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IDLC MONTHLY

# BUSINESS

# REVIEW

REAL ESTATE SECTOR  
OF BANGLADESH

Covid-19 and its Aftermath

 **IDLC**  
Finance Limited

*financing happiness*





## আইডিএলসি ফিক্সড ডিপোজিট

### আস্থা থাক বিশ্বস্ত হাতে

আইডিএলসি'র কাছে আপনার প্রতিটি টাকা বিশ্বাসের আমানত। তাই, গত ৩৪ বছর ধরে স্বচ্ছতা, সর্বোচ্চ সুশাসন ও ফাইন্যান্সিয়াল সেক্টরের অভিজ্ঞতাকে দক্ষতার সাথে কাজে লাগিয়ে ব্যবসা পরিচালনা করছি আমরা। যেনো আপনার টাকা নিশ্চিতভাবে বাড়তে থাকে নিরাপদে।

- দেশজুড়ে ২০টি জেলা শহরে ৪০টি শাখা
- আপনার সেবায় ১৪০০ জন নিয়োজিত কর্মী
- শ্রেণিকৃত ঋণের পরিমাণ মাত্র ২.৯৪%
- সর্বোচ্চ সুশাসনের জন্য একাধিক আন্তর্জাতিক স্বীকৃতি ও পুরস্কার প্রাপ্তি
- ৩ মাস থেকে শুরু করে বিভিন্ন সুবিধাজনক মেয়াদে ডিপোজিট করার সুবিধা
- AAA ক্রেডিট রেটিং প্রাপ্ত

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**Real Estate Sector of Bangladesh:  
Covid-19 and its aftermath**

Since its inception, the real-estate sector has succeeded in making a sizable impact on the country's economy. A setback due to the lockdown acted as an obstruction which they were able to overcome due to the enormous opportunities that are emerging for this sector. Utilizing the spiraling increase in demand for low-cost affordable housing, with cooperation from the government can further catalyze the growth of this sector.

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Managing Director of BTI and  
Adviser of The Real Estate  
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FROM THE

# EDITOR



## Real estate sector: Thriving against all odds since its inception

The real estate sector of Bangladesh started its journey in the 1970s, with the concept of developing apartments, and has been climbing up the ladder ever since. At present, developing apartments has stretched to model cities, shopping malls, and commercial set-ups making the sector one of the key drivers of economic growth. The sector has managed to make a sizable impact in employment generation and directly adds on average nearly BDT 5.0 million to government revenue per annum.

The spiraling growth in population has made Dhaka and Chittagong into two of the most populous metropolitan cities in Bangladesh, for which they attract most of the projects. Bangladesh Bank estimates the housing finance demand for the fiscal year 2020-21 to rise compared to that of the previous year, with private banks holding the lions share in outstanding housing loans as of end of June 2020. The nationwide lockdown last year, acted as an obstacle to the growth of this sector, from which it is gradually recovering because of the enormous support from the government. Moreover, high liquidity which drove the lower interest rate in the banking sector also played a vital role here.

Many doors have opened for the booming real estate sector, for example, the development of

new and spacious areas outside of Dhaka which calls for urban infrastructures in order to develop. The construction of new roads and railways will provide them with an opportunity to consider regions apart from the mainstream ones. The increasing rate of lower-middle-class people has led to a rise in demand for their homes. In addition to that as mentioned above support from the government, banks and NBFIs are also contributing immensely.

Unfortunately, the pandemic is not the only hurdle faced by the real estate. Mismanagement caused by few developers sometimes result in customer dissatisfaction. Minimal coordination between development authorities and disorganized urban planning exacerbates the situation. As a result, joint efforts from the government and industry players are required to cater to the needs of the people. In addition, real estate should start stressing over low-cost affordable housing in order to accommodate the influx of lower-middle-income families.

**Bonnishikha Chowdhury**  
Executive Officer  
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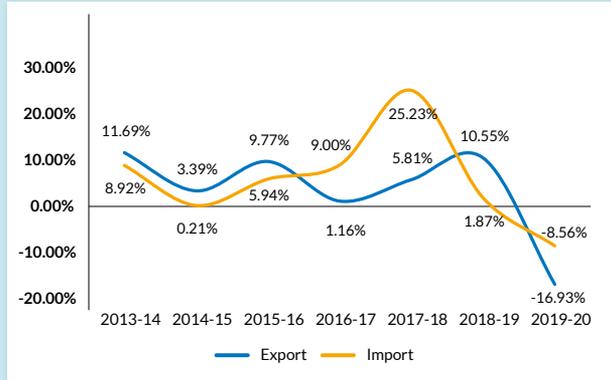
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# ECONOMY AT A GLANCE

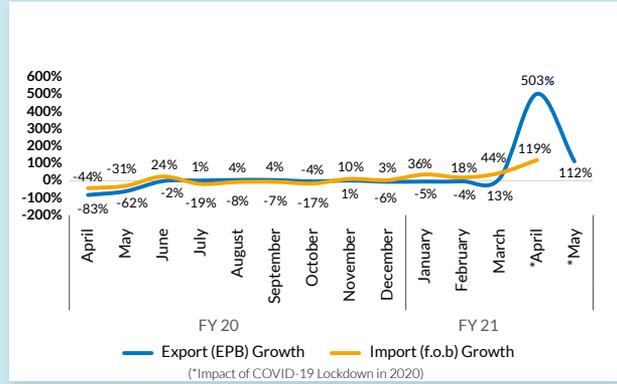
Prepared by IDLCSL Research Team

## EXPORT-IMPORT

Growth in Export Import Trade (Last 7 Years)

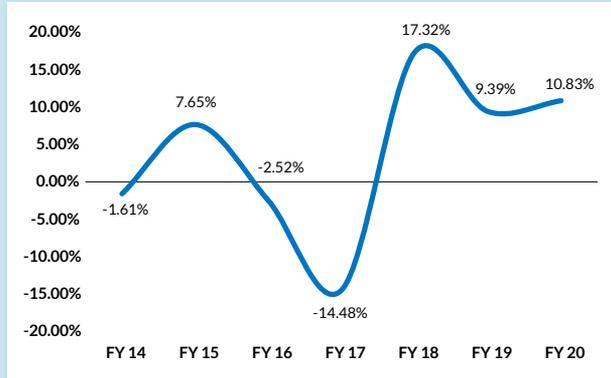


Export & Import Growth

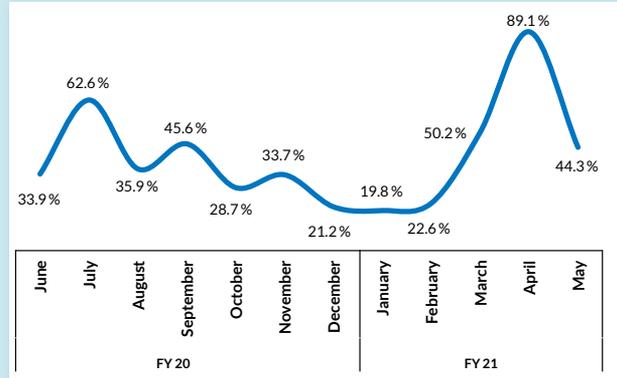


## REMITTANCE

Remittance Growth (Last 7 Years)

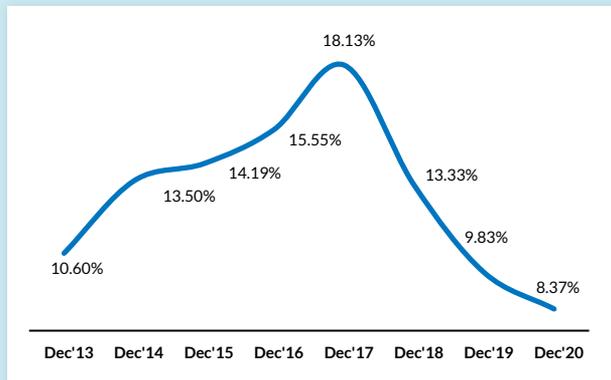


Remittance Growth (Last 12 Months)



## PRIVATE SECTOR CREDIT GROWTH

Private credit growth (Last 8 years)



Private sector credit growth (Last 12 months)



## ■ MONTH IN BRIEF

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● **The government has decided to lease out 17 out of the 25 state-owned jute mills** to the private sector for five to twenty years, along with the possibility of extending this period at a later time.

● For the first time in the country's history, remittance inflow crossed the **\$20 billion mark in a single fiscal year.**

● Export receipts rose abnormally in April compared to the level in the same month last year when overseas sales stood at a meager **USD 0.52 billion, the lowest in the history of Bangladesh.**

● **The Bangladesh Securities and Exchange Commission (BSEC)** allowed foreign investors to be the sponsors of mutual funds.

● **The government will allocate Tk 47,283 crore to 12 megaprojects,** including those on the fast-track list, from the development budget for the upcoming fiscal year.

● The country's per capita income increased to **US\$2,227 in the fiscal year 2020-21 from \$2,064 a year back.**

● Corporate tax to be slashed by 250 basis points. **The tax will be set at 30% from the existing 32.5% for non-listed companies and at 22.5% from 25% for the listed ones in the fiscal 2021-22 – as a gift of “Mujib Year”**

● Eleven banks will enlist perpetual bonds worth BDT 5,100 crore on the stock exchanges **through direct listing as per the directive of the Bangladesh Securities and Exchange Commission.**

● **Bangladesh Bank has decided to roll out a refinance scheme of BDT 100 crore** to help bus owners affected by the restrictions on movements.

● **Tech giants Google and Amazon acquired Business Identification Numbers from the National Board of Revenue** last week to run their business in Bangladesh while ensuring value-added tax compliance.

● For the Record

*THE LAUNCH OF THE VACCINATION HAD GIVEN EVERYONE HOPE, WHICH HAD ENCOURAGED PRIVATE SECTOR INVESTMENT. THIS HAS HAD A POSITIVE IMPACT ON DEBT GROWTH IN FEBRUARY.*

**Abul Kashem Khan**, former president of the Dhaka Chamber of Commerce and Industry and chairman of the Business Initiative Leading Development (BUILD) on the fall of private sector credit growth.

**Since demand is dull, businesses will neither enhance their capacity nor utilize their capacity in full, thus resulting in a decline in credit demand.**

**AB Mirza Azizul Islam**, Former Adviser to a caretaker government of the country on the fall of private sector credit growth

**The inflow of remittance would maintain a standard flow in the upcoming days as the migrant workers are already used to the legal channels and are enjoying the 2% cash incentive.**

**Zaid Bakht**, research director of the Bangladesh Institute of Development Studies on the growth of remittance before Eid-ul-fitr.

**JUDGING FROM THE INFORMATION GATHERED FROM OUR GLOBAL NETWORK, WE ASSESS THAT BANGLADESH IS ONE OF THE MOST RAPIDLY DEVELOPING, HIGH POTENTIAL, AND ATTRACTIVE MARKETS.**

**Hikari Kawai**, country Head of Marubeni Bangladesh commented on Bangladesh being one of the most rapidly developing markets.

**Remittances were playing a role in increasing reserves.**

**Dr Zahid Hossain**, Former lead economist at the World Bank (Dhaka office) on the record hit of the foreign exchange reserves.

**THE PROJECT WILL PROVIDE IMMEDIATE AND TAILORED LIVELIHOOD SUPPORT TO RURAL POOR PEOPLE FOR RESPONDING TO URGENT NEEDS SUCH AS THE COVID-19 PANDEMIC, IMPROVE THEIR ABILITY TO COPE WITH FUTURE SHOCKS.**

**Jean Saint-Geours**, World Bank team leader for the project referring to the loans approved by World Bank.

Country	Nominal GDP: October, 2020 (USD in billion)	Real GDP Growth: October 2020 (yearly % Change)	Inflation Point to point (%)	Inflation (%) As of	Current Account Balance: (% of GDP)	Interest Rates (%), Ten years treasury bond	Currency Units (per USD)
<b>Frontier Market</b>							
Sri Lanka	81.1	-4.55	4.50	May-21	-3.63	8.68	198.00
Vietnam	340.6	1.60	2.90	May-21	1.61	2.189	23,046.00
Kenya	101.0	1.05	5.87	May-21	-4.90	12.61	107.85
Nigeria	443.0	-4.28	18.12	April-21	-3.65	12.94	358.50
<b>Bangladesh</b>	<b>330.1</b>	<b>5.24</b>	<b>5.56</b>	<b>April-21</b>	<b>-0.02</b>	<b>5.80</b>	<b>84.80</b>
<b>Emerging Markets</b>							
Brazil	1,363.8	-5.80	6.76	April-21	0.27	8.89	5.05
Saudi Arabia	680.9	-5.44	5.30	April-21	-2.51	N/A	3.75
India	2,935.6	-10.29	4.29	April-21	0.33	6.03	72.87
Indonesia	1,088.8	-1.50	1.68	May-21	-1.30	6.50	14,295.00
Malaysia	336.3	-6.00	4.70	April-21	0.94	3.25	4.13
Philippines	367.4	-8.26	4.50	May-21	1.61	3.95	47.69
Turkey	649.4	-4.99	16.59	May-21	-3.66	18.94	8.67
Thailand	509.2	-7.15	2.44	May-21	4.17	1.74	31.13
China	14,860.8	1.85	0.90	April-21	1.30	3.13	6.40
Russia	1,464.1	-4.12	5.53	April-21	1.17	7.24	72.79
<b>Developed Markets</b>							
France	2,551.5	-9.76	1.40	May-21	-1.92	0.15	0.90
Germany	3,780.6	-5.98	2.50	May-21	5.75	-0.21	0.82
Italy	1,848.2	-10.65	1.30	May-21	3.23	0.88	0.82
Spain	1,247.5	-12.83	2.70	May-21	0.54	0.45	0.82
Hong Kong	341.3	-7.47	0.70	April-21	4.35	1.23	7.76
Singapore	337.5	-6.00	2.10	April-21	14.98	1.52	1.32
United States	20,807.3	-4.27	4.20	April-21	-2.12	1.56	1.00
Denmark	339.6	-4.50	1.50	April-21	6.37	-0.34	6.11
Netherlands	886.3	-5.40	1.90	April-21	7.56	-0.08	0.82
Australia	1,334.7	-4.16	1.10	March-21	1.85	1.57	1.29
Switzerland	707.9	-5.30	0.30	April-21	8.48	-0.16	0.90
United Kingdom	2,638.3	-9.76	1.50	April-21	-2.05	0.79	0.71

**Bangladesh data:** GDP size and real GDP are sourced from Bangladesh Bureau of Statistics as per 2019-20 data. Calculation Method of CA Balance (% of GDP): CA balance of FY19-20 / GDP of FY19-20.

