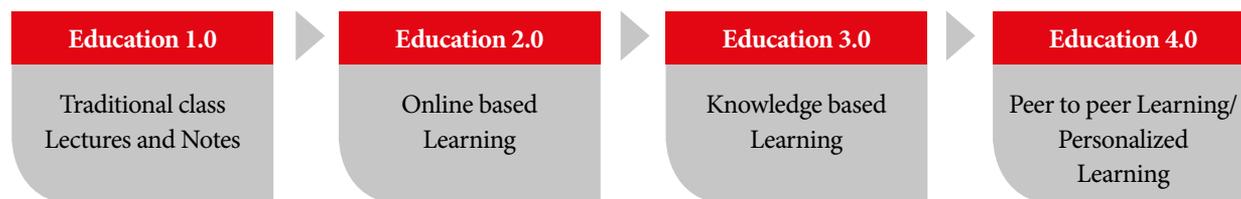
Increased Focus on Skill Development: Besides the academic curriculum, students nowadays pursue courses that can facilitate their personal development. The blessing of EdTech has enabled the students to become more familiar with industry-oriented skills which they can apply in their professional life. Some of the contents on these platforms are also focused on improvement

of the employability skills like communication, teamwork, problem-solving, leadership, critical thinking, organizational skills, etc., which provide job-seekers an edge in building a successful career.

Technological Advancement and Industry 4.0

Over the last two hundred and fifty years, four distinct industrial revolutions have fundamentally altered our conceptions of education. With 4th Industrial Revolution which is also referred as Industry 4.0, we are moving towards a new age of Education 4.0 for which the current education system needs to be changed in many aspects. Education 4.0 is a new experience-based education system that leverages digital technology rather than rote learning. It uses digital technology instead of memorization and adapts to the needs of the modern world through personalized or peer-to-peer learning. This method prepares the next generation to meet the needs of Industry 4.0 by combining technology, individualism and learning through discovery.

Table 2: Evolution of Education from Industry 1.0 to Industry 4.0



Edtech Industry in Bangladesh

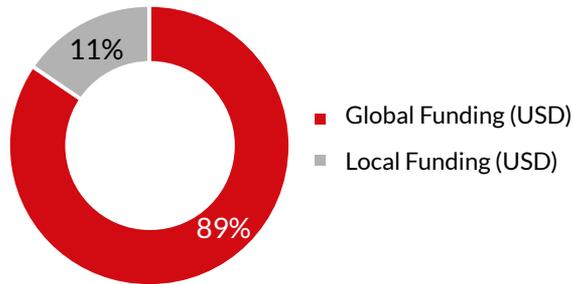
Though the presence of any EdTech business could not be found in our country a decade ago, there are now over 138 EdTech firms operating in Bangladesh. A handful of these companies have already taken the lion's share of the market. According to a reliable industry data source, EdTech businesses had 5% market share in the education market in the early stages of the COVID-19 pandemic. Because of the lockdown and more individuals choosing online learning platforms, this percentage is predicted to climb even further to 10%.

According to the Bangladesh Bureau of Educational Information and Statistics (2014), one-third of total education expenditures of households in Bangladesh is spent on coaching centers and house tutors. It is expected that this market of USD 6 bln of coaching centers and home tutors will be taken over by EdTech startups shortly.

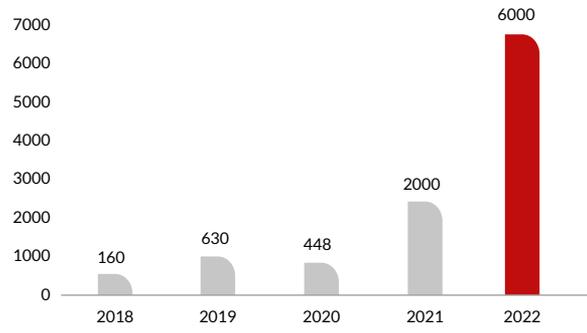
The major players in the EdTech industry of the country have been successfully able to allure both local and foreign investors. In the ongoing calendar year of 2022, Bangladeshi EdTech startups raised around USD 6 mln in funding. The fund-raising success of 13 EdTech startups shows that the Bangladeshi startup ecosystem will be led by the EdTech sector in the near future.

EdTech Startups Funding Details

% of Funding



Total Funding (In Thousand USD)



Source: LightCastle Partners

The sector has accelerated in terms of fund-raising. Since 2018, approximately USD 9 mln has been raised. We have seen 19 funding deals so far and most of them came from investors outside of the country.

Funded Companies

 **13**

Number of Funding Deals

 **19**

Funding Deals Disclosed

 **8**

Total Funding (USD)

 **9mln**

Global Funding (USD)

 **8mln**

Local Funding (USD)

 **1mln**

Source: LightCastle Partners

In Bangladesh, the government allocated BDT 71,951 crore for the education sector in the budget of FY2021-22 which is 11.9 per cent of the entire national budget. In addition to education, the government allotted BDT 22,924 crore for technology sector in the same fiscal year. According to an estimate, both public and private annual education expenditure is around BDT 95,000 crore to BDT 129,000 crore. Firms in the EdTech industry are expected to experience significant growth in the upcoming years. Experts have predicted that the EdTech industry will be worth a bln dollars by 2025.

Table 3: Institution-wise Students' Statistics

Level of Education	No of Institutions	No of Students
Schools	20,849	10,252,126
Colleges	4,699	4,635,121
Madrasahs	9,305	3,915,133
Technical and Vocational Institutions	7,259	1,118,334
Universities	151	1,169,590
Total	42,263	21,090,304

Source: Bangladesh Bureau of Educational Information and Statistics

Prominent EdTech Startups in Bangladesh



10 Minute School: 10 Minute School is one of the leading EdTechs in the country and is also considered the industry's pioneer. The startup has been able to capture a significant market share of the EdTech landscape of Bangladesh. The learning material on this site has been expanded from the NCTB-based curriculum to the skill development courses which are highly beneficial in higher studies. It has gained widespread popularity due to its strong presence on the social media platforms. At this moment, 10 Minute School helps more than 9,300,000 students learn with the help of 450 or more qualified teachers.



Shikho: Shikho, a Bangladeshi EdTech firm formed in 2019, is on a mission to democratise access to high-quality education in Bangladesh. Students may use the Shikho Learning App to study at their own speed, test themselves and move ahead with expert instructors at any time and from anywhere. When users sign up for the Shikho app, they will get video lessons with high-quality animation to improve their learning experience using fun gamification approaches. Shikho is the largest seed-funded startup in Bangladesh (USD 5.3 mln of seed funding) which has already acquired the leading professional courses platform, Bohubrihi, and a platform that focuses on the practical aspects of learning how to code, Mainly Coding.



UpSkill: UpSkill is a peer-to-peer talent sharing platform that began its journey in 2018. It enables individuals and organizations to share skills and exchange technical knowledge to bridge the skills gap in Bangladesh. Learners may enroll into the courses they need at UpSkill while experts can post learning materials in the areas where they are specialists. As a result, the organisation is enabling both online teaching and learning. The platform provides classes for practically every level of the student. It gives professionals lots of great ways to learn and fill in skill gaps by taking courses.



Repto: Repto is a part of the Grameenphone Accelerator program and works with an almost identical model as UpSkill. It offers a diverse range of courses to the students while the skilled individuals can share their knowledge through lectures, videos or tests. The organization provides learning facilities to 116,770 students from all over the country. The 545 e-teachers listed here have a passive source of income through the platform.



Science Bee: Science Bee, founded in 2018, is one of the nation's biggest science-based education platforms. The purpose of this platform is to take the inclusivity of science and technology to the under-served community and increase the number of people who are actively engaged and involved into science and technology. Currently, around eight hundred thousand students are enrolled with the firm.

Challenges

Though the education businesses have seen tremendous changes and we have progressed beyond traditional boundaries, there are still substantial gaps and issues in the field. For sure, if obstacles continue to interrupt the growth variables, the EdTech sector in Bangladesh will not be able to develop at the expected pace.

The lack of internet access by most of the households are the main factors posing barriers. According to an analysis conducted in the year 2019 by UNICEF Bangladesh, citing the Bangladesh Bureau of Statistics, 62% of the households in Bangladesh do not have internet connectivity at home. Also, there are significant

differences in the quality of internet access depending on the households' socioeconomic backgrounds.

According to a study conducted by the World Bank, less than 50% of the students in Bangladesh have access to radio, television and online platforms. According to the Campaign for Popular Education's Education Watch Report 2020–21, 58% of the surveyed students lacked the electronic or smart devices required to access remote learning programs. From these numbers, it is clear that there are differences which will cause a digital discrimination in education.

Bangladesh has the lowest allocation for education in South Asia which is 2.08% of the GDP, lower than the

world average of 4.80%. Even our neighbouring countries like India, Nepal and Bhutan's allocations are more than double in GDP percentage.

In Bangladesh, as compared to college and university-level students, there are not nearly as many online courses and platforms available for primary-level students. The quality of the courses also differs across different e-learning platforms as, in most cases, the online courses are designed and imparted by different instructors. Most online courses in Bangladesh do not have academic accreditation, a good reputation or recognition in the traditional education system.

In recent years, several EdTech startups have received funding from local and foreign investors. Still, some promising EdTech startups have not received the funds they need to grow.

Way up and forward

Bangladesh is now trying to digitalize every aspect of daily life rapidly. However, if it wants to maintain this stratospheric growth, it will need to address issues such as education to prevent its citizens from falling behind. The education market in Bangladesh is one of the world's biggest and most undervalued. Hence, every EdTech firm with the right products and innovations may provide multimillion dollar economic prospects while also having a significant influence on learners.

One in every four individuals in Bangladesh is deprived of education. With this backdrop, EdTech could catapult our education landscape through affordable and accessible learning and skill development programs, ultimately democratizing education.

The government has already taken several initiatives like Amar Ghare Amar School which aims to bring 40 mln students under the hood of digital education with the help of online platforms, national radio, community radio and Shikkhok Batayon which is a video platform for public school teachers to share their educational contents. These initiatives demonstrate that policymakers are keen to promote the digital education platform.

Numerous angel investors, accelerators and incubators, venture capital firms and corporate investors are coming forward to bridge the financial gap in this startup segment. The government is examining specific financial measures to meet the requirements of startups. The ICT Ministry's Startup Bangladesh Fund is also a source of financial support. Evidently, policymakers are prepared and enthusiastic about fostering the ecosystem's expansion.

Bangladesh, the world's 39th biggest economy and one of the fastest growing nations, has seen a tremendous transition in the startup businesses in recent years. 62% of the country's population is under the age of 35. Given that the majority of the population is assumed to be tech-savvy, it offers tremendous potential for EdTech businesses. Hence, for the growing economy of Bangladesh to succeed, it must strive for increased levels of literacy, better educational opportunities and the incorporation of new technologies. Even though EdTech businesses have digitalized education and seem to have resolved a number of significant issues, they still have a long way to go.

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Sami Ahmed
 Managing Director
 Startup Bangladesh Limited

Interviewed by
 Md. Shah Jalal, MBR Team

In this edition on EdTech, MBR team had the privilege to talk to the EdTech industry expert, Mr. Sami Ahmed. Mr. Ahmed is the Managing Director of Startup Bangladesh Limited, which is the flagship venture capital fund of the ICT Division. It is our country's first and only venture capital fund sponsored by the government of the People's Republic of Bangladesh.

MBR: The country is experiencing an upsurge in the number of EdTech startups. From your experience of being at the pinnacle of Startup Bangladesh Limited and working closely with different Bangladeshi startup verticals, would you please share your thoughts and observations regarding the rise of EdTech in our startup ecosystem?

Sami Ahmed: By March 2020, the face of the education sector in Bangladesh and across the world had changed drastically. The coronavirus pandemic forced us to shift to e-learning, teaching via digital platforms. Research suggests that globally, there were 1.2 billion students affected by the closure of schools and universities due to the pandemic. With remote learning measures likely to be around for a while, the worldwide education market has also seen a significant shift in investment in educational technology. With increased demand, several online learning applications and platforms are coming

up in Bangladesh as well, like 10 Minute School, Eduhive, etc., which is great news for the industry here. Because there are a lot of new global EdTech startups, there have not been enough startups tailored for our local needs considering the local culture & language. The COVID-19 pandemic has played a key role in the adoption of online learning. During the COVID-19 pandemic, Startup Bangladesh Limited led the partnership between the EdTech Consortium and the Education Ministry to develop Digital Education content for the “amar ghore amar school” initiative by the Government of Bangladesh.

MBR: Multiple unicorns in the EdTech sector have emerged in India, and currently, a good number of EdTech firms are serving the online education platform in Bangladesh. Can we expect multiple unicorns to emerge in this industry over the next five to ten years?

Sami Ahmed: Yes. There are at least two startups in the EdTech Sector that have a High chance of becoming



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 LIMITED™**

Unicorns in the next 5-10 years and more are on their way to expanding their operations to grow big in the coming years.

To have more Unicorns, we need more new fresh ideas and we are seeing that new startups are coming in who are using emerging technologies like AI to enhance the learning experience, etc. The wonderful thing about this sector is that a lot of them are bringing solutions that are not only for the Bangladesh market but can cater to global needs as well.

In fact, I have seen one startup that they are using teachers from Bangladesh, and they are imparting education in other countries. Using the teachers from Bangladesh is more cost-effective, and using the platform to reach out to other countries gives them wider market access. So, the market for Edtech is not only in Bangladesh, but there is scope to use the resources from Bangladesh for a bigger global opportunity.

MBR: According to you, what are the challenges Edtech startups are currently facing in scaling up their operations?

Sami Ahmed: The reach of EdTech companies is limited to a small percentage of students. Lack of high-quality internet connectivity in hard-to-reach areas, a lack of affordable data plans and internet access devices, as well as other socio-economic barriers, make it difficult for companies to expand their reach. Even if certain online learning schemes exist, they have a little grassroots effect, and access to online learning remains a luxury for some and unattainable for most. So, while business is booming for the Ed-Tech industry, companies providing these services must also work with both policymakers as well as regulatory bodies in the country—to ensure that they provide quality content and to use this unique opportunity to bring education into everyone's homes, making it the norm, and not simply a luxury. Furthermore, there are very few tried and tested models from a Bangladeshi perspective on what works for a successful EdTech and what does not. In terms of scaling, this is one area where EdTech startups in Bangladesh will struggle: many will have to figure out what to do on the job. One of the biggest challenges is finding the ideal product-market fit at the right time.

MBR: One in every four individuals in Bangladesh is deprived of education. With this backdrop, how can EdTech platforms support inclusive education where no one is left behind?

Sami Ahmed: This is a great question. There is a big scarcity of quality content and teachers throughout the country. In that perspective, Edtech platforms have a huge role to play in ensuring education for all. Through technology, they can very easily reach the hard-to-reach areas where there is a scarcity of quality teachers.

We want these startup ideas to come from across the country. Someone who lives or has lived in the rural areas is the best person to come up with an innovative solution to their local problem. The government is trying to encourage entrepreneurs to come up with Startup ideas to be not only Dhaka-centric but should be applicable to the whole country.

Also, I do not believe that EdTech platforms need to be 100% virtual. It can be in a blended version. Not everything can be taught virtually; there has to be some physical presence. We have not seen it yet, but I think that some EdTech platforms that operate in a blended model that does the virtual learning session & has some physical presence to it may work better in many cases. One way to achieve this would be to partner with schools or educational institutions and have the startups provide the online version of the program, whereas the schools take care of the physical part.

Furthermore, EdTech startups need to collaborate with the government and other stakeholders to make online learning accessible and affordable for all.

MBR: Do you believe that interoperability with other technology verticals could enable EdTech startups to offer more affordable and accessible ICT and skill development programs alongside literacy programs to reach a broader audience?

Sami Ahmed: Definitely. Interoperable systems will help improve the overall educational experience. The use of disparate software products can be a way of life

for many schools and districts. Teachers use anywhere from 5 to 10 software products—or more—from a guidebook and LMS to products for special education and assessment. Principals and administrators use one product to maintain their overall student data information and the other for cafeteria management, transportation, and automated calling.

With all these separate products made by different companies, educational technology interoperability—how well software products communicate, or speak, with each other—can be a lost cause. Users pay the price through wasted time entering or recovering passwords, duplication of data from a lack of communication between products; limited productivity; and weakened educational opportunities for students.

Interoperability with other technological verticals is essential for efficiency in powering operations and for maximizing the ROI of EdTech services. It will not only reduce operational costs, but it will also save time and enable “best-of-class” solutions. When technological systems integrate seamlessly, student outcomes can be enhanced.