Interest rate (%) 10 years TB as per May, 2021, Inflation as per March, 2021 and Currency Unit (per USD) as per 6th June, 2021 are sourced from Bangladesh Bank

**Nominal GDP:** Data of all countries apart from Bangladesh is sourced from IMF estimates of 2020 data (October, 2020 Outlook)

**Real GDP Growth and Current Account Balance:** Data of all countries apart from Bangladesh is sourced from IMF estimates of October, 2020 data (World Economic Outlook, October 2020)

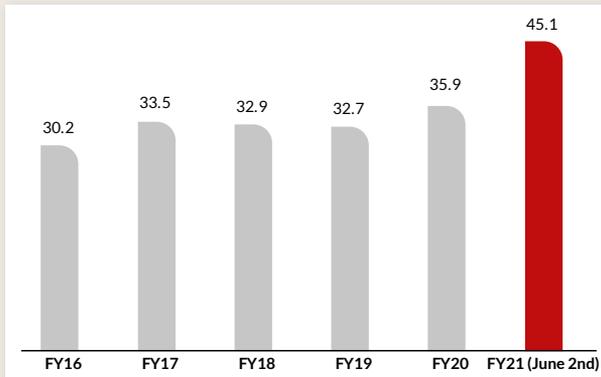
**Inflation:** Data of all countries apart from Bangladesh is sourced from tradingeconomics.com as per 6th June, 2021

**Interest rates 10 years TB and Currency Unit:** Data of all countries apart from Bangladesh is sourced from Investing.com as per 6th June 2021

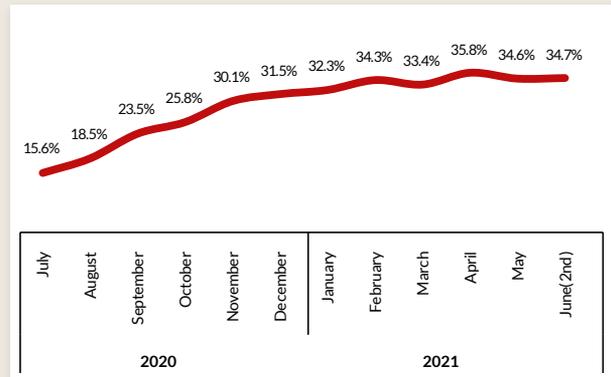
# BANKING DATA CORNER

Prepared by IDLCSL Research Team

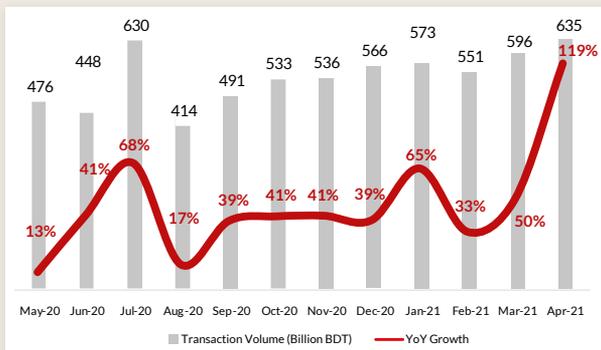
### Foreign Exchange reserve (In Billion USD)



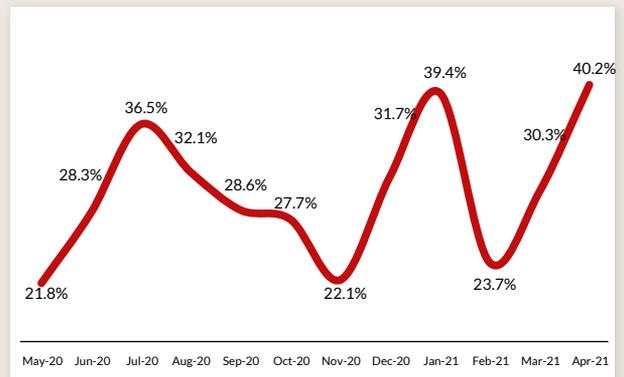
### Foreign Exchange Reserve YoY Growth



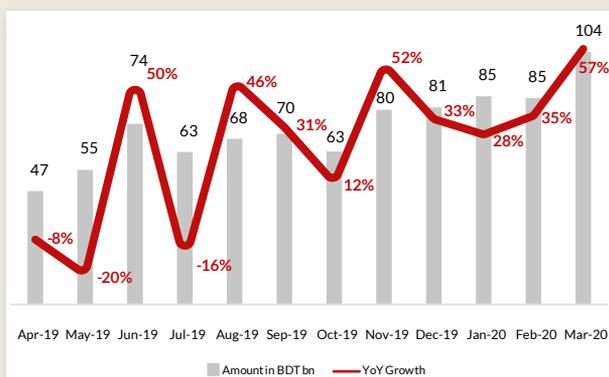
### MFS Total Transaction Volume 2020 - 2021 (BDT Billion and YoY Growth)



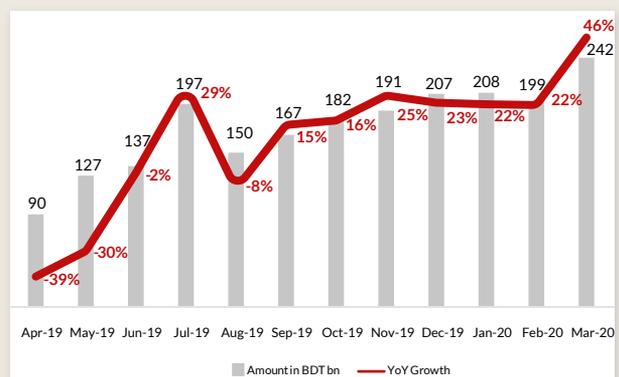
### MFS No. of Total Transaction YoY Growth 2020-2021



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



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



Source: Bangladesh Bank

## ALICE LABS



**Shuvo Rahman**  
**Founder & CEO**

Interviewed By  
 Bonnishikha Chowdhury, MBR Team

**MBR: How did the idea of Alice Labs come into being? What motivated you to start Alice Labs?**

**Alice Labs :** In 2017, I and my other three co-founders Jamil, Fahad and Munim started a dev shop: MisFit Technologies Ltd. Jamil has expertise in operations, Fahad has a sharp focus on strategy and vision, Munim is adept in marketing and sales, while my forte has been in engineering and product development. Being one of the founding members and CTO, I was involved in the technical decision-making and roadmaps to take the company forward. In the early days, MyAlice started as a project of MisFit Tech. Eventually, we decided to establish it as a stand-alone venture and I took over as the CEO. At Misfit, we were attempting to solve multifarious problems of diverse businesses. While working with multiple enterprises, I noticed a trend: customers preferred to reach out to retailers via social media rather than emails or call centers. Since the average attention span of today's individuals range from 8-12 seconds, there's a decent possibility that they'll move on to another brand if their questions aren't

answered right away. A whopping 75% of online shoppers and potential customers expect help within five minutes. So it became imperative for e-commerce and online businesses to ensure seamless customer experience across all conversational platforms: Messenger, Facebook, Viber, WhatsApp and so on.

During those days, I had a terrible customer service experience with a bank. While I was in Myanmar on business, I called the call center with a question, but the wait was exasperating. I also emailed them, but received a response three days later. In fact, 78% of customers feel irritated because they need to relay the same information to multiple employees of a company across different conversational channels. To resolve such customer inconveniences, I devised the concept of MyAlice, which automates customer interactions and helps organizations reduce support costs and response time. It also structures conversational data which help enterprises to understand their user base, thus managing their customers from a myriad of sources. MyAlice's proprietary AI learns over time from the interactions of human agents. Every day,



the best D2C brands use our customer care solution and virtual assistant, from e-commerce to fashion, FMCG, and even banks.

**MBR: Could you please give us an overview of Alice Labs in terms of services you offer, number of clients you have and the size of your business etc.?**

**Alice Labs :** MyAlice is a multi-channel customer support platform for e-commerce and online businesses. Alice Labs develops smart tools and conversational AI solutions with a mission to streamline customer support and make it more efficient. Businesses can connect all of their customer-facing channels through MyAlice; automate the conversation for both sales and support through natural language processing (NLP) and machine learning (ML) while handling the rest through live chat.

MyAlice is currently active in Bangladesh, Myanmar, Nepal, and Singapore. Through its subscription-based customer support plans, MyAlice works with over 50 e-commerce stores and enterprises throughout the region, including major brands and retailers like Unilever, Coca-Cola, Giordano, and Maybelline, among others.

**MBR: How was the response of people in the initial stage? What is the core competitive advantage of Alice Labs?**

**Alice Labs :** We received positive feedbacks and our business grew a lot initially through word of mouth. MyAlice has an edge in being able to serve markets that are often overlooked by large global players. With MyAlice's conversational AI tools, clients can automate over 70% of conversations, reduce support costs by 33%, and increase sales by up to 20%.

**MBR: What are the challenges Alice Labs is currently facing in general and how are you mitigating those?**

**Alice Labs :** Initially, way before the seed fund, it was challenging for us to attain quick enough

growth because MyAlice was a bootstrapped startup. When MyAlice began to gather momentum, that's when I set my sights higher. For building any kind of startup, be it local or global, you should equally focus on the four dimensions: Market, Product, Channel, and Model. Make sure you give your product a core value, a hook, a time to value, and a stickiness factor. While going global, ensure that the markets you're targeting have similar issues and that you can integrate your operations.

**MBR: How has the pandemic affected your business?**

**Alice Labs :** The pandemic hasn't affected us much in terms of global client acquisition since we are a SaaS business. In fact it showed businesses the importance of such digital tools. But it did slow our rate of client acquisition in a few South Asian countries. It has also been difficult in terms of bill collection since other businesses have been affected due to the pandemic.

**MBR: What are the strategic priorities of Alice Labs at the moment? How do you hope to scale up the business?**

**Alice Labs :** A SaaS business doesn't have any boundaries and hence, can be scaled up rapidly. Even for a new firm, SaaS can be a terrific method to get started and eventually grow into a million-dollar business. You can sell your services to any company in the world. However, if you don't build a moat, your organization will perish.

It's critical for us to scale up as a tech startup. We used to primarily deal with FMCG, banks, and telecommunication companies. In the FMCG sector, however, because brand loyalty is typically high for these products, there are fewer opportunities to generate stickiness. On the other hand, most banks don't even use Cloud, so scalability is near to unattainable.

We decided to focus on e-commerce and online businesses. Customers flock to e-commerce stores in greater numbers. Retailers must respond to customer queries as

soon as possible. As far as my knowledge goes, there are around 24 billion e-commerce stores worldwide. However, very few e-commerce stores are visible. 90% of e-commerce stores are on Shopify and WooCommerce. So, in terms of scalability as well as revenue generation, e-commerce is a niche and lucrative market for us.

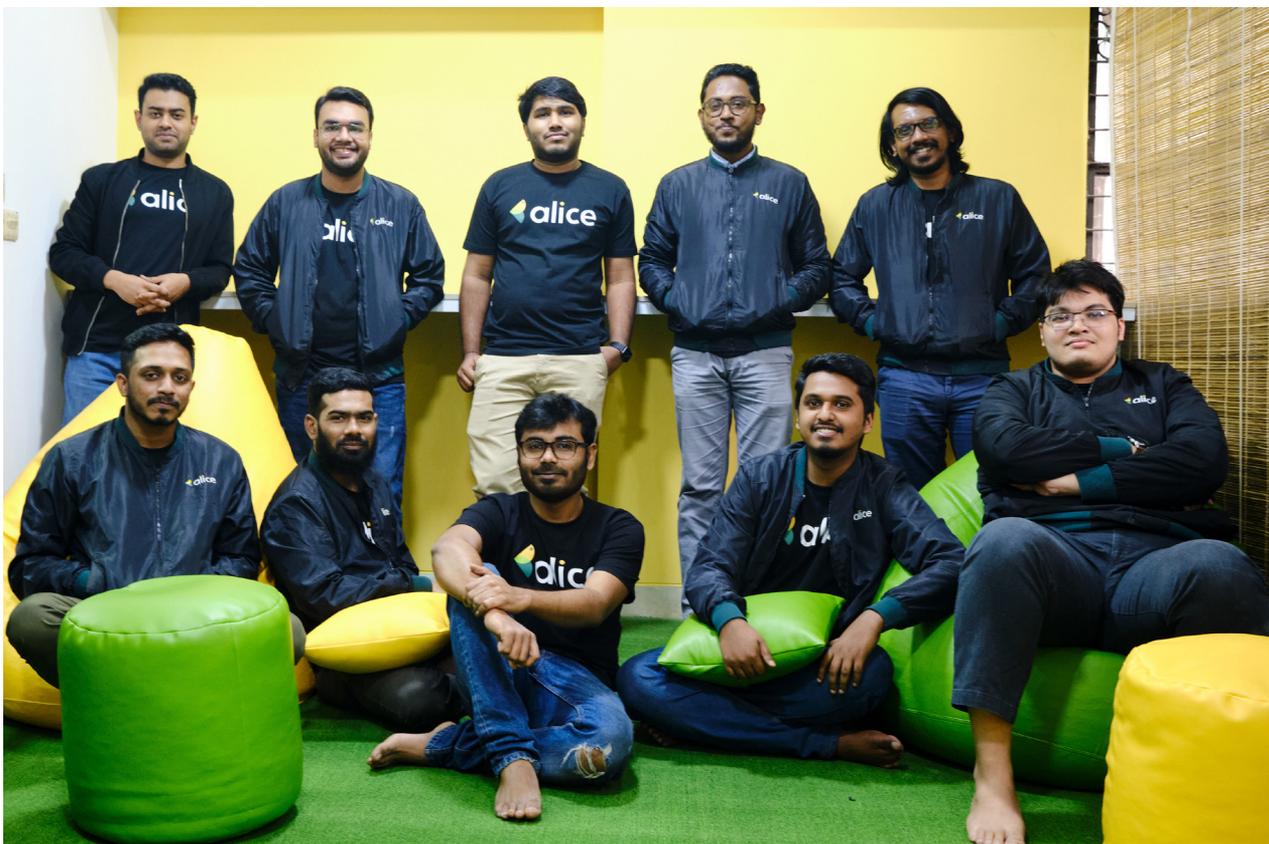
I followed the 80/20 rule while picking my sales and marketing channels. To begin, we relied on SEOs and word of mouth within our networks. We started pushing our product on relevant E-commerce groups on Facebook. Due to its relatively low CAC and virility effect, Facebook has been a great channel for us to acquire customers.

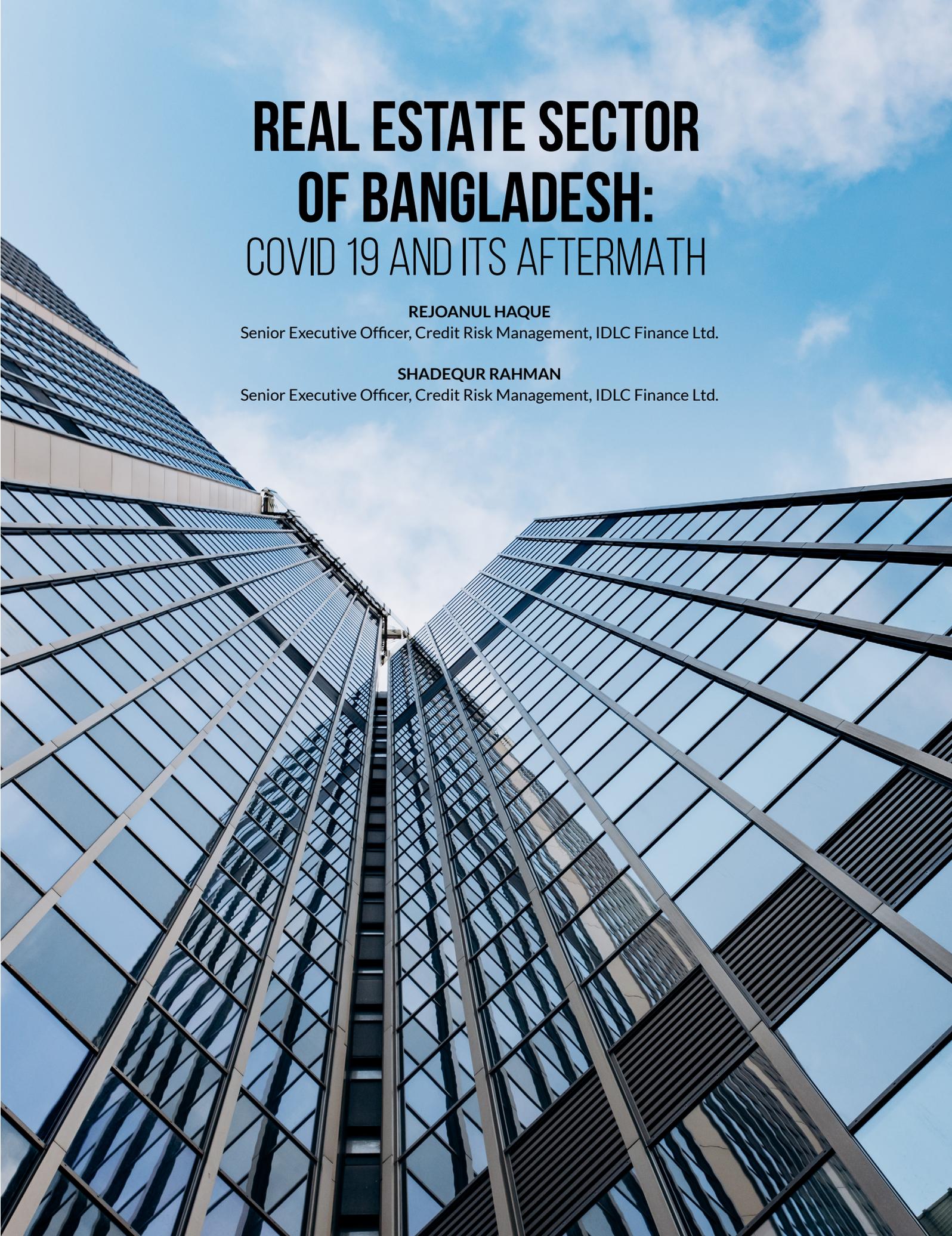
However, these e-commerce stores could only handle 20-30 orders each day. For these retailers, we devised a \$50/month pricing strategy. As you can tell, the ARPU was almost insignificant. In order to broaden our consumer base, we also resorted to influence marketing.

Since we are a B2B business, we decided to pursue Account-based marketing. In order to onboard the reputable brands, we introduced a 300\$/month pricing model. Our Sales and Marketing team would produce a list of the best-fit clients with the biggest ROI potential for MyAlice. Next, we would send them automated emails.

**MBR: What are the lessons you have learnt in terms of growing a business across different geographical borders? What are the other future plans of Alice Labs?**

**Alice Labs:** In 2022, we want to target the Australian and European markets, with the goal of entering the North American market by the end of 2023. However, we will perhaps not be developing new products for the next 2-3 years, but will focus on building moats around MyAlice. Because the development of a new product necessitates the evolution of your channels and business plan, so for the time being we want to be very focused on a specific vertical which is e-commerce.





# **REAL ESTATE SECTOR OF BANGLADESH: COVID 19 AND ITS AFTERMATH**

**REJOANUL HAQUE**

Senior Executive Officer, Credit Risk Management, IDLC Finance Ltd.

**SHADEQUR RAHMAN**

Senior Executive Officer, Credit Risk Management, IDLC Finance Ltd.

Bangladesh's real estate sector is growing steadily on the back of the rapid development of the country, rising demand for housing, expanding middle class, and soaring per-capita income. It all started during the 1970s with only 5 registered firms. During the 1980s apartment development got gross acclamation in Bangladesh by the middle-class city dwellers and by the late 1980s it was an established ordinary deal among all levels of income group. At present, the concept of real estate is getting expanded not only around developing apartments but also model cities, shopping malls,

major infrastructure, and commercial setup with an elaborate view of high-profit margin.

During the late 1980s, 42 such developers were working in Dhaka. In 2013 there were about 800 companies but now there are 1073 registered companies engaged in this business out of which REHAB (Real Estate & Housing Association of Bangladesh) enlisted companies are 879. A large number of unregistered companies are also playing a crucial role in the overall real estate business.

### Contribution to the Economy

The housing sector plays an important role in attaining economic stability. It is a big driver of economic growth as this sector has enormous multiplier effects on economic activities this sector contributes to 7.96% in GDP. In addition, the sector also contributed to the national economy through linkage industries, such as MS bar, cement, brick, sand, ceramic tile, paint, and other fixtures and fittings. As per data from REHAB this sector along with its linkage industries contributed about 12% to the national GDP.

It is one of the largest employment generating sectors after agriculture and readymade garments. It also stimulates demand for ancillary industries, for example, steel, cement, tiles, sanitary ware, cable, electric ware, paint, glass, aluminum, brick, building materials, and consumer durables, etc.

Projection from the last population census says that the total housing demand will be 0.8 million units in 2020 and 1.14 million units in 2030. Additionally, every year this sector directly adds to the government revenue (in the form of VAT, registration fee, utility fee, etc.) on an average of nearly BDT 5.0 billion.

### Real Estate Sector Statistics as of 2020

A Market Worth (BDT Crore)

**58,000**

Annual Growth Rate

**15-17 %**

Every Year Flats on Demand

**120,000**

Numbers Of Registered  
Real Estate Company

**1,073**

Numbers of REHAB Enlisted  
Real Estate Company

**879**

Homes Constructed By  
Real Estate Company At Dhaka

**42%**

Prices Of Apartments  
Increase In Every Year

**5-6 %**

Source: The Daily Star

## Dominating Factors for Real Estate Sector

- **Demographics**

Demographics are the data that describes the composition of a population, such as age, race, gender, income, migration patterns, population growth, living standard, urbanization , etc.

- **Interest Rate**

If anyone is considering buying a home with a mortgage, a lower interest rate will encourage you to take a quick decision. Changes in interest rates can greatly influence a person's ability to purchase a residential property.

- **The Economy**

Another key factor that affects the value of the real estate is the overall health of the economy. This is generally measured by economic indicators such as GDP, employment data, manufacturing activity, etc. Broadly speaking, when the economy is sluggish, so is real estate.

- **Government Policies/Subsidies**

Policies taken by the government have a sizable impact on property demand and prices.

- **Product Pricing**

- Rise in the price of land:** Land price in Dhaka has profoundly amplified in the last 10 years which has a huge impact on increasing apartment prices.
- Increasing Cost of Quality Construction Material:** The cost of construction supplies is routinely rising, in this manner increasing the structure cost.

## Present Real Estate Market Scenario

- **Market Summary**

Real Estate Sector by the Numbers	
Ongoing projects	6,000
Investment so far (BDT Crore)	150,000
Employment	35 lakh
Apartments delivered every year	10,000-12,000
Aligned sectors	230

Source: The Daily Star

- **The Industry is Mainly Dhaka & Chattogram Based**

Most of the real estate companies are doing their projects at Dhaka & Chattogram city as most of the city dwellers are living in these two cities for their livelihood.

- **Bank and NBFIs Investment in Real Estate Sector**

According to Bangladesh Bank, the housing finance demand in the fiscal year 2019-20 is BDT 1496 billion, which will be BDT 1,544 billion this year. The total outstanding housing loan from banks and financial institutions was 8.5% of total credit to the private sector in the year 2020. These private banks had the dominant position, with the largest amount of BDT 489.3 billion in outstanding housing loans as of the end of June 2020. Bangladesh government provides housing loans to the NGOs at the minimum rate of 1.5% simple interest who in turn provides housing credit to the rural poor at the rate of 5.5% simple interest for a recovery period stretching from 3 to 10 years.

## Outstanding Housing Loans (Amount in billion BDT)

Lenders	Outstanding end of June 2020		
	FY 18	FY 19	FY 20*
Specialized housing finance provider	83.6	88.5	89.4
i. Bangladesh House Building Finance Corporation	31	32.5	33.3
ii. DBH	42.2	43.9	43.2
iii. National Housing Finance and Investment Ltd.	10.4	12.1	12.9
Banks	675.7	735.7	771.9

	Outstanding end of June 2020		
i. Private commercial banks	473.8	489.1	489.3
ii. State-owned commercial banks	176.7	211.2	242
iii. Other banks (foreign & specialized)	25.2	35.4	40.6
Other financial institutions	60.9	68.5	68
Micro lenders			
Grameen bank	0.7	1.1	1
Total	820.9	893.8	930.5

\*Provisional, source: DFIM and SD, BB, HBFC & Grameen bank

Source: Bangladesh Bank Annual Report 2019-2020, Page: 92

- ### Increasing Demand for Small Size Apartment

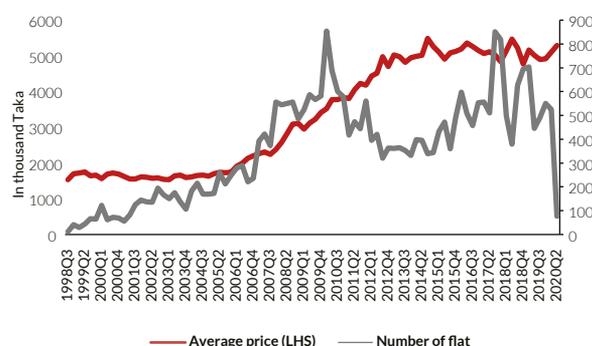
Nowadays demand for small size apartments measuring 650-700 sqft is increasing very rapidly due to a high demand in lower-middle-class families.