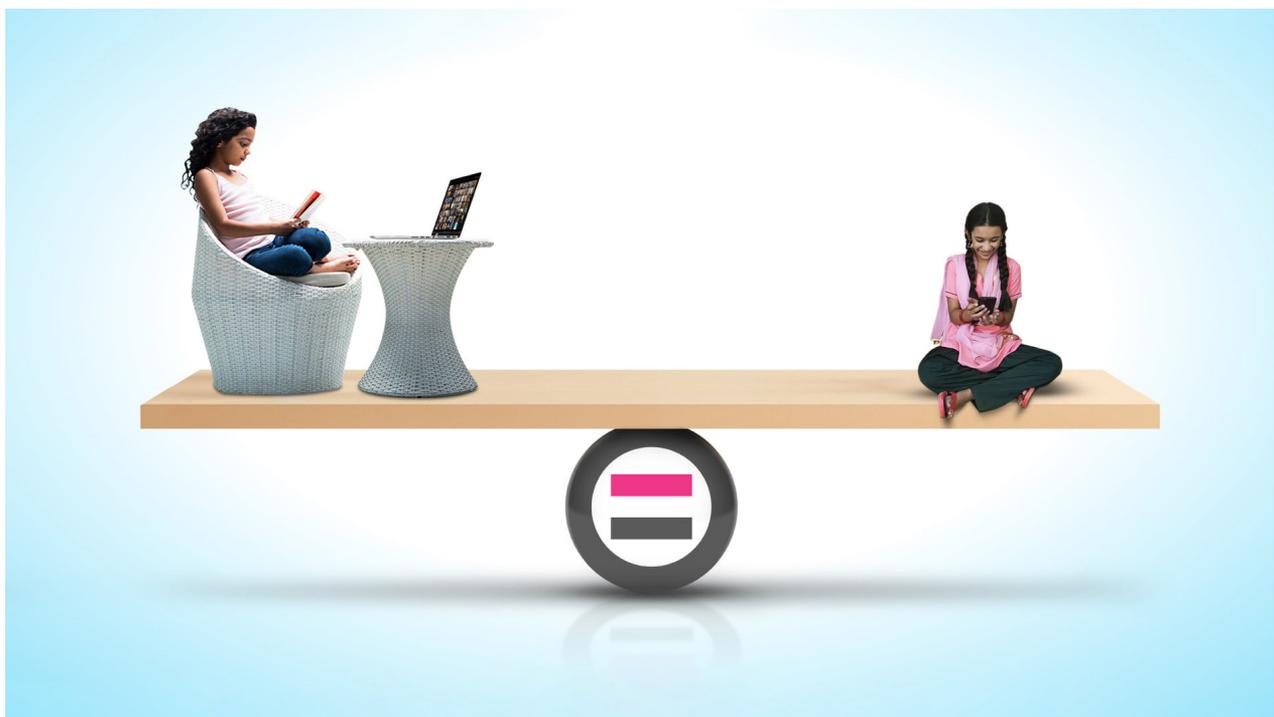
MBR: Several startups in the Edtech industry have successfully allured both local and foreign investors. What are your suggestions for the infant startups in the online learning segment to attract more foreign and local investments?

Sami Ahmed: Come up with some new & innovative ideas. Do not be just another copycat. Yes, of course, you can build the business model better than others. But if you are going to do better than them, make sure you do it ten times better than they do.

If you go on and copy from a global idea & make it more fitting for a local need, that may be fine. But if you just copy from another local business without a definite USP or a significant competitive advantage, you are more likely to fail.

Then what is the value of that? So, Google did that. There were so many search engines but google shined because the work they did was 10times better than anyone present in the market at that time.

So come up with innovative ideas or some great innovations.



AGROTECH: TRANSFORMING TRADITIONAL AGRICULTURE PRACTICES

Bangladesh is a country of which economy has been primarily reliant on agriculture for millennia. Agriculture is the largest sector when it comes to workforce employment. However, there is an apparent contradiction when workforce participation is compared to agriculture's contribution to the gross domestic product (GDP) of Bangladesh. Undesirably, 41% of labour force is employed for just around 13% of the country's GDP. Even if it seems late, changes are happening in this sector. And, agrotech is the main catalyst for revolutionizing the traditional agriculture practices.

Agrotech was not well-known in Bangladesh until recently. Agrotech simply means using technology

in agriculture to improve yield, efficiency, and profitability. They can be products, services, or applications derived from agriculture to enhance various input and output processes. Today, in Bangladesh, a bunch of agrotech startups are trying to think beyond the traditional agriculture boundaries using the appropriate technologies and innovation. They have emerged concentrating on a distinct area. Additionally, enterprises in this industry provide various services to their customers, including demand-driven supply, digitalized ordering systems, network-based distribution, and new equipment.

Traditional Agricultural Landscape

Agriculture has historically been seen in Bangladesh as a labour-intensive industry. The farmers themselves developed most of the instruments which were used to cultivate the land. Depending on the environmental and cultivation requirements, the use of these tools used vary from time to time, locality to locality. Alongside, the use of organic fertilizer often resulted in unpredictability in production levels.

Until around a decade ago, most farming chores were done manually. Ploughing the land with cows or buffaloes used to be a common part of the farming process. Inadvertently, it required much time and effort for harrowing the soil. Again, hand spraying method was followed to disinfect the land which was inefficient for a large-scale operation. Also, it was difficult to keep track of the amount of pesticide being applied to each

plant since a manual spray could not ensure an equal dispersion of insecticide.

Needless to say, the conventional method required much labour and was primarily concerned with harvesting. There was little or no evidence of agricultural innovation. Farmers were also totally unaware of doing the things in an efficient way. As a result, inefficiency prevailed throughout the industry necessitating significant modifications to maximize production capacity. This demand compelled nearly every element of the traditional agricultural production, storage, and distribution systems to be modified with modern methods and technologies. Modern farming also puts higher emphasis on crop diversification. Hence, monoculture is being phased out with the help of precision farming.

Current Practices in the Agricultural Sector- Emergence of Agrotech

Agrotech has emerged as a solution to multiple issues that encompassed the scope of replacing existing processes, methods, and tools in the

agricultural sector. Apart from the direct uses of modern machineries and equipment, the agrotech also includes services such as providing consultancy

to the farmers. The customization of services can be seen as one of the determinants of success of such agrotech firms.

According to Lighthousebd, there are 5 different groups of agro-tech firms in Bangladesh. Information-based, Market Linkage, Mechanization, Access to Finance and Advanced Farming Techniques Agro Tech firms. Each of these firms have specific core functions. Information-Based Agro Tech firms such as e-Farmers' Hub, use information to leverage better production and prices at both farmer and consumer ends. Market Linkage firms such as Parmeeda, connect consumers to certified farms to provide better produce. Mechanization Firms make farming easier and labor intensive. Access to Finance firms makes funds available for farmers and transaction easier while Advanced Farming Techniques firms use new techniques to increase farm profitability.

While numerous innovative services are being offered, the growing number of companies in the agrotech sector is noteworthy. Based on the scopes and activities of the firms, the potential benefits of agrotech can be listed as follows.

Modernization

To maximize the agricultural output, there has been a significant change in the technologies used at different stages. ACI Agribusiness is one of the most dedicated firms operating with the aim to mechanize the agricultural activities. According to a survey conducted by Bangladesh Agricultural University, our country's agricultural equipment industry is valued at USD 1.2 bln as of 2019. Modernization is likely to contribute to increased productivity while lowering costs.

Information Sharing

Maintenance of databases of the farmers enables the agrotech firms to infer an understanding of the farming conditions and possible solutions to the existing problems. The analysis of production-related data can enable informed and better decision-making. Insights from those analysis can be

Key Points

- Currently, 26 agrotech startups are operating in Bangladesh.
- The contribution of agriculture in the country's GDP reached an all-time high of BDT 11540.50 mln in the year 2021.
- According to the data of 2019, North America holds the largest portion of the world's agrotech market.
- According to the National Agricultural Census, there are around 16.5 mln farmer families in Bangladesh as of 2019.

incorporated into the development of the agrotech products. Increased transparency and reduced ill-practices such as food adulteration can also be ensured with the help of that.

Market Setup

Numbers of agrotech firms have redesigned the supply chain to ensure efficiency in the production and distribution system. A direct relationship between the farmers and the customers is necessary to establish a fair pricing system. At the same time, the practice of demand-led production is needed in the agricultural sector. Thus, production wastage can be significantly reduced which in turn will result in higher profitability for the farmers.

Financial Assistance

Several agrotech firms are working persistently to provide financial aid to the farmers. The agriculture sector of Bangladesh is full of potential since our land is very fertile and the climate is favourable. Financial planning is the only way to ensure output

at the desired level since it helps to optimize the process. While providing various financial planning services, the agrotech organizations are focused on

delivering assurance for the optimum utilization of the production capacity.