- ### Key Market Players

Although there are 1,073 registered real estate companies and 879 of them are REHAB enlisted, few companies have gained market reputation and they are the key players in this sector. Asset Developments, Assure Development & Design Ltd., Navana Real Estate Ltd., Shanta Holdings, The Structural Engineer Ltd. (SEL), and Sheltech are some of the renowned real estate companies of Bangladesh. (Company's name given alphabetically)

- ### 22 years Data Analysis on Dhaka City Average Flat Price and Sale

Movement of Average Flat Price (per sft) and no. of Flat Sale in Dhaka city



Source: Bangladesh Bank Website: Monetary Policy Review December 2020.

- ### Impact of COVID-19 Pandemic on Real Estate Industry

During the early stage of the pandemic, when the government imposed a two-month nationwide lockdown between March 26 and May 30, 2020, the demand for apartments was nil as the people did not make such big investments in a time of crisis. As a result, all the housing projects came to a halt. Because of the lockdown, around 6,000 projects of the REHAB members were in limbo as construction workers and other employees had to return home. Many customers were also unable to pay their installments on time and so, due to the lack of funds, entrepreneurs in the housing sector became very worried about how they would pay their employees.

The real estate industry enjoyed a rebound from the Covid-19 fallout after the lockdown as in the budget of the current fiscal year, the government allowed the use of untaxed income to purchase property, land, and apartments, without having to answer for the source. Besides, banks and NBFIs are providing home loans at very cheap interest rates of below 9% as a secured investment for the lenders, according to industry players. Now real estate traders are paying more attention to the ongoing projects before they are completed because they are already one year behind due to the lockdown.

Tanvir Ahmed, managing director of Sheltech Group, said the economy is gradually gaining momentum while the low-interest rate for home loan clients helped in increasing apartment sales. Even the booking cancellation rate came down to nil during the last six months.

(Source: The Daily Star)

## What's New in Real Estate Sector in Bangladesh

- **Studio Apartment Trend in Today's Urban Landscape**

Studio apartments comprise a single large room which ranges from 250 sqft to somewhere 1000 sqft in size including a bedroom, dining lounge, compact kitchenette, and attached restrooms which is an ideal living space for single city dwellers and small families.

- **Government Goes Green, Hollow Bricks Become Mandatory**

Environment, Forests and Climate Change Minister Md. Shahab Uddin has declared that the production and use of hollow bricks and blocks will gradually be made mandatory by 2025 in the country to prevent air pollution. Hollow bricks have several holes in them. These bricks have been proven to be much more beneficial than traditional bricks. Hollow bricks are fire resistant and at the same time much safer than ordinary bricks.

- **Steel Structures Gaining Popularity in Cities**

The prefabricated steel structure is gaining popularity in cities as corporate houses prefer this type of construction for safety and convenience. This type of structure requires a short time to install and can resist natural disasters better during earthquakes.

- **Digital Platform for Complete Real Estate Solution in Bangladesh**

Bproperty is the largest and integrated property solution provider in Bangladesh. Bproperty caters to the needs of those seeking real estate services, with a promise to make property search, renting & buying easier than ever. Bproperty also organized the country's largest virtual property fair in October 2020. This fair received more than 50,000 unique visitors and featured over 10,000 properties for sale. (Source: The Financial Express)

## Opportunities of Real Estate Sector

If we look at this from a historical perspective, this sector has been in the business arena from right after our independence. There are still lots of opportunities waiting for Bangladesh. PWC's recent study shows that

by 2030, Bangladesh will be the 28th largest economy. We estimate that at least USD 700b will be invested in the next 50 years just in housing alone.

Recently, the Boston Consulting Group did a study where it showed that in 2015 there were only 10 key cities with more than 300,000 middle and affluent class (MAC) consumers each. Projections suggest that, in 10 years, there will be 33 towns and cities with some having more than 2 million MAC consumers. The right product and placement can convert these populations into customers, and there seems to be immense potential outside Dhaka as well. (Source: ICE Business Times)

If we take some examples from different countries, we can find some exemplary steps that have been taken to solve the real estate problem for mass people.

1. **Singapore** has been most successful in solving its housing crisis. Singaporeans' homeownership is the highest in the world because citizens can take a loan from their pension funds from the day they start earning money. In this way, even low-income groups can find funding to buy their own home.
2. **Japan** also has an exemplary record of providing affordable housing to its residents. The city emphasized on vertical expansion which helped the housing prices well within reach over the decades.
3. **New York** authorities set maximum rent for all properties which is called rent control idea that provided relief to millions of its habitats. To qualify for rent control a resident must be living in that space for a certain amount of time.
4. **Kolkata** the third most populous metropolitan area in India also came up with rent control that provided relief to millions of its habitats.
5. **Indonesian** government enacted a law last year on public housing savings, it will help workers to finance the purchase, construction, or renovation of their first home. All formal workers and individuals with monthly salaries at least equal to the minimum wage must contribute 3% of their pay (2.5% from employees and 0.5% from employers) for housing savings.

(Source: Global Property Guide Online News)

Considering its huge market, the Bangladeshi real estate sector has huge potentialities such as:

- Moving into new areas like Purbachal, Bosila, Keranigonj, and the outer side of Dhaka city which are spacious and yet to be developed with urban infrastructures. This can be done if the government promotes good schools, colleges, hospitable special commuting facilities, public transportations like intra-city train service.
- The government has undertaken huge roads and high ways development projects all over Bangladesh. Since transportation is the prime need of development for any area, so gradually the government is trying to mitigate this requirement, real estate companies should focus on bringing new projects in different cities of Bangladesh.
- The present urbanization rate is 5-6% annually. Close to 40% of the total population will be living in urban areas by the next couple of years. Only 40% of the people of Dhaka city have standard or below standard housing facilities. Thus, from the comparative analysis, experts assume that the growth of housing demand will stay for a long time.
- The focus should be given to lower-middle-class people affordable housing solutions. A large number of people are entering this class thus demand for their affordable home is increasing and a great business opportunity is waiting for private real estate companies.
- Currently, 68% of the residents in Dhaka live in rented properties. Of them, 82% percent say the rent exceeds their affordability (Source: ICE Business Times). Real estate companies have a potential market for this segment if the companies can provide apartments at a reasonable price.
- In the budget of the current fiscal year, the government allowed the use of untaxed income to purchase property, land, and apartments. According to the REHAB president, around BDT 3,500 crore in untaxed income was invested in the sector over the last six months. (Source: The Daily Star). So in near future, more investment will make its way into the real estate sector.
- Banks and NBFIs are now providing home loans at very cheap interest rates. Thus more people will be interested in purchasing flats. This has already created a huge demand for apartments purchase.

- A slash in the registration fee of a property's price will be a positive notion for individuals to buy apartments.

## Challenges of Real Estate Sector

According to government estimates, at least 1,418 people are adding to the population of Dhaka every day. Currently, the population density of Dhaka stands at approximately 80,000 people per square kilometer. The average area per person in Dhaka is 12.5 square meters, while the average area per person is 32.3 square meters in Mumbai, 230.2 square meters in Tokyo, 167.6 square meters in Shanghai, and 87.4 square meters in Delhi. The numbers are overwhelming and Dhaka is failing tremendously to provide homes for its growing population. (Source: ICE Business Times).

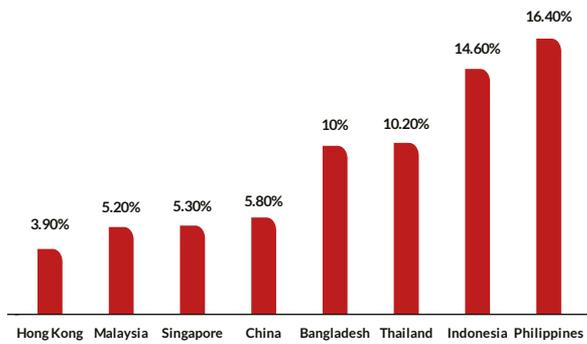
The real estate sector is facing several challenges for many years. The main challenges are described below:

- There is a lack of commitment between some of the real estate companies and individual buyers. A legal framework is also missing for the real estate sector to uphold buyers' rights.
- The marketing strategy of some real estate and land development companies often creates a problem. Some of the new, as well as old companies, have conducted some unprofessional incidents in recent times by giving fake advertisements of land sales and apartment projects.
- According to real estate experts, the giants of the industry will require less time to start their operations back up again after Covid 19 effect. However, those tier-2 or tier-3 developers need to assess their current situation and communicate with their buyers about the path ahead on whether there might be a delay in handover, a change in plan, or even if everything is on schedule for reassurance.
- Lack of structured urbanization plan and incentives from concerned authorities. A new urbanization plan is required which will include appropriate utility facilities, road development, education, and medical treatment facilities. Missing these development activities is creating barriers for real estate companies to enter into new and emerging areas.
- Lack of coordinated effort of all the development authorities which includes 12 city corporations and the 330 municipalities.

- The low compensation package for real estate employees. As a result, real estate companies can't attract good HR onboard except for some top-tier real estate companies.
- High fees for property transfer and registration: The registration fee in Bangladesh has been reduced from 14% to 10% on the total price of the flat, but this rate is still higher compared to many countries in Asia.

Registration fees on property price of different countries are shown on the graph below:

**Flat Registration Fee in Asian Countries**



Source: The Business Standard

- Maintaining a lower interest rate for the home loan for individual consumers will be a great challenge in near future. As lower interest rate has encouraged people to take loans for asset purchase, opposite of this may also happen if interest rate increased.

The sector has extensive potential to attract investment to its various segments. However, progress is possible only with the joint efforts of both the industry and the government. The government must provide favorable policies to developers to build low-cost and affordable housing for the masses. Realistic and long-term policy guidance for the real estate sector must be taken by the government to encourage investment and development in Bangladesh's real estate. The notion of 'affordable housing' must be popularized to set a minimum standard of accommodation for all citizens. Without proper accommodation, we cannot develop a capable workforce for contributing to the national economy. Judging the multi-sectoral nature of housing, it is clear that one or two isolated initiatives will not be enough to solve the overall housing problem. Government and private developer companies have to work together for the bright future of the real estate sector of Bangladesh.





## F.R. Khan

Managing Director of BTI and Adviser of The Real Estate and Housing Association of Bangladesh [REHAB]

Interviewed By  
Alawol Ahamed, Assistant Manager,  
Consumer Asset, Consumer Division, IDLC Finance Ltd.

### MBR: How are the real estate developers adjusting to the challenges of Covid-19 pandemic?

**F.R. Khan:** Just like all other industries real estate companies have also taken some initiatives to operate safely in this ongoing pandemic. When the government of Bangladesh imposed the nationwide first lockdown in 2020 all real estate companies including BTI drafted a detailed plan on how to operate safely. After two months of general holidays BTI started its operation on 01, June 2020. During the initial lockdown period BTI prepared an approximate of 6,000 sqft. office floor space to have in-house meetings with internal and external stakeholders. In addition to that other necessary facilities like temperature check, sanitization of all visitors, etc were implemented. BTI also ensured that the social distancing is maintained by placing tables and chairs at safe distances. Natural ventilation systems were also ensured to reduce the spread of the virus through central air conditioning system. At the same time, like many other developer companies BTI started to arrange majority of its meetings and other interactions through online platforms like zoom and other similar applications. Till now almost all the internal meetings are being conducted through Zoom.



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Specific action plans have been drafted and executed for near future to complete, the ongoing and upcoming projects. Because of these coordinated efforts, BTI has been able to finish and hand over all the near to complete projects on time despite the limitations due to the pandemic and lockdown. Specific and coordinated efforts have also been undertaken for upcoming projects as well, to ensure that they are handed over to landowners and customers as per commitment.

Our construction sites are safer than our office space due to natural ventilation. To minimize the contraction rate of COVID19 at our construction sites, we have ensured on-site meal and accommodation facilities for all laborers so that they don't have to go out for anything.

This is how we have managed the situation and kept our promises to our valued customers. In addition to these we have also communicated and coordinated with financial institutions for any financial assistance that our customers may require in order to fulfill their dreams. Financial institutions have also supported us throughout the period.

### MBR: Real estate market observed a surprising spike in demand during the pandemic. What are the factors that are driving this demand surge?

**F.R. Khan:** Apart from April & May 2020, sales for the rest of the period were better than expected.

There are a few key factors that contributed to this surprising spike in demand during the pandemic. First of all, people were scared and wanted to ensure that their successors can have a permanent address of their own in the city. Some people also invested in real estate products since the world was shut and they were unable to transfer the money and invest in foreign countries. Moreover, the government's decision on allowing untaxed money in real-estate sector contributed to the spike as well. We expect that the demand will continue to be high for this year as well. On the other hand, in case of existing customers, payment will continue to suffer as income has been impacted due to pandemic.

**MBR: What initiatives can the developer companies take to reduce the physical contact when it comes to promoting their products to the prospective customers? Should they arrange virtual tour?**

**F.R.Khan:** To reduce physical contact with customers' real estate developers can take some initiatives. As mentioned earlier BTI and other developers have invested and developed virtual communication platforms. Now, most of the meetings with customers are done in Zoom. For unavoidable physical meetings with internal and external stakeholders, BTI has prepared an approximate of 6,000 sqft. office floor space. In addition, all solo property fares and other promotional activities are being organized online. Customers as well as other stakeholders including financiers are invited to join these online promotional activities. Responses from our customers and stakeholders are very encouraging and we will continue to arrange such activities online.

A virtual tour of a project is a new concept in Bangladesh and few property developers are trying to invest in such platforms to attract customers. BTI will look into this and if feasible then will also invest to serve our valued customers better.

**MBR: Real Estate Products are mostly being developed specifically targeting premium segment populations of the society and very few products are being developed targeting the low and mid income population. What**

**initiatives can be taken by developers to serve this large group of people who are also willing to have their own dwelling?**

**F.R. Khan:** Customers of real estate developers are generally categorized into two categories which are upper and classic class. Although most of the developers make their products targeting upper-class customers, we know that majority of the buyers of our society belong to the classic class segment. When the EMI of the loan is equal to or slightly higher than the rental expense then it is considered affordable.

To accommodate the demand of the latter group we have taken some initiatives to make it affordable. To understand how Singapore ensured housing for all, we are in touch with some Singaporean companies. They informed us that there was a certain standard of design that can be implemented to reduce the construction costs. We are trying to implement those practices to make it more affordable.

BTI wants to leave a lasting legacy in the society as it is no longer a business concern rather it has become an institute. We believe, if we can provide an apartment within BDT 2.5 million, then we can leave a legacy. Apart from bank interest and design cost, there is a major cost involved in the process which is land cost. The land cost itself contributes to around 40% of the total construction cost. So without reducing the land cost it will be impossible to reduce the apartment price, especially in city corporation areas. BTI approached the Government and requested them to provide land so that we can prepare affordable apartments and serve these large groups of people. Due to the ongoing pandemic, we were unable to produce any progress however we are maintaining close communication with the government. We believe this is the only way to reduce the cost of the apartment.

In addition to this BTI started at least 3 gated projects on a large piece of land with all necessary amenities. Locations of these projects are in the outskirts of Dhaka where land price is not that high. Most of the apartments will be smaller than usual and target customers are young and small families as well as people who have retired recently. We were able to

reduce the price of the apartment to BDT 2.7 million for an 850 – 900 Sqft. apartment. To encourage the buyers we have started social counseling through online platforms, where we try to explain that the small apartment does not necessarily mean that it will not be able to meet their required needs.

**MBR: Operations of real estate developers are predominantly within Dhaka & Chattogram City Corporation areas, where the prices are very high due to high land prices. Should the developers go outside of Dhaka & Chattogram and offer products in other parts of the country?**

**F.R. Khan:** As said earlier we need to go out of Dhaka & Chattogram if we want to lower the price of the apartment. However, we believe that the market outside these two locations is not mature enough as land is still available and independent house is still considered better than an apartment. We have constructed 3 projects at Cumilla and have left. We believe the same situation exists in other cities as well. However, we will surely go into other cities when we consider them mature, until then we will explore the outskirt areas of Dhaka.

**MBR: What should the government do to encourage developers to develop products outside Dhaka & Chattogram?**

**F.R. Khan:** We believe decentralization is the key to elevate the pressure on our two main cities. Government should take initiatives to increase facilities of other cities, relocate its institutions, and increase connectivity by implementing high-speed communication networks so that people can come to Dhaka for work and go back to their homes at end of the day. If the government can ensure all the facilities including good quality educational institutions, entertainment facilities, reliable and fast communication network, along with security then people will not leave where they grew up. Although the government is trying to encourage real estate developers to move out of Dhaka & Chattogram by giving them different types of incentives. Government should also develop the infrastructures so that developers can move freely and in a cost-efficient manner. Constructing just six lanes will

not solve the problem, but they also need to ensure traffic management like Thailand and Malaysia.

Although the government has reduced the registration cost recently still the cost is higher than other neighboring countries. Further reduction in registration costs will encourage more buyers to own apartments.

**MBR: There is a trust gap between financiers and some developers as financiers often complain that they don't get any support from some developer companies in cases like timely registration, cooperation when a customer defaults, etc. What role can REHAB play to minimize such trust gap?**

**F.R. Khan:** REHAB has tried to improve the situation and minimize the trust gap under past and current leadership. I have been serving REHAB as an adviser, over the last 27 years also I don't aspire to run as a president of REHAB. There are a lot of areas where REHAB can contribute to minimize the gap between developers and financiers. Moreover, REHAB has a long way to go if it wants to be a regulator that can bring positive changes in this important sector of our economy as this is the only organization through which developer companies can raise their voices. Moreover, it can guide and support newcomers so that they can grow and contribute to the sector. In fact, BTI has started mentoring through arranging training sessions for other developers so that they can be benefited from our expertise.

**MBR: What are your expectations from Financial Institutions to help the industry grow?**

**F.R. Khan:** Financial institutions in our country do not offer any scheme like developed countries do. Financial institutes should introduce various schemes like “rent and own scheme” which is very popular among apartment purchasers in the first-world countries like the UK. To make it affordable financial institutions in our country can just increase the loan tenure which eventually increases the overall payout. Long-term fixed interest home loan products could be

brought for fixed income customers for better financial planning and affordability. Moreover, financiers are often comfortable in providing credit to individuals with high net worth. I am happy to know that IDLC has taken initiatives to finance low and mid-income population of our society. Hope more and more financiers will be encouraged to penetrate into this large group of people of our society and follow the footsteps of IDLC Finance Ltd.

However I along with BTI and the entire sector is very happy that the financial institutions are trying to contribute in different ways from their end to develop the sector.

**MBR: What policy does REHAB follow in case the companies are accused of false commitment and fraudulent activities?**

**F.R. Khan:** REHAB has an ample role to play which they are not doing due to different limitations. Over the fraudulent activity, REHAB has very limited authority. Activities like selling an apartment to multiple clients are fraudulent activity but REHAB has limited authority to punish those developers. There is a unit in REHAB called complaint resolution which does arbitration at a cost of BDT 3000. They call both parties and tries to mitigate the problem, however REHAB can't enforce the judgment. Moreover , the resources at REHAB are not enough.

Litigation is another option for customers however the whole process can take a lot of time which is not only time-consuming but also costly. So the only way out is to counsel the general public so that they are aware and can make an informed decision. In fact, BTI has already set up a counseling booth from where anyone can book a session. BTI even allows people, who are willing, to buy from different companies.

**MBR: What initiatives can be taken by the real estate developers to ensure sustainable practices and make the industry more environment friendly?**

**F.R. Khan:** Sustainability is a very broad term. The literal meaning of Sustainable development is the development that meets the needs of the

present without compromising the ability of future generations to meet their own needs. Basically, our concern in this aspect is how we can make real estate sector environment friendly that's why we use the term "Green". Around the world, we see about 40% of the environmental pollution comes from the construction sector including road construction. But it is essential for development. So, the question is how we can expedite the development while keeping nature intact? In this regard, I am going to highlight the factors concerned with the real estate sector as others are neither my area of expertise nor do I deal with those.

So, if you look at the conscious countries like Japan or Singapore which are closer to Bangladesh we see they veiled the whole project during construction so that the construction activity does not hamper the life of the people who are not directly involved with the project. They can only see the end product once the construction is done. If those nations can do it we can too and we are continuously adopting those best practices. These practices can protect us from noise pollution, dust, debris, etc.

Being the lead certified company BTI follows environmental protection criteria while implementing any projects. Currently, BTI strictly follows the following initiatives:

1. Enabling water harvesting process by utilizing rainwater capture in the building, which saves underground water consumption.
2. On-grid solar installation alleviates the electricity bill automatically. Shading devices, like fins, are now being used as solar panels. Not only are the rooftops of the buildings being used for solar panel installation but also other areas like window sunshades.

Previously our focus was on putting the greenery inside the house but now it has been changed to put the house into the greenery. Renowned Architect Mr. Rafiq Azam is working on a project with us near 300 feet road, purbachal where the initial design has been done on the spot to ensure that the existing greenery remains intact in the design and adjust the construction area according to that.

# GEOTEXTILE INDUSTRY OF BANGLADESH

## FOUNDATION OF NEW ERA OF DEVELOPMENT

### Mitali Saha

Assistant Relationship Manager, Corporate Division

Geotextiles are natural or polymer fabrics which are used in the construction of roads, drains, harbor works, breakwaters, land reclamation, and many other civil engineering purposes and have the ability to separate, filter, reinforce, protect, or drain when used in association

with soil. It is made by natural fibers or manmade fibers and can also be created by blending both natural and manmade fibers. It is newly emerging in civil engineering and other fields, which offers great potential in varied areas of applications globally.

### Concept and Different Categories of Geotextiles

Geotextiles were originally intended to be an alternative to granular soil filters for which it was also known as filter fabrics. The introduction of geotextiles was established in China and Kerala of this subcontinent. Woven mats made of reeds which were used in Babylonia was actually a geotextile. The mixing type or blending type of geotextiles began during the 1950's after the invention of polymeric materials. To overcome the soil related problem, technologists thought of making fabrics from manmade materials such as polyamide, polyethylene to improve soil strength and behavior. Netherland was the first country to initiate the development of man-made geotextiles in 1953 through the "Delta" project to save the country from the ravages of floods generated from the North Sea. Other developed countries like the USA started using geotextiles especially to prevent soil erosion. Around the 1960's man-made geotextiles started to become globally popular.

### Types of Geotextiles

Typically geotextiles can be divided into two main categories: Fiber based geotextiles & Fabric based Geotextiles.

#### 1. Fiber based Geotextiles:

##### Natural fibers

Natural fibers have some properties which help in the making of geotextiles. They are collected from plant, animal, and mineral origins. They have high strength, high modulus, low breaking extension and low elasticity. The important natural fibers which are used in making

geotextiles are jute, sisal, flax, hemp, abaca, ramie, and coir. Geotextiles which are produced from natural fibers are used mainly for temporary applications as they are biodegradable and of low cost.

##### Man-made fibers

The synthetic or man-made fibers used for geotextiles are called geosynthetics. The four polymeric families acknowledged as raw materials for geosynthetics are:

**Polypropylene:** The most used polymer for the manufacturing of geotextiles on account of its low cost, suitable tensile properties and chemical inertness is polypropylene. Polypropylene has low density that's why it has low cost per unit of volume. The disadvantages of polypropylene are, it is very much sensitive to UV rays and high temperature. It has poor creep and mineral resistance.

**Polyester:** Polyester is used as geotextiles because of its superior creep resistance and tenacity values. This is applicable when geotextiles require high stresses and bluff temperatures. The disadvantage of polyester is hydraulic degradation in soils over pH10. Polyester fabric is very cheap, and it is found from PET chips or plastics

**Polyamide:** Polyamide is essential for making traditional geotextiles. Nylon 6 and Nylon 6:6 are used to make it. The choice of polymers depend on strength, creep behavior, fabric structure & finishing parameters.

**Polyethylene:** Polyethylene is used in case of only woven coated geotextiles. It is UV resistant and has a great heat seaming resistance.

## 2. Fabric based Geotextiles

### Woven Geotextiles

The most preferable geotextiles which is used in 70% of the cases is Woven geotextiles which are textile materials consisting of planar structure by using an interweaving number of threads (both warp and weft). It shows strong mechanical properties whose main functions are reinforcement, separation and filtration.

### Knitted Geotextiles

The demand of knitted geotextile is less but is increasing day by day due to its light weight. These geotextiles are

easy to handle and their cost of transportation is low. The demand of knitted geotextile is increasing in our Asian subcontinent.

### Non-Woven Geotextiles

They are made by bonding synthetic fibers or materials together which is done by chemical or heat, needle punching or other methods. They are used in the separation and filter applications. When it is necessary to take pulling water, the nonwoven geotextiles are the best option.



## Applications and Functions of Geotextile

Geotextiles are perfect materials for roads, landfills, ports, drainage structures, and other civil projects. Geotextiles are widely used in many common applications such as: on the airport runway uncovered and curved road, landfill and stone base on the road, build sidewalks and sand drainage layers, in the

construction of parking lots and curved spaces, in green areas and in the construction of recreational spaces, in the construction of structure of the wall, construction of duct bank and pipe trench, construction of temporary or permanent roads and yards, reinforcement under tramways or railway ballast, etc.



Geotextiles are used in both large-scale civil engineering projects and small-scale hardscape projects to serve five main functions:



### 1. Separation

Geotextiles help to prevent two soil layers of different particle sizes from mixing with each other. Not only soil, but any material that must be separated without preventing water circulation. Separation is widely used in several ways such as landfill, road construction, making railroad lines and much more.

### 2. Drainage

Geotextiles will efficiently collect superfluous water from structures, such as rainwater or surplus water, from the soil and discharge it. It helps to flow water vertically and horizontally directly from the ground. The application of Drainage is more often used in sports stadiums, golf courses, airports and embankments to beach reclamation.