Agrotech Startups in Bangladesh

With the usage of technology, multiple startups are trying to change the landscape of agriculture sector of Bangladesh. These technology-based firms are trying to bring a revolution in the country's agricultural landscape using innovative business models.

iFarmer.asia: iFarmer.asia began its journey in the year 2008 with the aim to address the financial needs of the farmers. Later on, it offered a marketplace and developmental inputs to benefit the farmers. Currently, more than 63,000 farmers are registered with this agrotech startup. It has already facilitated a staggering financing amount of BDT 1,569 mln. iFarmer.asia has grown its business with the help of its innovative supply chain system which cuts out the middlemen so that the farmers and the customers can build a direct relationship and both the parties can be better off.

bhalo: bhalo is one of the leading farm inputs marketplaces and a social enterprise. With the help of digitally-equipped sales agents and retail outlets, it helps connect farmers to leading farm input suppliers and financial service providers. The firm helps increase production and income of smallholder farmers providing curated high-quality farm inputs and customized advisory services. As a result, sales and market share of partner businesses also increase. It has already partnered with 06 leading farm input companies and 03 financial institutions. It has served 4,000 farmers to date and reported 50% increase in production from livestock rearing. bhalo makes money from the commission earned on farm input sales and fees charged to farmers for providing advisory and financial services.

iPAGE Bangladesh: iPAGE Bangladesh has developed a platform for the improvement of the conditions of root-level farmers. It intends to disperse necessary agriculture-related information and introduce precision agriculture in Bangladesh. Precision agriculture is a kind of farm management that provides

insights into crops and soil to maximize production. iPAGE Bangladesh provides agricultural efficiency strategies, crop scheduling, fertilizer scheduling, and other relevant services. The company has set up a supply chain management team to help farmers connect with the retailers and the customers.

Agroshift: Agroshift is a technology-enabled platform that aims to revolutionize the agricultural supply chain of Bangladesh. When farmers want to sell their goods, Agroshift helps them do so through a “phy-gital” business model that manages demand aggregation, purchasing, and delivery. The venture is now concentrating on two key sales channels, micro-retailers and factories. It is the goal of Agroshift to remove the intermediaries in the supply chain and offer consumers direct access to high-quality, safe, and inexpensive foods directly from the farmers.

Khamar-e: Khamar-e primarily operates in two segments, supply chain management and data-driven manufacturing facilities. The data-driven technology enables the firm to counsel farmers on dairy products, cattle farming, fishing, and mango production. It has created ties with numerous businesses to supply fresh and naturally produced products directly from the farms. Thus, Khamar-e has occupied a firm place in the agrotech sector by covering production solutions to sourcing.

Nagarkrishi: Unlike the other agrotech firms, Nagarkrishi has been operating with the purpose of providing urban farming consultancy since 2016. It has enabled urban dwellers to utilize their unused spaces. This organization provides specialized consultancy to plantation ventures to accelerate the pace of the green revolution. In 2018, Nagarkrishi was named the “Best Agricultural Business Entity” by Teer-Prothom Alo.

Funding Details in Food and Agriculture Startup Sector

The Food and Agriculture Startup Sector has accelerated in terms of fund-raising. Since 2017, approximately USD 10.0 million has been raised. We have seen 12 funding deals so far, and 90% of them came from investors outside of the country.

Funded Companies



6

Number of Funding Deals



12

Funding Deals Disclosed



3

Total Funding (USD)



10mIn

Global Funding (USD)



9mIn

Local Funding (USD)



244 K

Source: LightCastle Partners

Challenges

The agrotech industry has been confronted with numerous obstacles. Some of the difficulties have been summarized below.

Communication Gap

The farmers of our country are scattered in the villages and remote areas. They usually do not have access to the telecommunications and the internet, hence they are not updated on the recent changes in the agriculture sector. The Global System for Mobile Communications Association (GSMA), based in London, thinks that about half of the Bangladesh's population is not connected to a mobile network. Furthermore, when unique penetration is considered, just 31% of the population uses mobile internet services. So, it is still hard to get all the farmers to join the system.

Lack of Farmers' Expertise

According to a study conducted in 2016, the average age of farmers in Bangladesh is around 48 years. It is difficult to bring them under the agrotech services because they lack expertise to use upgraded machineries and reap their benefits. They need to be trained first which entails a high cost. The farmers' willingness is also a crucial factor in this case since, in most instances, it can be observed that the elderly population are reluctant to accept changes.

Lower Earnings Potential

The income from farming activities is relatively low which is barely enough for most of the farmers to fulfil the basic needs. In such a circumstance, it is natural that they would be reluctant to pay an extra fee to avail agrotech services. As a result, revenues of the firms operating in this sector are in stake. Many attempts for agrotech solutions have been nipped in the bud, and the potential entrepreneurs are stepping back considering this as a threat.

Agricultural output has risen, even though agriculture's proportion in the country's GDP has decreased to less than 15%. Contributions of other sectors have expanded at a higher pace than that of agriculture sector. Agriculture sector of the country has gone through many changes because of the information technology revolution, adoption of new technologies in farming, private investments, government efforts to reinvigorate the cooperative movement, and so on, changing the way agriculture looks in Bangladesh. To prepare for the fourth industrial revolution and the country reaching high-income status by 2041, Bangladesh will need to adapt to fast-transformative developments in agriculture over the next decade, and surely agrotech startups will be at the forefront of this effort.



Fahad Ifaz
Co-Founder & CEO
iFarmer

Interviewed by
Akhlaqur Rahman Sachedi, MBR Team

Mr. Fahad Ifaz, who is the Co-Founder and CEO of iFarmer, shared his valuable opinion about the agrotech industry in Bangladesh, in this edition. His own firm named iFarmer has developed agriculturally relevant and data-driven model which helps assess risk and return to develop funding schemes that fit the needs of farmers and the farm funders.

MBR: Starting in 2018, iFarmer has been working on its signature idea of mobilizing funds for farmers from individual and institutional lenders based on a profit-sharing model. Alongside, it is working to make the agro supply chain more efficient. Would you kindly share with us how you came up with this idea?

Fahad Ifaz: We started iFarmer as a side project in 2018. The first business model of iFarmer was to establish urban rooftop farms in cities like Dhaka and Chittagong. We created a platform where people could lease their house or factory rooftops for farming. We ran the platform for a few months and tried a few things. After about six months of trying, we realized that it is not scalable. There are challenges with getting rooftops in Dhaka city where more and more people are moving to apartments and it is difficult to get consensus on how to manage those apartment rooftops. Then in August 2018, we pivoted to our current model. This was largely motivated by the ten years of experience of our co-founders' working closely with the farmers

and other agriculture value chain actors in different countries including Bangladesh where farmers keep facing the same set of problems which are as follows,

- Access to timely and low-cost financing.
- Access to quality inputs and advisory services.
- Access to markets.

There are about 16.5 mln farmers in the country with agriculture providing 40% of the national employment ensuring food security and nutrition for 170 mln people. However, over 70% of these farmers are unbanked. So, they have to rely on loan sharks or microfinance paying an interest between 30-70%. As a result of this lack of financing, these farmers are not investing properly in their farms which means they do not buy the best quality agriculture inputs. They do not always have access to extended services to get advice or training, and they often have to rely on local traders and multiple layers of middlemen to reach the consumers which contributes to an asymmetry of market information and knowledge.

As a result, these farmers in Bangladesh lack the means to access and participate in the markets (for



finance, inputs, advisory, and selling their produce). This invisibility limits their bargaining power and diminishes their ability to diversify into markets that could potentially increase their income and lift them out of poverty.

Existing channels of financing in the market do not yet cater to this persisting loan gap where farmers are unable to access proper credit facilities that also enable them to repay loans at a low interest charge within a flexible duration. The market players also fail to address the need for value chain services like provision of quality inputs, advisory services, and bridging the large gap between rural farmers and the mainstream markets. These smallholder farmers exist in a market saturated with middlemen who exploit them with high-interest charges and traders who take advantages of the asymmetric information flow that often leads to the farmers selling off their produce at throwaway prices resulting in up to 50% loss in their revenues.

MBR: Farmers in our country are not capable of exploiting the full potential of agrotech due to a lack of technological literacy, which can directly impact the revenue streams of the agrotech firms. What are your suggestions for the agrotech firms facing this challenge?

Fahad Ifaz: Yes, there is a large digital divide between the rural and urban population where we see that farmers are not being able to take the full advantage of the digital ecosystem. This happens largely due to the lack of awareness, high cost of internet, and lack of access to internet-based services. The way iFarmer has solved this is by adopting an assisted model where farmers can still access these services through iFarmer agent points in rural communities who are equipped with smartphones and can run the operations smoothly. Simultaneously, I would suggest, if the agrotechs, including iFarmer, can create more awareness about the usage of smartphones, work with telco and the government in creating access to low-cost data packs, smartphones and internet-based services, then the farmers will become more used to tech-based services.

MBR: Several agrotech firms provide data-driven advisory services to farmers,

whereas conventional organizations are conventionally doing the same thing. Do you believe collaborating with organizations working on similar issues will benefit farmers more?

Fahad Ifaz: The most conventional advisory services in the country are run by the Ministry of Agriculture through the Department of Agriculture Extension, Department of Fisheries, and Department of Livestock, and farmers perceive them as credible sources of advisory and knowledge. But, the challenge is that the government extension or advisory services have their own limitations, such as human resource, and we have seen that the ratio of extension officer to farmer in some places is almost 1:2000 which means it is difficult for the government extension officers to reach all the farmers.