### 3. Filtration

The function of the geotextile as filtration is to prevent the migration of particles from mud or soil coupled with water flow. Geotextiles are an ideal interface for reverse filtration in the soil adjacent to the geotextile. In all soil, water allows fine particles to be moved. Part of these particles will be

halted at the filter interface; some will be halted within the filter itself while the rest will pass into the drain. Examples of applications are Revetment, Drainage pipes, Reclamation, Dredging and Groin.

### 4. Reinforcement

Geotextile acts as a reinforcing element in a soil mass or combination with the soil to produce a composite that has improved strength and deformation properties. Heavy geotextiles can be used to reinforce earth structures by means of fill materials. Due to their high soil fabric friction coefficient and high tensile strength, they are an ideal reinforcement solution.

### 5. Sealing/Protection

The classic application of a Geotextile as a liquid barrier is paved road rehabilitation. It minimizes the vertical flow of water into the pavement structure. They are an ideal protection from the erosion of earth embankments by wave action, currents or repeated drawdown. A layer of geotextiles can be placed so as to prevent leaching of fine material. They can be used for rock beaching or as mattress structures and can even easily be placed under water.

## Global Market scenario-At a Glance

On account of its functionalities and cost-effectiveness, geotextile is widely used in the field of construction. The market growth of geotextile is likely to accelerate by the growing demand for functional and high-performance textiles in agriculture, road construction and erosion control applications along with increasing development in construction industry.

According to Fortune Business insights, geotextile market size was USD 9,014.2 million in 2020 and is projected to reach USD 16,212.5 million by 2028 exhibiting a CAGR of 7.7% during the forecast period. The increasing demand for high performance and

functional textile in road construction, erosion control, and agricultural applications, coupled with growing development in the construction industry is a primary factor driving the market growth. As per IndustryArc, in 2019 the largest share with 47% in Geotextile Market is held by The Asia Pacific (APAC). The market for geotextiles in the APAC region is mainly driven by the ongoing developments in the construction industry. China is expected to be the major market for geotextiles in the region. According to the International Trade Administration, China spent USD 81.5 billion on urban rail transport construction in 2018, with an increase of

14.9% year-on-year and had a total of 6,370 km of new lines under construction. China has planned a total of 9,500 km expected in operation country-wide by 2021 with Jinan, Lanzhou, Changzhou, Xuzhou, and Huhhot planning to put new metro lines into operation. Also, according to the India Brand Equity Foundation, Indian Railways' revenues increased at a CAGR of 6.20% during FY08-FY19 to US\$ 27.13 billion in FY19, as well as the total national highways length increased to 122,434

km in FY18 from 92,851 km in FY14. Hence, leading construction activities of roads and railways will further drive the market in the forecast period.

Some of the key participants in the global geotextiles market are Royal Ten Cate (TenCate), Geosynthetic Lining Systems (GSE) Environmental, NAUE GmbH & Co. KG, Propex Global, Fibertex Nonwovens, Fiberweb PLC, TENAX, Global Synthetics, etc.



## Geotextile Market in Bangladesh-Industry Overview and Future Opportunities

Bangladesh is a low-lying, mainly riverside country located in South Asia with a coastline of 580 km on the northern littoral of the Bay of Bengal. As there are many low lying lands in our country, geotextile can be the best solution in this respect. The use of geosynthetics in Bangladesh was introduced back in 1989 through the production of the technical textile by DIRD Group. Although the production of geotextile in Bangladesh began many years ago, its use in different civil engineering and construction sector became popular over the past few years. Nowadays many textile industries of Bangladesh are producing geotextile commercially both for our in-house use and also export purpose. Some of the major geotex producers in our country are: Dird Felt Ltd., Nahee Geo-Textiles Industries Ltd., B.J. Geo-Textile Ltd., RM Geotex Ltd., United Tex (BD) Int'l Ltd., etc.

In recent years, in our country natural fiber based textile especially jute geotextile is becoming popular day by day. Even though jute is a seasonal agricultural crop, it still widely grows in the South Asian subcontinent particularly in Bangladesh. The demand of jute geotextile in foreign market is increasing rapidly as the importers are showing interest to buy jute geotextile because of its eco-friendly characteristics and cheap cost. Despite most of the jute industries in our country being export oriented (who are exporting raw fibers, jute yarn, and packaging material ;) some jute industries are now exporting jute geotextile, but in small quantity. At present, Latif Bawany Mills under state-owned BJMC is exporting 5000 MT, Janata Jute Mills Ltd. is exporting 2000-2500 MT and some others are exporting jute geotextile every year. But this amount is very little compared to the demand and opportunity. Global demand is remarkably high and the factories cannot meet the demand. Most of the export oriented jute mills are busy producing and exporting jute yarn and packaging material. But by exporting jute geotextile, they can earn more within using the same amount of raw material, labor and capital.



## Prospects and Policy Development

There are huge opportunities of the geotex industry in Bangladesh. Every year Bangladesh Government allocates

huge budget to build or renew roads in rural areas. If geotextiles are used, then the life span of those roads will be many times more than, if the roads are built without it. Management of wet/soft soil or slurry can be another significant application in Bangladesh. Lots of ETPs are installed in our country but none of them can manage their sludge easily and effectively. The main problem is separation of solids from liquids. By using geobags one can easily separate the solid waste from the slurry leading to an excellent, easier and safer environmental solution. These types of applications can also be used by the city corporation people during clearing mud clogged drains to separate solids from liquid. There are a vast amount of low lying lands in the south of Noakhali and Lakshimpur where the lands are not suitable for cultivation or are only useable for one season leaving it under water for the rest of the year. If in these cases, geo bags dams made from slurry to encircle the area (like DND project in Dhaka) are used, then the lands can be utilized for cultivation round the year. Using geotextile can be very effective and long lasting (totally unaffected by flood and cyclone), dams can be produced leading to socio economic growth of the concerned population and the country as a whole. Erosion control can be another very important application of geotextiles. Every year lots of river bank dwellers suffer from erosion problems leading to

absolute loss of their land and property. Geotextiles can be the easiest and cost effective solution to this humanitarian problem of mass destruction.

Despite the huge demand of geotex in world, we cannot utilize the opportunity to export this in bulk quantity due to some reasons as lack of variations and diversification of products for using outdated machineries, low investment and research capacity, administrative inefficiency, no policy/guidelines designed specifically for this sector etc. To accelerate the export, government should acknowledge and recognize geotextile as a growth and economic sector and start an office/section run by textile engineers under the Ministry of Textiles. For the development of technical textile sector, apart from government, both BUET and BUTEX have very important role to play as they have to work together. In some applications, like erosion control jute based geotextiles can be used effectively. This is because in case of erosion control, we need geotextile for a limited period of time and after a certain time it is totally degraded which then acts as a fertilizer. We also need to develop our weaving, non-woven and warp knitting capability and have to master these skills to manufacture these fabrics of varying specifications and properties for the progression of geotextile sector.



# iFARMER



**Fahad Ifaz**  
Co-founder and CEO

**Jamil M Akbar**  
Co-founder and COO

Interviewed By  
Bonnishikha Chowdhury, MBR Team

## MBR: How was the idea of iFarmer initiated?

**iFarmer:** In Bangladesh, agriculture provides 40% of employment that provides food security and nutrition for 170 million people. However, agriculture and farming as a sector are declining. Farming and rural lifestyle is often romanticized but in reality, it is a thankless, risky, and even back-breaking job, especially as undertaken by the disadvantaged and vulnerable smallholder farmers. Almost 70% of the farmers are unbanked and thus have to rely on informal sources of capital or microfinance paying a very high-interest rate. As a result, farmers cannot invest in quality inputs or smart technologies to increase the quality and productivity of their farms.

On the other hand, most farmers have to rely on numerous intermediaries to sell their produce, resulting in a 30% post-harvest loss and a 40% loss in revenue for farmers. Farmers transport their produce to the agricultural market at their own expense or sell it to a local trader without any knowledge

of current market prices. Additionally, the long chain of intermediaries transfers their expenditures to the farmers, leading to unfair price discovery. Resulting in the high cost of capital and expenses, Farmers have no choice, but to sell their harvest at a throwaway price.

## MBR: Could you please give us an overview of iFarmer in terms of services you offer, the number of clients you have and the size of your business, etc.?

**iFarmer:** iFarmer provides services to farmers in 3 categories. First, they provide them with access to finance by connecting them with individual or institutional funders. These funders invest in our portfolio and this money is then channeled to the farmers according to

their needs and according to their requirements. Secondly, iFarmer provides advisory services to these farmers such as proper training on the recent farming techniques, ensuring quality inputs for all of the farms and lastly through IoT remote sensing for cattle, etc. that helps to get live



health updates of each cattle. Lastly, iFarmer helps to sell their produce directly to the local market or to institutional buyers without going through 4-5 middlemen. Till now, iFarmer has worked with 20,000+ farmers and 1,000+ Urban Farm Funders in less than 3 years. It has earned a revenue of more than 577M BDT from its B2B Farm Produce Supply Chain.

**MBR: How was the response of people in the initial stage? And what changes do you observe now?**

### Investors, Farmers, and Suppliers

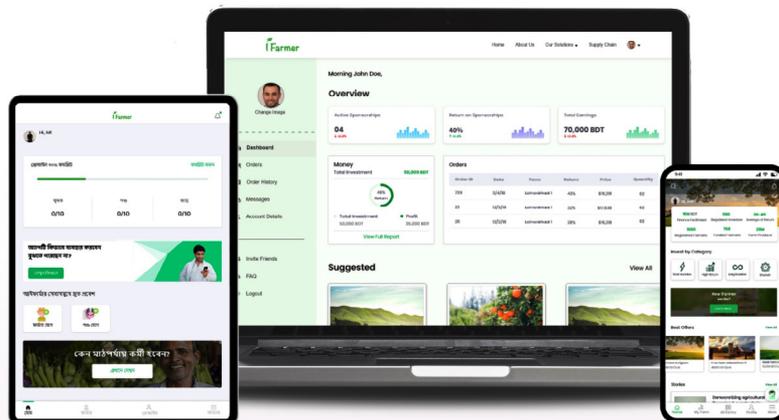
**iFarmer:** During the initial stage, we personally reached out to all the farmers to let them know about our work. Some of them believed in us and took our services, while most of them did not. It took a while to gain the trust but once the farmers realized that the profit from the services we provided was higher, they eventually started to put their trust on us. We started our journey with a total of 50 Farmers now we have more than 20,000+ Farmers on board with us for whom we provide financial and advisory support. We faced similar challenges with our individual funders as well. Initially, we received our funding from our friends and family who believed in our model, but now we are receiving great responses from every farm we launch. Recently in our B2B supply chain, we also partnered with institutional buyers who solely buy products from us.

**MBR: What are the challenges iFarmer is currently facing in general and how you are mitigating those?**

**iFarmer:** Every day is a more challenging day than the other when you are running a startup. The biggest challenge that we have faced is to earn the trust of the farmers in providing them the right services and more importantly, ensuring their financial stability. We are also working towards building a more stable Supply Chain. Our key focus is to ensure more sales so that our farmers can effortlessly sell their products to the end market. We have worked on it so far and now have more than 20,000+ farmers on our platform. The key to growth is to make mistakes, correct them, learn from them and move on.

**MBR: What are the strategic priorities of iFarmer at the moment? How do you hope to scale up the business?**

**iFarmer:** Currently, our biggest priority is to connect all dots which gives the farmers a 360-degree service starting from harvesting to selling their products to the end market. For which we are working to build a stronger and efficient supply chain. We are also working on generating demand from the market and for which we are building our own collection centers in our farm location to ensure proper supply and quality of products. In the next year, we plan to hold a good amount of the market to make sure our farmers are able to sell their products at the best possible price.



## IDLC Provides Emergency Food Support to 9,000 Low Income and Ultra Poor Families Impacted by Corona Virus across the Country



Millions of low-income families of the country are suffering a great decline in their earnings due to the enforcement of lockdown to fight corona virus since April 14th, 2021. During this crisis period, IDLC Finance Limited, the largest non-banking financial institution has taken an initiative to stand beside the daily-wage earners and lower-middle-class families with food and other essentials starting from May 5, 2021. Under this month-long food support program, IDLC will provide dry rations to 9000 families in partnership with 4 distinguished non-profit, voluntary organizations across Bangladesh.

As part of the partnership Obhizatrik Foundation, CSR Window Bangladesh, Mastul Foundation and Sombhabona, will be the on-ground implementation

partner to distribute the food packages among 9000 daily wage earners and lower-middle-class families in 30 districts. Each family will receive 10 days of food support which includes rice, pulse, oil, potato, onion, salt, and other necessary items.

Being a socially responsible organization, IDLC has been conducting several initiatives since the early days of the pandemic to tackle Covid-19 and its multifaceted impacts on the lives of low-income communities. In 2020, IDLC has implemented a relief program through which 30000 low-income people have received food support for 1 week. IDLC had also donated BDT 24 million to Prime Minister's welfare fund in 2020 to combat COVID-19.

## Performance of Equity Markets of Bangladesh and Peer Countries

Bangladesh equity market ended the month of May in positive territory. During the month, the broad index DSEX gained 9.3%, while blue chip index DS30 increased by 4.5%. On the other hand, Shariah index DSES advanced by 2.9%, respectively.