The second most available source of advisory are the agri-input companies. They have a wide network of agriculture officers who are offering training and other advisory based services to the farmers.

Lastly, there are NGO driven models where donor funded projects or NGOs, offer training and advisory to the farmers. This approach can push new ideas and also focuses more on the impact created by the advisory services.

None of these conventional models are real time, data driven, and customized. However, iFarmer's advisory services work in collaboration with these conventional approaches because all these models have their own strengths. Agrotech companies, like iFarmer, can combine the efficiency of tech enabled advisory with the effectiveness of the traditional models which will definitely create a larger impact for the farmers. For example, for farmers who receive our satellite based advisory services, we also conduct on the field advisory and consultation using the satellite data as a reference and we have seen that there is a higher adoption rate amongst the farmers when such an approach is implemented.

MBR: There is a massive scope for redesigning the agro supply chain, on which multiple agrotech firms are working. Do you believe that someday it will be possible to cut out the middlemen completely? How are the farmers

and agro-product retailers responding to the redesigning effort?

Fahad Ifaz: At iFarmer, we believe in creating an efficient agriculture supply chain, and an efficient supply chain does not always require the removal of the middleman. These middlemen have been serving the markets for ages. So, they also have some value in the system. It is not about removing or cutting out the middlemen completely, but more about whether we can utilize them to create an efficient supply chain and create a win-win for the farmers and for us. If we find that the middlemen are hindering efficiency, only then we can think of cutting them off or by passing them. But, in most cases, we have seen that turning the middlemen into our partners largely increases the efficiency of the supply chain and creates value for the farmers.

MBR: Do you think there is adequate policy support for the agrotech sector to boom? What are the areas in which changes are needed?

Fahad Ifaz: I think, for the agrotech sector to boom, we need policies around. Introducing tech enabled agriculture in the curriculums of our agricultural universities is needed where students can learn and tinker around precision agriculture, remote sensing technology and so on. We also need R&D and policies around precision agriculture such as using drones for fertilizer or pesticide application. The world has adopted soil sensor technologies to analyze soil conditions in farms. But, in Bangladesh, farmers still have to rely on the government lab based soil tests which often takes nearly a month to get results. So, opening up avenues where government departments can collaborate with agrotech companies can be a huge push for the agrotech boom in the country.

Lastly, in our National Agriculture Policy, we need to create scope for integrated tech enabled solutions for the agriculture economy of the country.

MBR: If we take a look into the startup scenario of Bangladesh, the number of startups working in the agrotech sector is relatively low, especially when it comes to agrotech services. What are your thoughts regarding this scenario? How much potential

does the agrotech sector have, especially for startups?

Fahad Ifaz: Bangladesh will have to feed nearly 230 mln people by 2050, but our agricultural land size will not drastically increase. Actually, it might even decrease. So, how will we feed this large population? If we have to spend most of our hard-earned foreign currency in importing staples, then we will not be able to invest in other key areas. So, agrotech has a huge potential in bridging this gap by reducing production cost, increasing productivity, and increasing efficient distribution of the products. Even in India, out of the 100 unicorns that they have, there is not a single agrotech unicorn. But, there are a few 'soonicorn' because the agrotech revolution has started lately, and I think, the recent pandemic has given us more perspective into building resilient agriculture ecosystems that can withstand such external and internal shocks and continues to feed the people.

MBR: iFarmer's area of operations can be associated with both agriculture and the fintech sector. Both these sectors pose unique sets of challenges to the businesses operating in the aforementioned sectors. Would you kindly share the challenges you are mostly facing these days? What suggestions would you give to agrotech startups facing similar challenges?

Fahad Ifaz: The first challenge is to understand the problems of the agriculture system. Agriculture is a largely complex system which often is dependent on variables or factors which are out of our control, for example, the weather. So, the first thing that any agrotech startup should try to do is to understand the complexities. The second challenge is to understand the farmers and make sure that the farmers remain at the center of the business. It was a challenging task to communicate with the farmers to make them understand how iFarmer is different from other organizations such as donor funded projects, NGOs, MFIs, and so on, and to gain their trust. However, after being able to gain their trust, we started facing another set of challenges which is to continue to innovate and improve the depth of our impact for the farmers. The main reason behind this is the lack of or low adoption of smartphones and internet usage in rural areas and amongst farming communities.

IDLC FINANCE SIGNS MOU WITH LIGHTCASTLE PARTNERS



(From Left to Right (Seating): Md. Arifur Rahman, Head of Products and Business Management, SME Division, IDLC Finance Limited; Adnan Rashid, Head of SME, IDLC Finance Limited; Ivdad Ahmed Khan Mojlish, Managing Director, LightCastle Partners and Omar Farhan Khan, Senior Business Consultant, Ecosystem & Investments, LightCastle Partners.)

(From Left to Right (Standing): Navid Chowdhury, Assistant Manager, Products and Business Management, SME Division, IDLC Finance Limited; Sushmita Saha, Manager, Products and Business Management, SME Division, IDLC Finance Limited and Saud Khandaker Hussain, Business Consultant, Ecosystem & Investments, LightCastle Partners.)

IDLC Finance signed an MoU with LightCastle Partners to put joint effort for the development of MSMEs in Bangladesh.

LightCastle Partners is a management consultancy firm that creates data-driven opportunities for growth and lasting impact for development partners, corporations, startups and SMEs. Since its inception, they have consulted for more than 150 development partners and private organizations on above 250 projects, collaborated with more than 500 SMEs and startups, mobilized more than USD 50 million in investments

and supported around 40 accelerator/incubator programs across Bangladesh. LightCastle Partners intends to collaborate with IDLC Finance Limited to create a greater impact by providing access to financial support to their growing network of MSMEs with the purpose to propel the MSME landscape forward.

Through this partnership, IDLC aims to provide the best possible service through quick processing and convenient repayment schemes at a competitive rate to boost the growth of MSMEs.

BHALO



Subrata Kumar

Founder & CEO
bhalo

Interviewed by
Akhlaqur Rahman Sachee, MBR Team

bhalo is one of the leading farm inputs marketplace of Bangladesh, and a social enterprise. bhalo uses a network of digitally-equipped sales agents and retail outlets to connect farmers to leading farm input suppliers and financial service providers, and offer curated high-quality farm inputs (seeds, fertilizers, chemicals, etc.), customized advisory and financial services (buy-now-pay-later, insurance, etc.).

MBR: bhalo, a farm inputs marketplace and a social enterprise founded in 2019, has engaged itself into the business of connecting farmers to the leading farm input suppliers and financial service providers. Will you kindly share the story behind the idea with us?

Subrata Kumar: Between 2012-18, I managed a project for Swisscontact which supported leading agribusinesses (ACI, Metal, Renata, PRAN, etc.) and financial service providers (Dutch-Bangla Bank, United Finance, BRAC Microfinance, etc.) to improve smallholder farmers' access to farm inputs, farm services, farm finance, and markets. The agribusinesses and the financial service providers, each specialized in their respective markets, hardly changed the way they operated, i.e., bringing innovation in their products,



pricing, distribution, promotion or cross-business collaboration, as they did not find enough incentive in serving the underserved (but huge in number) smallholder farmers segment. The project could do little without their buy-in, as its role was passive and temporary by design. I felt an 'intermediary enterprise' could harness the opportunity by aggregating and offering complementary products and services, and bridge the gap between smallholder farmers and agribusinesses and financial service providers in a more effective and sustainable way. As the realization grew, I decided to quit my job, and set up bhalo in 2019 with very limited resources.

MBR: Currently, the majority of farmers are not in touch with banks and NBFIs due to locational disadvantages. However, banks and NBFIs are expanding their geographical coverage through agent banking and sub-branches.

What are the additional values that bhalo will provide to the farmers to stand out?

Subrata Kumar: It is not only farmers' locational disadvantages but also their ticket size, higher costs of disbursement and collection of loans, and an interest spread not enough to cover the risks are the reasons why banks and NBFIs are not willing/able to serve smallholder farmers' financing requirements. Many banks are therefore lending to the Micro Finance Institutions (MFIs) who are then charging higher interest (24% declining, ~13% flat) to cover the costs and risks of extending loans to farmers. MFIs, however, offer a very standardized product with little flexibility in terms of tenure and repayment terms which is not suitable for agriculture. This is where bhalo comes in.

bhalo uses a network of digitally-equipped sales agents (and retail outlets) to connect farmers to leading farm input suppliers and financial service providers, and offer curated high-quality farm inputs, along with farm services (customized advisory, cattle treatment, farm mechanization services, etc.), and financial services (buy-now-pay-later, insurance, etc.). bhalo sales agents dubbed as "Bhaijaan" are entrepreneurial and tech-savvy rural youth with experience of working in farm-input companies, microfinance, NGO or any in farmer-facing organizations. bhalo provides them with technology, training, logistics and working capital, and they take care of promotion, order collection, delivery, after-sales service, payment, and data collection. bhalo works as a one-stop solution for everything a farmer needs which increases production and income of smallholder farmers, increases revenue and margins for bhalo and its sales agents, and sales and market share of partner businesses.

Thus, farmers financing requirements for availing farm inputs and services are being fulfilled by bhalo, but bhalo and its sales agents need financing from banks and NBFIs to extend the buy-now-pay-later facility to the farmers. As bhalo is closely working with farmers and providing a one-stop solution, the costs and risks of agri-financing have largely been reduced. Banks and NBFIs can,

- Offer credit cards to farmers which will be only honored at bhalo sales agent points.

- Offer working capital financing for bhalo sales agents through arrangements with bhalo and its suppliers.
- Additionally, offer financing for capital investment (cattle purchase, etc.) to selected bhalo farmers who already have a purchase and repayment history. bhalo has recently launched a pilot with Shadhin Fintech to offer such financing facilities to selected bhalo farmers.

MBR: bhalo has already collaborated with some of the renowned agri-input suppliers/producers to ensure the supply of quality agri-inputs to the farmers. Why do you think the farmers will pick bhalo's service over the traditional distributors and retailers the agri-input suppliers/producers have deployed all over the country?

Subrata Kumar: Farmers prefer to buy from bhalo sales agents as bhalo offers the best available farm inputs and reliable services at a reasonable cost (transparent price and flexible payment plan). Farmers find the bhalo sales agents as a reliable partner for farming, as the agents visit door-to-door to provide services and follow-up to ensure higher production and income of the farmers.

Farm inputs retailers often stock and push low-grade farm inputs to farmers, taking advantage of the latter's lack of awareness, and know-how. Low-grade farm inputs come with higher profit margins and longer credit facilities compared to high-quality farm inputs. Retailers do not provide reliable advice and charge a very high markup to cover costs and risks of extending credit. This increases overall costs, and results in lower production and income for farmers, affecting their livelihoods and wellbeing.

Leading farm input suppliers work through non-exclusive distributors and retailers, and they have little control on sales/delivery of farm inputs and credit offered to farmers. They find it difficult to reach smallholder farmers due to higher costs of promotion, distribution, and credit recovery from retailers.

As bhalo is solving one of their pain points, and helping them to increase their reach and market share, they are extending support in the form of better prices, delivery, training, and promotion so that bhalo could establish and expand an alternative channel of distribution.

MBR: Formal lenders often perceive the agriculture sector as riskier from the aspect of credit risk. How does bhalo ensure smooth credit recovery while operating in a riskier sector?

Subrata Kumar: Formal lenders do not have the capacity and required resources to ensure credit fund utilization and reduce the risks of production. Moreover, they do not have the credit (purchase/repayment) history of the farmers. bhalo is reducing these risks by offering best quality farm inputs in required amounts, and ensuring higher production through proper usage of those farm inputs and reliable services. For reducing the risks of cash finance, bhalo is carefully selecting farmers from its customer base with excellent payment history, and tagging along with its existing offers.

MBR: bhalo has recently won the SDG Impact Accelerator Program. Will you kindly share how bhalo is aligning its operations with sustainable development goals?

Subrata Kumar: bhalo is a business that has been designed keeping the requirements and benefits of smallholder farmers, therefore 'impact' is central to the business and its mission. Through the business and its offerings bhalo contributes to,

- Improving the livelihoods and well-being of farmers (SDG 1, SDG 2, SDG 3) by increasing their production and income.
- Creating access to farm inputs, farm services and farm finance for women (SDG 5).
- Creating income earning opportunities for rural youth employed as bhalo sales agents (SDG 8).
- Improving awareness and farmers capacity on climate change mitigation, adaptation, and impact

reduction, i.e., making the communities more resilient to climate change (SDG 13).



MBR: Could you please share with us bhalo's current geographical coverage? How do you plan to expand?

Subrata Kumar: bhalo started its operation from Ulipur Upazilla, Kurigram. It currently operates in three Upazillas of Kurigram (Ulipur, Chilmari, and Kurigram Sadar), and three Upazillas of Jhenaidah (Jhenaidah Sadar, Horinakundu, and Shailkupa). We plan to expand our operations within and around these districts by setting up new sales agents, and logistics hubs to support the sales agents.

MBR: What are the entry barriers and the challenges prevailing in the agrotech sector? What do you suggest for the newcomers in the industry?

Subrata Kumar: Agricultural sector in Bangladesh possesses unique challenges and opportunities, but unfortunately, we do not see many innovative enterprises coming out of agricultural universities or the agricultural industry. The understanding of potential entrepreneurs and investors about the agricultural sector is also limited. We need a lot of cross-sectoral collaboration among academia, industry, financial institutions/investors and government agencies to identify and support innovative ideas. We can also foster exchange with countries like India or Indonesia which have thriving agrotech startups and a supportive ecosystem.

Performance of Equity Markets of Bangladesh and Peer Countries

Bangladesh equity market closed the month of April in negative territory. During the month, the broad index DSEX went down by 1.5%. Blue chip index DS30 and Shariah index DSES declined by 0.5% and 1.4%, respectively in the month of April.

Among the regional peers, Pakistan (+0.7%) closed the month in positive, while Sri Lanka (-14.4%) and Vietnam (-8.4%) closed in negative. MSCI Frontier Markets Index performance was negative by 1.5% in April. Over 5-year horizon, Vietnam (+90.4%) posted the most encouraging return.

Table 1: Equity market performance of Bangladesh and peer countries

Indices	Index Points, April 2022	Return*					
		1M	3M	YTD	12M	3Y	5Y
Bangladesh							
DSEX	6,655.7	-1.5%	-3.9%	-1.5%	21.5%	27.9%	21.6%
DS30	2,460.8	-0.5%	-3.8%	-2.8%	16.6%	33.3%	22.1%
DSES	1,447.0	-1.4%	-2.4%	1.1%	15.8%	20.1%	N/A
Peer Countries							
Pakistan (KSE 100)	45,249.4	0.7%	-0.3%	0.4%	2.2%	23.0%	-8.2%
Sri Lanka (CSE - All Share)	7,624.3	-14.4%	-41.4%	-33.4%	5.8%	39.2%	15.3%
Vietnam (VNI)	1,366.8	-8.4%	-7.6%	-7.6%	10.3%	39.5%	90.4%
MSCI Frontier Markets Index	811.8	-1.5%	-5.6%	-7.5%	1.7%	14.2%	16.6%

*All returns are Holding Period Return

Source: Investing.com, MSCI, DSE

Liquidity Condition in Equity Market of Bangladesh

During April, the total market capitalization declined by 0.5%. The daily average turnover of April was BDT 6.3 bn (USD 73.7 mn), decreasing by 23.2% from that of the last month. Turnover velocity which represents overall liquidity of the market stood at 27.1% in April compared to 40.6% of last month. In 2021, turnover velocity of Bangladesh equity market was 65.3%, in comparison to 30.1% in 2020.

Table 2: Market capitalization and turnover statistics

Particulars	30-Apr-22	31-Mar-22	% change
Total market capitalization (USD* mn)	62,112	62,396	-0.5%
Total equity market capitalization (USD mn)	54,349	54,629	-0.5%
Total free float market capitalization (USD mn)	20,832	21,120	-1.4%
Daily Avg. Turnover (USD mn)	73.7	96.0	-23.2%
Turnover Velocity~	27.1%	40.6%	N/A

*All USD figures are converted using an exchange rate of 86.45 as of May 08, 2022 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 January 27, 2013, DSEX yielded a holding period return of 64.1% till April, 2022. During the same period, daily average turnover of the market amounted to BDT 6.7 bn (USD 77.3 mn) (Figure 1).

Figure 1: DSEX since inception along with market turnover



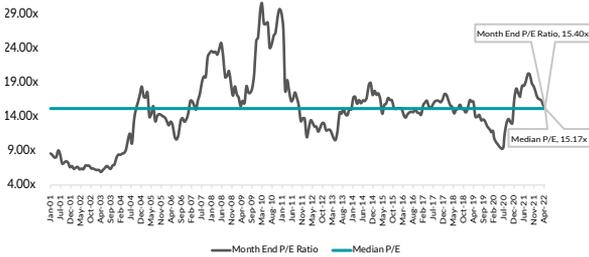
Source: DSE

Market Valuation Level - P/E Ratio:

The market P/E decreased to 15.40x in April compared to last month's 15.63x. It is slightly higher than the 21 years' median market P/E of 15.17x (Figure 2). In terms of trailing 12 month P/E ratio, the equity market of Bangladesh is the cheapest among its regional peers. (Figure 3).