Among the regional peers, Pakistan (+8.2%) advanced the most in the month, followed by Vietnam (+7.2%) and Sri Lanka (+2.7%). MSCI Frontier Markets Index gained 3.1%. Over the long term, Vietnam showed the most encouraging track record with a 5 years' return of 114.7%.

Table 1: Equity market performance of Bangladesh and peer countries

Indices	Index Points, May 2021	Return*					
		1M	3M	YTD	12M	3Y	5Y
<b>Bangladesh</b>							
DSEX	5,991.0	9.3%	10.8%	10.9%	47.5%	12.1%	35.6%
DS30	2,205.8	4.5%	7.2%	12.3%	61.6%	11.7%	26.3%
DSES	1,286.2	2.9%	5.2%	3.5%	35.2%	3.9%	N/A
<b>Peer Countries</b>							
Pakistan (KSE 100)	47,896.3	8.2%	4.4%	9.5%	41.2%	11.8%	32.8%
Sri Lanka (CSE - All Share)	7,403.4	2.7%	-1.0%	9.3%	52.8%	15.7%	13.0%
Vietnam (VNI)	1,328.1	7.2%	13.7%	20.3%	53.6%	36.7%	114.7%
<b>MSCI Frontier Markets Index</b>	<b>822.3</b>	<b>3.1%</b>	<b>9.5%</b>	<b>10.5%</b>	<b>30.3%</b>	<b>10.4%</b>	<b>32.6%</b>

\*All returns are Holding Period Return

Source: Investing.com, MSCI, DSE

## Liquidity Condition in Equity Market of Bangladesh

During May, the total market capitalization increased by 7.0%. The daily average turnover of May was BDT 16.3 bn (USD 192.5 mn), increasing by 127.0% from that of the last month. Turnover velocity which represents overall liquidity of the market stood at 73.9% in May compared to 36.7% of last month. In 2020, turnover velocity of Bangladesh equity market was 30.1%, in comparison to 33.5% in 2019.

Table 2: Market capitalization and turnover statistics

Particulars	31-May-21	30-Apr-21	% change
Total market capitalization (USD* mn)	59,418	55,509	7.0%
Total equity market capitalization (USD mn)	52,353	48,520	7.9%
Total free float market capitalization (USD mn)	18,691	17,035	9.7%
Daily Avg. Turnover (USD mn)	192.5	84.8	127.0%
Turnover Velocity~	73.9%	36.7%	N/A

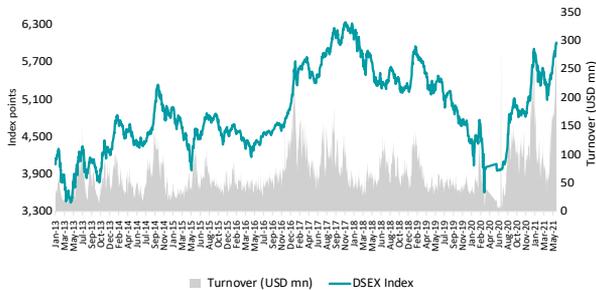
\*All USD figures are converted using an exchange rate of 84.80 as of May 31, 2021 as per Bangladesh Bank website.

~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 47.7% till May, 2021. During the same period, daily average turnover of the market amounted to BDT 5.8 bn (USD 66.7 mn) (Figure 1).

Figure 1: DSEX since inception along with market turnover



Source: DSE

### Market Valuation Level - P/E Ratio

The market P/E slightly increased to 18.48x in May compared to last month's 16.91x. It is much higher than the 20 years' median market P/E of 15.06x (Figure 2). In terms of trailing 12 month P/E ratio, the equity market of Bangladesh is cheaper than its regional peers. (Figure 3).

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

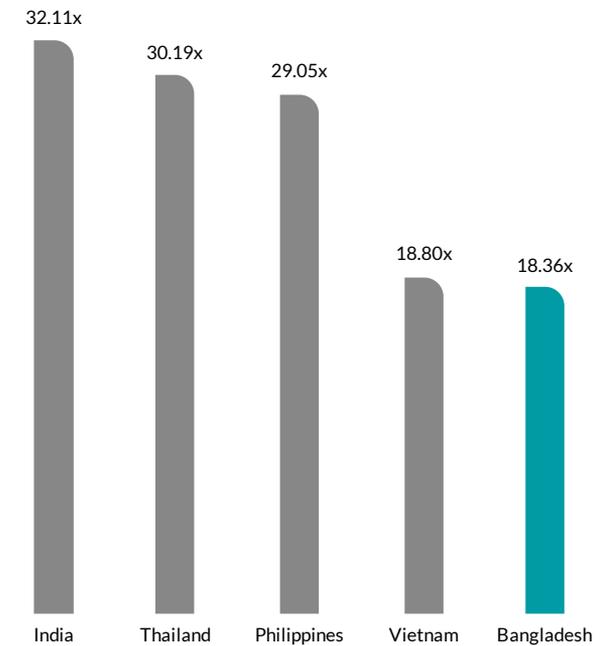
#### Current Market P/E in Context of History



\*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 May 31, 2021.

Source: IDLC, Bloomberg

### Sector Performance

All The major sectors yielded positive return during May except for Pharmaceutical & Chemicals (-0.9%). Bank (+19.8%), Life Insurance (+19.4%), Textile (+15.7%) and Cement (+11.2%) advanced the most.

Telecommunication sector has the highest dividend yield of 5.0% 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	8,814	937	2.9%	3.9%	8.8%	73.3%	20.4%	108.8%	19.3	7.8	5.0%
Pharmaceuticals & Chemicals	7,197	3,871	-0.9%	1.0%	0.9%	27.9%	26.7%	49.2%	17.6	2.7	1.5%
Bank	8,140	4,458	19.8%	20.3%	16.5%	54.8%	25.3%	99.9%	8.5	0.7	3.6%
Engineering	6,664	1,147	7.5%	5.6%	11.2%	135.0%	61.0%	77.0%	20.4	2.7	1.5%
Fuel & Power	5,404	1,482	2.9%	3.1%	4.6%	24.5%	23.2%	36.3%	12.0	1.5	4.8%
Food & Allied	4,538	1,360	4.4%	5.7%	30.4%	91.9%	56.5%	93.6%	20.5	8.9	3.2%
NBFI	2,301	728	13.6%	5.1%	4.1%	56.8%	9.7%	61.3%	22.4	2.1	1.8%
Miscellaneous	2,244	875	3.8%	12.0%	32.5%	103.5%	86.0%	118.3%	44.8	2.1	1.1%
Textile	1,321	762	15.7%	4.8%	1.0%	15.2%	-14.6%	9.5%	15.9	0.8	1.7%
Cement	1,435	578	11.2%	32.8%	41.4%	74.5%	11.0%	-13.1%	15.3	3.2	1.3%
Non Life Insurance	1,474	840	13.5%	44.7%	24.5%	199.6%	238.0%	386.4%	24.7	2.6	1.6%
Life Insurance	767	440	19.4%	20.9%	13.5%	28.7%	38.7%	59.9%	31.8	7.9	1.7%
Travel & Leisure	275	146	0.7%	-10.5%	-11.9%	-9.2%	-7.5%	18.3%	44.5	0.7	0.5%
Ceramics	310	128	1.2%	18.3%	13.3%	35.2%	6.7%	8.1%	24.6	1.7	1.8%
IT	359	192	10.9%	11.4%	-0.7%	26.4%	16.4%	17.6%	25.4	2.4	1.3%
Services & Real Estate	240	124	11.6%	10.0%	3.3%	52.5%	13.1%	0.2%	18.9	1.2	2.4%
Tannery	222	111	1.7%	2.5%	-1.7%	4.7%	-26.3%	-28.3%	24.6	1.7	1.2%
Paper & Printing	170	56	1.2%	-3.1%	-10.6%	-1.9%	-51.0%	-44.0%	39.3	1.0	0.0%
Jute	25	16	-10.8%	2.1%	-24.2%	22.7%	27.7%	159.0%	922.5	6.4	0.2%
<b>Market</b>	<b>52,353</b>	<b>18,691</b>	<b>9.3%</b>	<b>10.8%</b>	<b>10.9%</b>	<b>47.5%</b>	<b>12.1%</b>	<b>35.6%</b>	<b>15.6</b>	<b>1.8</b>	<b>2.9%</b>

\*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 May, all the Cap classes closed in positive. Mid Cap Class (+18.7) advanced the most. Large Cap was the highest dividend yielding (3.6%) class.

Table 4: Performance of different market cap classes

Cap Class	Market Capitalization of Constituent Companies (USD mn)	% of Total Equity Market Capitalization	Return*						P/E (x)	P/BV (x)	Dividend Yield^
			1M	3M	YTD	12M	3Y	5Y			
Large	≥119	80.2%	5.3%	6.5%	9.7%	47.2%	56.2%	115.8%	14.3	1.9	3.6%
Mid	36-118	10.4%	18.7%	21.4%	15.7%	51.2%	-40.7%	-27.0%	14.5	1.1	2.0%
Small	12-35	7.4%	9.7%	16.0%	6.2%	46.2%	55.4%	91.2%	22.6	1.1	1.8%
Micro	<12	2.0%	14.2%	9.9%	2.7%	32.1%	-89.6%	-86.2%	34.4	0.6	0.5%
<b>Market</b>	-	-	<b>9.3%</b>	<b>10.8%</b>	<b>10.9%</b>	<b>47.5%</b>	<b>12.1%</b>	<b>35.6%</b>	<b>15.6</b>	<b>1.8</b>	<b>2.9%</b>

\*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 DUTCHBANGL (+33.2%), BRACBANK (+18.0%) and ICB (+15.2%) advanced the most during May. Majority of these companies yielded outstanding return over longer time horizon (5 years) such as BEXIMCO (+364.9%), UPGDCL (+211.3%), DUTCHBANGL (+159.8%) and BXPBARMA (+142.3%). On the other hand, BXPBARMA (-10.6%) and EBL (-5.5%) declined the most during May.

Among the scrips, GP, TITASGAS, UPGDCL, SUMITPOWER, MARICO and BATBC recorded higher dividend yield compared to that of market.

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

DSE Code	Sector	Market Capitalization (USD mn)		Daily Avg. Turnover (USD mn)	Return*						P/E (x)	P/ BV (X)	Dividend Yield
		Total	Free Float		1M	3M	YTD	12M	3Y	5Y			
GP	Telecommunication	5,514	551	0.71	2.2%	2.4%	-0.2%	42.2%	-1.6%	73.2%	13.1	16.1	7.9%
WALTONHIL^	Engineering	4,551	44	0.65	7.0%	4.4%	14.4%	N/A	N/A	N/A	28.0	4.9	1.6%
BATBC	Food & Allied	3,460	915	3.79	4.9%	7.4%	40.5%	88.0%	59.0%	114.4%	18.9	8.9	3.7%
ROBI^	Telecommunication	2,946	293	3.84	5.3%	N/A	60.1%	N/A	N/A	N/A	170.4	4.1	0.0%
SQURPHARMA	Pharmaceuticals & Chemicals	2,227	1,457	2.13	0.6%	-1.6%	-3.0%	20.7%	-4.2%	26.0%	12.2	2.7	2.1%
UPGDCL	Fuel & Power	1,924	192	0.77	0.7%	3.2%	6.8%	47.7%	86.5%	211.3%	14.2	6.1	4.7%
RENATA	Pharmaceuticals & Chemicals	1,462	714	1.42	0.6%	10.0%	15.0%	33.2%	50.4%	91.0%	25.6	6.3	0.9%
ICB	NBFI	1,002	32	0.15	15.2%	3.4%	6.7%	62.7%	6.7%	53.4%	63.2	8.9	0.5%
BERGERPBL	Miscellaneous	965	48	0.38	4.0%	13.5%	23.5%	37.9%	47.4%	76.3%	36.7	11.3	1.7%
BEXIMCO	Miscellaneous	914	634	16.80	1.6%	9.8%	55.1%	531.7%	266.6%	364.9%	157.9	1.3	0.6%
BXPBARMA	Pharmaceuticals & Chemicals	903	631	2.75	-10.6%	-2.6%	-9.9%	184.6%	99.9%	142.3%	17.3	2.5	0.8%
LHBL	Cement	852	301	2.94	0.8%	22.0%	32.7%	81.6%	23.1%	-15.9%	17.5	4.6	1.6%
BRACBANK	Bank	849	456	1.60	18.0%	13.9%	16.7%	78.0%	-12.3%	113.4%	13.9	1.9	1.8%
MARICO	Pharmaceuticals & Chemicals	777	78	0.33	1.7%	-0.7%	-2.3%	37.7%	98.7%	100.7%	21.2	35.7	1.0%
SUMITPOWER	Fuel & Power	562	207	2.43	4.9%	-1.8%	14.7%	22.2%	52.0%	72.8%	7.9	1.4	4.5%
ISLAMIBANK	Bank	552	269	0.81	4.3%	12.8%	8.6%	83.8%	35.9%	31.6%	16.2	0.8	3.4%
DUTCHBANGL	Bank	517	67	0.57	33.2%	43.6%	37.9%	77.4%	117.0%	159.8%	11.5	1.7	1.7%
EBL	Bank	422	295	0.35	-5.5%	3.3%	4.2%	31.2%	30.3%	107.0%	7.3	1.5	4.0%
OLYMPIC	Food & Allied	411	249	0.17	3.9%	3.7%	-8.8%	19.5%	-20.5%	-36.5%	16.2	4.8	3.0%
TITASGAS	Fuel & Power	407	102	0.15	6.4%	5.1%	13.3%	25.8%	12.2%	-6.7%	12.2	0.5	7.4%
Market		52,353	18,691	192.47	9.3%	10.8%	10.9%	47.5%	12.1%	35.6%	15.6	1.8	2.9%

\*All returns are Holding Period Return.