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

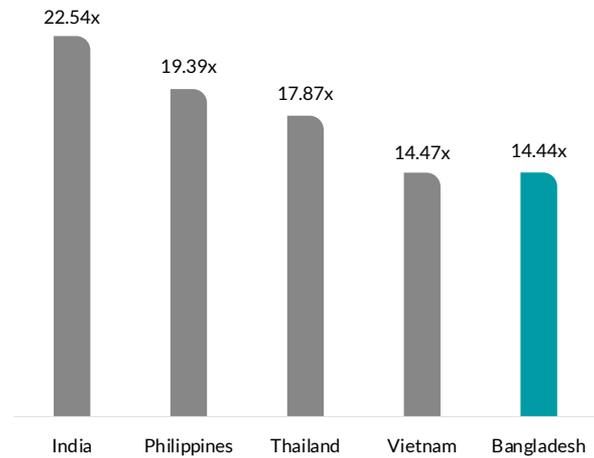
Current Market P/E in Context of History



*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



*Trailing 12 month P/E as of April 28, 2022.

Source: IDLC, Bloomberg

Sector Performance

Among the major sectors, Engineering (+4.0%) yielded the highest return in April 2022. On the other hand, Telecommunication (-2.7%) and Textile (-2.4%) faced the highest selling pressure.

Fuel & Power sector has the highest dividend yield of 5.6% 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			
Telecommunication	7,382	806	-2.7%	-7.8%	-5.0%	-4.3%	33.2%	38.9%	16.8	6.6	2.9%
Pharmaceuticals & Chemicals	8,429	4,578	0.0%	-0.8%	1.6%	19.1%	55.9%	61.9%	17.2	3.2	1.9%
Bank	8,190	4,439	0.5%	-1.4%	-1.1%	25.6%	45.5%	42.1%	7.7	0.7	3.7%
Engineering	6,680	1,399	4.0%	5.0%	2.2%	9.3%	119.0%	50.2%	20.4	2.7	2.4%
Fuel & Power	5,517	1,564	-1.1%	-3.8%	2.7%	11.2%	24.0%	35.2%	12.0	1.5	5.6%
Food & Allied	4,827	1,489	-0.9%	-7.2%	-4.4%	15.5%	93.3%	117.0%	23.2	9.4	4.0%
NBFI	2,352	753	1.1%	-11.7%	-10.1%	16.3%	42.5%	-8.3%	21.9	2.2	1.8%
Miscellaneous	3,046	1,355	-1.7%	-1.3%	0.0%	35.0%	143.8%	154.5%	11.8	2.8	1.9%
Textile	1,966	1,110	-2.4%	-3.0%	4.3%	63.0%	37.4%	15.9%	14.9	1.1	2.5%
Cement	1,551	605	0.3%	2.7%	7.4%	23.5%	94.2%	2.8%	23.8	3.5	2.8%
Non-life Insurance	1,290	730	-6.6%	-14.2%	-18.9%	-3.6%	18.1%	196.5%	18.2	2.2	2.5%
Life Insurance	805	473	-5.8%	-11.8%	-9.0%	21.6%	23.9%	45.4%	38.6	7.4	1.8%
Travel & Leisure	358	188	11.7%	16.7%	25.5%	55.5%	86.3%	45.2%	20.0	1.1	1.4%
Ceramics	343	133	-3.8%	-18.4%	-1.3%	20.3%	60.8%	24.6%	25.5	1.9	2.2%
IT	430	269	-7.8%	-3.7%	-3.9%	34.7%	43.7%	7.6%	24.7	3.0	1.2%
Services & Real Estate	314	165	-1.0%	-7.2%	7.1%	44.4%	73.1%	8.3%	20.8	1.5	2.8%
Tannery	459	260	-5.7%	2.6%	13.3%	98.0%	110.4%	40.7%	42.2	3.6	0.8%
Paper & Printing	414	144	0.3%	-9.0%	23.7%	24.3%	-12.5%	-33.4%	42.6	2.5	0.7%
Jute	23	14	-7.4%	-1.9%	-5.3%	-19.8%	-6.3%	43.5%	175.1	5.8	0.2%
Market	54,349	20,832	-1.5%	-3.9%	-1.5%	21.5%	27.9%	21.6%	14.4	2.0	3.0%

*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 April, all the cap classes remained negative. Large Cap was the highest dividend yielding (3.5%) class.

Table 4: Performance of different market cap classes

Cap Class	Definition based on market capitalization (USD mn)	% of total equity Mcap	Return*						P/E (x)	P/BV (x)	Dividend Yield
			1M	3M	YTD	12M	3Y	5Y			
Large	≥117	77.6%	-0.5%	-3.9%	-1.2%	15.3%	46.3%	93.9%	19.5	2.0	3.5%
Mid	35-116	11.9%	-1.4%	-6.0%	-3.3%	32.0%	50.1%	-36.0%	26.6	1.4	2.4%
Small	12-34	7.8%	-6.3%	-6.8%	-2.0%	29.9%	35.8%	68.1%	79.8	1.2	2.3%
Micro	<12	2.7%	-3.5%	6.4%	10.5%	76.3%	62.6%	-84.5%	171.5	1.1	0.7%
Market	-	-	-1.5%	-3.9%	-1.5%	21.5%	27.9%	21.6%	21.6	1.9	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, WALTONHIL (+8.0%) advanced the most, followed by BEACONPHAR (+6.2%). On the other hand, BXPHERMA (-6.0%) faced the highest correction.

Majority of these companies yielded outstanding return over longer time horizon (5 years) such as BEACONPHARMA (+1201.6%), BEXIMCO (+465.2%), MARICO (+188.3%), UPGDCL (+185.7%), DUTCHBANGL (+145.9%), and BATBC (+141.6%).

Among the scripts, SUMITPOWER, UPGDCL, TITASGAS, BATBC and GP 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	Telecommuni- cation	4,997	500	0.45	-2.7%	-6.8%	-5.1%	1.2%	17.3%	22.2%	12.7	14.9	3.9%
WALTONHIL^	Engineering	4,073	40	0.08	8.0%	9.5%	1.2%	-2.3%	N/A	N/A	32.2	4.4	2.2%
BATBC	Food & Allied	3,634	961	0.72	-0.5%	-6.2%	-4.2%	17.5%	93.1%	141.6%	21.0	9.5	4.7%
SQURPHARMA	Pharmaceuticals & Chemicals	2,312	1,513	1.06	2.8%	2.4%	5.2%	9.3%	41.2%	12.6%	10.6	2.8	2.7%
ROBI^	Telecommuni- cation	1,963	196	0.25	-3.6%	-13.6%	-6.1%	-28.5%	N/A	N/A	101.3	2.8	0.6%
UPGDCL	Fuel & Power	1,731	173	0.09	1.7%	1.5%	5.7%	-1.6%	5.4%	185.7%	11.2	5.6	6.6%
RENATA	Pharmaceuticals & Chemicals	1,689	823	0.17	0.6%	2.2%	3.8%	19.7%	77.4%	126.7%	26.6	7.4	1.0%
BEXIMCO	Miscellaneous	1,509	997	4.98	-2.7%	-0.2%	0.3%	74.6%	615.7%	465.2%	8.5	2.1	2.4%
LHBL	Cement	1,056	373	2.11	4.8%	6.9%	14.3%	31.7%	132.1%	34.7%	24.3	5.9	3.2%
ICB	NBFI	952	33	0.10	-3.2%	-21.3%	-17.6%	12.6%	38.6%	-28.4%	38.1	8.6	1.1%
BERGERPBL	Miscellaneous	949	47	0.01	0.8%	-0.7%	1.8%	8.1%	43.6%	82.7%	30.7	11.3	1.7%
MARICO	Pharmaceuticals & Chemicals	857	86	0.14	-0.1%	-0.1%	2.3%	15.6%	12.5%	188.3%	20.9	40.2	3.4%
BXPBARMA	Pharmaceuticals & Chemicals	855	597	0.59	-6.0%	-15.2%	-14.0%	-12.3%	137.2%	75.3%	12.9	2.4	2.1%
BRACBANK	Bank	796	428	0.27	1.0%	-9.0%	-9.2%	23.0%	28.9%	16.8%	12.6	1.8	1.5%
BEACONPHAR	Pharmaceuticals & Chemicals	709	497	0.68	6.2%	17.4%	9.1%	120.0%	295.6%	1201.6%	51.3	20.8	0.6%
ISLAMIBANK	Bank	607	289	0.32	-0.6%	0.3%	1.9%	20.8%	41.8%	23.5%	9.2	0.9	3.1%
DUTCHBANGL	Bank	531	80	0.07	-2.5%	-4.3%	-4.9%	29.8%	53.5%	145.9%	8.3	1.7	2.4%
POWERGRID	Fuel & Power	493	123	0.39	-5.8%	-10.6%	0.3%	40.3%	49.1%	31.9%	16.8	0.8	3.3%
SUMITPOWER	Fuel & Power	478	176	0.17	-0.8%	0.0%	-0.5%	-1.3%	28.7%	37.0%	10.2	1.2	9.0%
TITASGAS	Fuel & Power	445	111	0.12	-4.0%	-6.7%	7.2%	25.6%	56.3%	7.4%	13.5	0.6	5.7%
Market		54,349	20,832	73.70	-1.5%	-3.9%	-1.5%	21.5%	27.9%	21.6%	14.4	2.0	3.0%

*All returns are Holding Period Return.