^WALTONHIL got listed on September 23, 2020. ROBI got listed on December 24, 2020.

## Top Performing Mutual Funds

The top ten open end mutual funds based on 4 year CAGR outperformed the market, during the same period. Among them CAPM unit Fund (+11.4%) yielded the highest return. On YTD basis, Peninsula AMCL BDBL Unit Fund One (+14.8%), CAPM Unit Fund (+12.1%) and UFS-Pragati Life Unit Fund (+11.5%) outperformed the market.

Table 6: Top ten open end funds based on 4Y return (CAGR) performance

Name	Asset Management Company	Fund Size (USD mn)	NAV Return		
			2021 YTD*	2020	2017-2020
CAPM Unit Fund	CAPM	1.7	12.1%	30.6%	11.4%
UFS-Pragati Life Unit Fund	UFS	0.9	11.5%	35.5%	9.1%
LankaBangla 1st Balanced Unit Fund	LankaBangla	5.6	0.6%	29.2%	8.7%
Peninsula AMCL BDBL Unit Fund One	Peninsula	2.7	14.8%	35.3%	8.5%
IDLC Balanced Fund	IDLC	9.2	7.6%	29.4%	8.3%
Seventh ICB Unit Fund	ICB	5.2	8.2%	20.4%	7.7%
VIPB Accelerated Income Unit Fund	VIPB	8.2	10.2%	13.0%	7.2%
ICB AMCL Pension Holders' Unit Fund	ICB	3.8	8.1%	36.5%	6.9%
ATC Shariah Unit Fund	ATCP	1.7	4.1%	17.6%	6.6%
Third ICB Unit Fund	ICB	3.9	7.7%	23.9%	6.4%
<b>Market (Broad Index) Return (%)</b>			<b>10.8%</b>	<b>22.3%</b>	<b>1.8%</b>

\*Based on published NAV and DSEX point of May 27, 2021

All the top ten closed end mutual funds on the basis of 5 years (2016-2020) performance yielded positive returns on YTD basis. Among them, 1STPRIMFMF (+18.7%) yielded the highest return.

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

DSE Code	Fund Manager	Fund Size (USD mn)	Price <sup>1</sup> (BDT)	NAV <sup>1</sup> (BDT)	Price/NAV	Dividend Yield <sup>2</sup> (%)	NAV Return <sup>3</sup>				Redemption Year <sup>4</sup>
							2021 YTD	2020	2018-2020	2016-20	
NLI1STMF	VIPB	9.0	15.3	15.2	100.5%	3.3%	10.9%	13.4%	-0.1%	9.5%	2022
GRAMEENS2	AIMS	43.3	17.9	20.1	88.9%	3.9%	7.7%	18.5%	2.7%	9.2%	2023
RELIANCE1	AIMS	10.2	12.9	14.3	90.0%	0.0%	10.2%	15.5%	2.2%	8.7%	2021
1STPRIMFMF	ICB AMCL	3.0	20.4	12.8	159.1%	3.9%	18.7%	35.7%	3.1%	8.5%	2029
PRIME1ICBA	ICB AMCL	11.0	7.8	9.4	83.2%	6.4%	14.1%	33.0%	2.8%	8.1%	2030
ICBSONALI1	ICB	11.5	8.9	9.8	91.3%	5.6%	10.4%	28.3%	2.4%	7.8%	2023
ICBEPMF1S1	ICB	7.6	7.7	8.6	89.1%	6.5%	16.1%	40.0%	1.4%	6.9%	2030
ICBAMCL2ND	ICB	5.7	9.7	9.8	99.5%	5.2%	15.1%	35.1%	0.3%	6.9%	2029
LRGLOBMF1	LR GLOBAL	45.2	7.7	12.3	62.5%	5.2%	6.2%	24.9%	2.0%	6.7%	2031
ICB3RDNRB	ICB AMCL	10.1	6.9	8.6	80.3%	7.2%	13.9%	37.2%	1.4%	6.6%	2030
<b>Market</b>							<b>10.8%</b>	<b>22.3%</b>	<b>-4.7%</b>	<b>3.1%</b>	

1 Price as of May 30, 2021, and NAV published on May 27, 2021.

2 On last cash dividend declared.

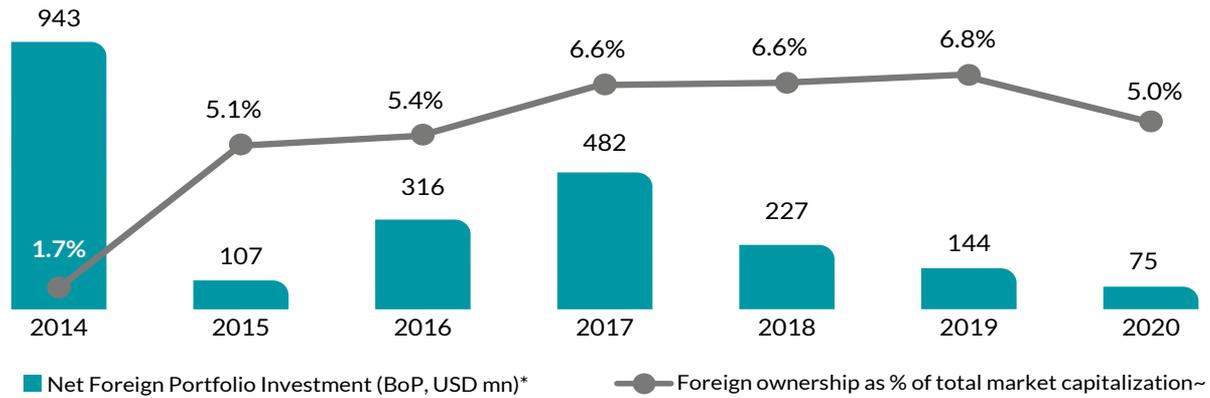
3 CAGR computed for respected periods, except for 2019 and 2020 YTD, adjusted for dividend. YTD returns of funds debuting within the year represent return generated since debut, hence is not directly comparable with return of funds that operated throughout the year.

4 In reference to BSEC Press Release [বিসেসইকস/মুখপত্র \(৩য় খণ্ড\)/২০১১/২৫](#) published on May 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 April 2021, total foreign ownership stood at 4.5% of the total equity market capitalization, which was only 1.7% in 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 38.0% as of April 2021, followed by OLYMPIC with 27.6%.

Table 8: Top ten companies with highest foreign shareholding as of April 2021

Ticker	Sector	Foreign Shareholding*
BRACBANK	Bank	38.0%
OLYMPIC	Food & Allied	27.6%
BXPHARMA	Pharmaceuticals & Chemicals	27.5%
RENATA	Pharmaceuticals & Chemicals	22.8%
DBH	NBFI	22.0%
MLDYEING	Textile	21.9%
ISLAMIBANK	Bank	20.4%
SHEPHERD	Textile	18.4%
VFSTDL	Textile	18.3%
BSRMLTD	Engineering	17.1%

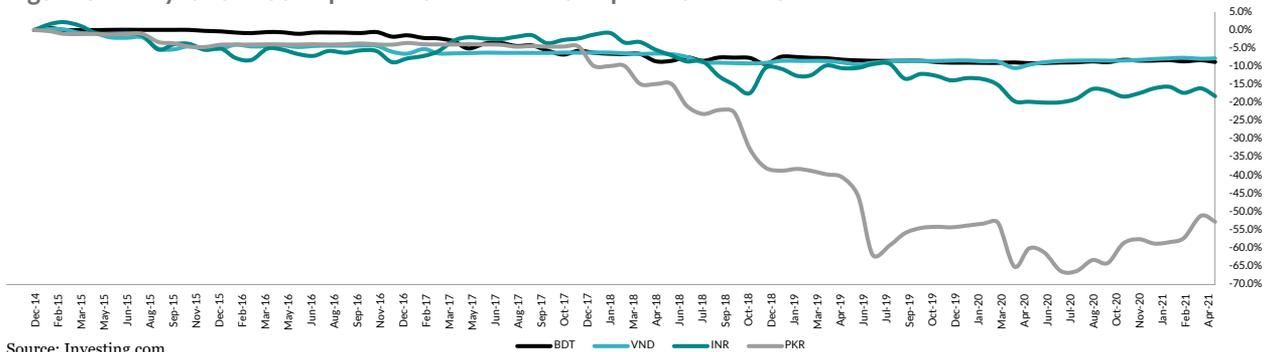
Source: DSE

\*Latest Data for Foreign shareholding available on DSE are as of April 2021.

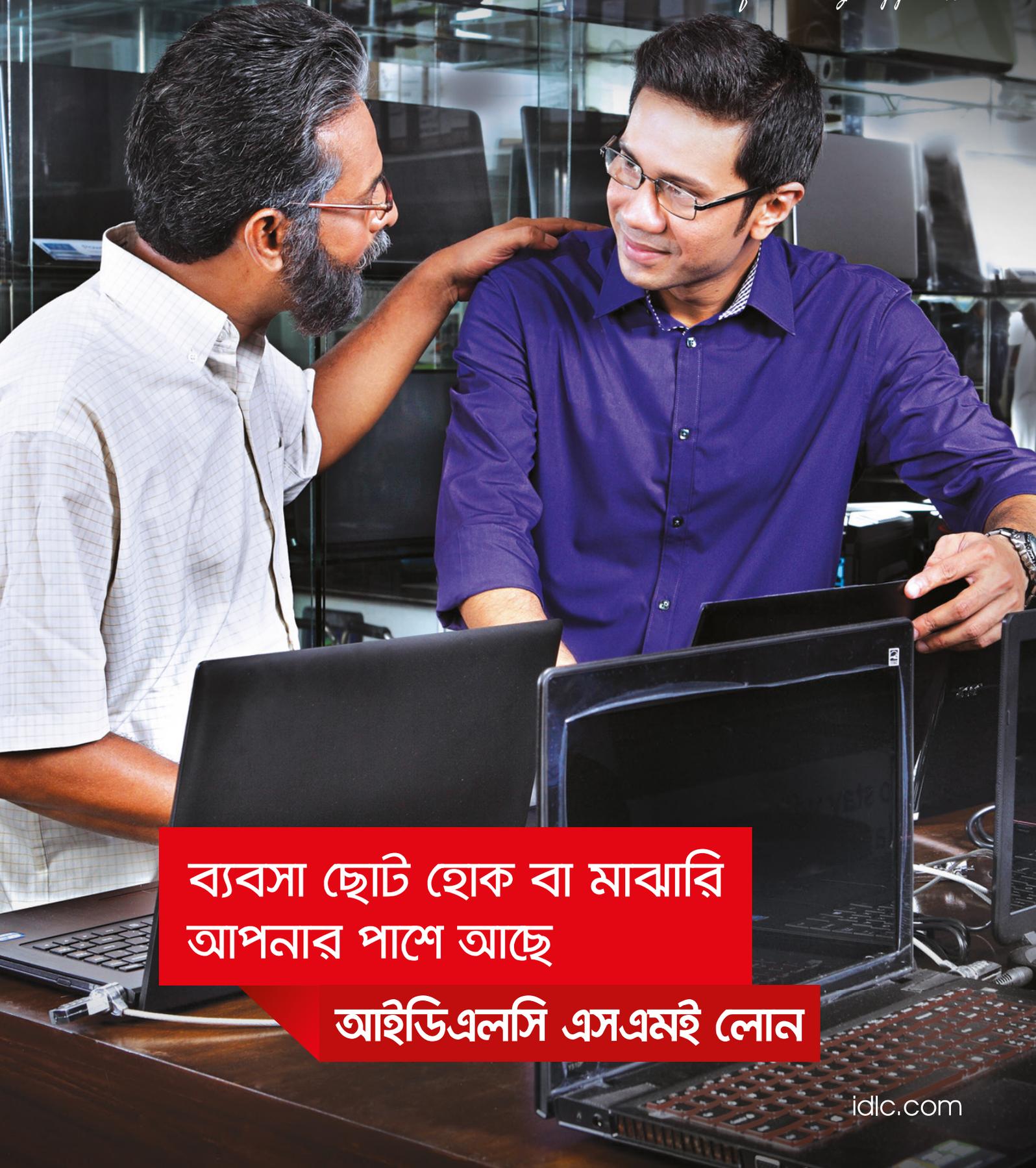
## Performance of BDT and Currencies of Peer Countries against USD

Since 2015, BDT retained its value better than majority of the currencies of peer countries. While BDT depreciated by 8.5% against US Dollar, other currencies of neighbor countries like Vietnamese Dong (VND), Indian Rupee (INR) and Pakistani Rupee (PKR) lost 7.7%, 15.0% and 51.3%, respectively.

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



Source: Investing.com



ব্যবসা ছোট হোক বা মাঝারি  
আপনার পাশে আছে

আইডিএলসি এসএমই লোন