^WALTONHIL got listed on September 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, CAPM unit Fund (+14.8%) yielded the highest return. On YTD basis, all these funds underperformed compared to market except CAPM Unit Fund and LankaBangla 1st Balanced 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		
			2022 YTD*	2021	2017-2021
CAPM Unit Fund	CAPM	1.8	4.2%	29.6%	14.8%
Seventh ICB Unit Fund	ICB	4.7	-7.1%	34.2%	14.3%
Second ICB Unit Fund	ICB	2.1	-6.0%	41.5%	14.2%
UFS-Pragati Life Unit Fund	UFS	1.4	-3.0%	27.3%	13.3%
Peninsula AMCL BDBL Unit Fund One	IDLC	3.2	-2.8%	25.7%	11.8%
Sixth ICB Unit Fund	ICB	3.1	-5.4%	29.6%	11.6%
Third ICB Unit Fund	VIPB	3.9	-4.2%	26.0%	11.6%
Fourth ICB Unit Fund	ICB	2.6	-5.3%	36.1%	11.4%
LankaBangla 1st Balanced Unit Fund [†]	ATC	6.3	-1.3%	21.9%	11.2%
ICB AMCL Pension Holders' Unit Fund	ICB	4.6	-1.8%	27.5%	10.7%
Market (Broad Index) Return (%)			-1.4%	25.1%	6.1%

*Based on published NAV and DSEX point of April 21, 2022

All the top ten closed end mutual funds on the basis of 5 years (2017-2021) outperformed the market during the same horizon. Among them PRIME1ICBA (+12.4%) posted the highest return. On the YTD basis, CAPMBDBLMF (+5.6%) and ICB3RDNRB (+1.6%) 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
							2022 YTD	2021	2019-2021	2017-21	
PRIME1ICBA	1,035.0	12.0	7.4	10.4	71.5%	10.1%	-0.5%	35.8%	17.3%	12.4%	2030
1STPRIMFMF	282.8	3.3	16.7	14.1	118.1%	6.0%	0.3%	38.5%	17.3%	12.0%	2029
ICBSONALI1	1,054.0	12.2	8.2	10.5	77.8%	8.5%	0.6%	26.6%	13.7%	10.9%	2023
PF1STMF	600.6	6.9	11.5	10.0	114.9%	5.2%	-1.1%	39.6%	16.9%	10.9%	2030
ICBEPMF1S1	737.3	8.5	7.4	9.8	75.3%	8.1%	1.5%	38.2%	17.7%	10.6%	2030
ICBAMCL2ND	541.5	6.3	8.3	10.8	76.6%	9.6%	0.8%	36.2%	16.1%	10.5%	2029
ICB3RDNRB	972.0	11.2	6.9	9.7	71.0%	10.1%	1.6%	36.2%	16.8%	10.4%	2030
GRAMEENS2	3,744.6	43.3	16.1	20.5	78.4%	8.1%	-1.3%	18.2%	9.2%	9.8%	2028
CAPMBDBLMF	651.2	7.5	10.4	13.0	80.1%	12.5%	5.6%	29.9%	12.4%	9.3%	2027
RELIANCE1	859.1	9.9	11.4	14.2	80.3%	9.2%	-1.7%	19.2%	8.7%	9.0%	2031
Market							-1.4%	25.1%	7.9%	6.1%	

1 Price as of April 24, 2022, and NAV published on April 21, 2022.

2 On last cash dividend declared.

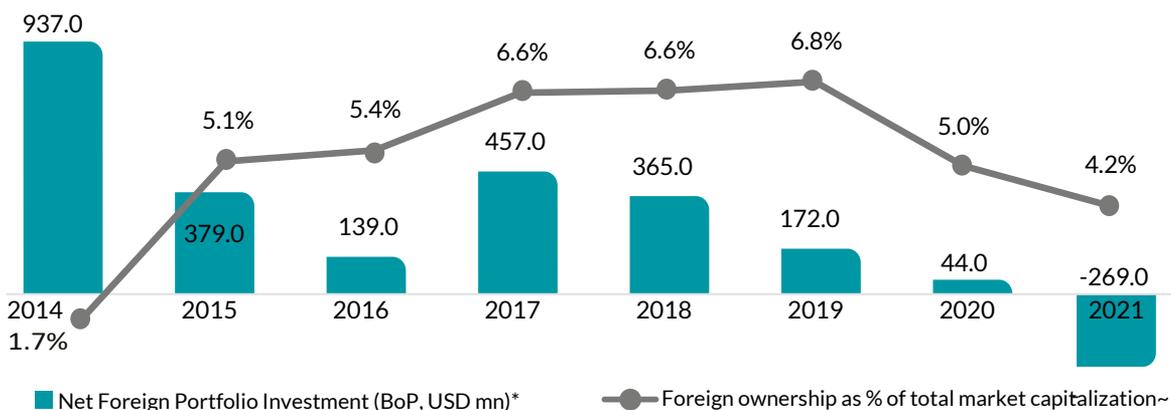
3 CAGR computed for respected periods, except for 2021 and 2022 YTD, adjusted for dividend. YTD returns of funds debuting within the year represent return generated since debut, hence is not directly comparable with return of funds that operated throughout the year.

4 In reference to BSEC Press Release বিএসইবিস/সুখপার (৩য় খণ্ড)/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 surge of foreign investment. As of March 2022, total foreign ownership stood at 4.0% of the total equity market capitalization, which was only 1.7% in December 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 37.4% as of March 2022, followed by BXPHERMA with 29.5%.

Table 8: Top ten companies with highest foreign shareholding as of March 2022

Ticker	Sector	Foreign Shareholding*
BRACBANK	Bank	37.4%
BXPHERMA	Pharmaceuticals & Chemicals	29.5%
OLYMPIC	Food & Allied	26.5%
RENATA	Pharmaceuticals & Chemicals	22.9%
ISLAMIBANK	Bank	20.5%
DBH	NBFI	19.4%
BSRMLTD	Engineering	17.5%
SQURPHARMA	Pharmaceuticals & Chemicals	14.2%
SHEPHERD	Textile	12.8%
VFSTDL	Textile	8.3%

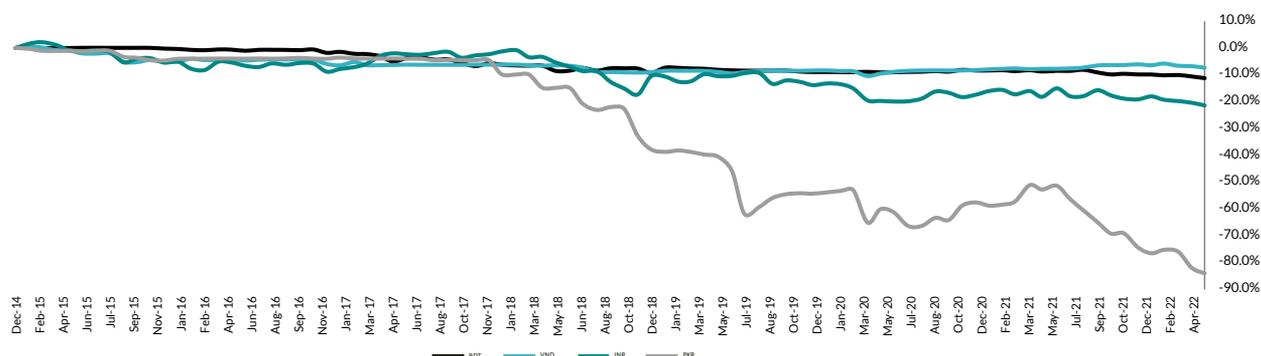
Source: DSE

*Latest Data for Foreign shareholding available on DSE are as of March, 2022.

Performance of BDT and Currencies of Peer Countries against USD

Since 2015, BDT retained its value better than majority of the currencies of peer countries. While BDT depreciated by 10.6% against US Dollar, other currencies of neighbor countries like Vietnamese Dong (VND), Indian Rupee (INR) and Pakistani Rupee (PKR) lost 6.8%, 20.4% and 81.9%, respectively.

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



Source: Investing.com

ফিক্সড ডিপোজিট অ্যাকাউন্ট এখন আপনার হাতেই

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ঘরে বসেই করুন
ফিক্সড ডিপোজিট

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