



Monthly October - 2021



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Emerging Credit Rating Ltd.

SHAMS Rangs, 104 Park Road,

Level: A1, A2 & A3, Baridhara, Dhaka-1212

Phone: + 880 2 986 0911, + 880 2 986 0897

Fax: + 880 2 986 0828

Email: info@emergingrating.com

Website: www.emergingrating.com

Facebook: <https://www.facebook.com/emergingrating/>

Authors' Name : **Mr. N K A Mobin, FCA, FCS, CFC**
Managing Director & CEO

Mr. Arifur Rahman, ACA, FCCA
Director & COO

Mr. Saami Alam
Chief Rating Officer

Ms. Zenith Matin, ACCA
Deputy Chief Rating Officer

Mr. Rajiur Rahman, ACCA
Portfolio Manager

Mr. Md. Harun Chowdhury
Assistant Portfolio Manager

Mr. A.B.M. Qudrot-E-Khoda
Financial Analyst

Ms. Nabihatul Afrooz
Financial Analyst

Mr. S. M. Siamur Rahman
Financial Analyst

Date of Publishing: 01 October 2021

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EMERGING SCOOP

The 5th WORLD INVESTOR WEEK
WEBINAR ON:
"IOSCO CRA Code of Conduct for Global Rating Agencies - Bangladesh Perspective"
Event Date : Tuesday 5 October 2021, Time: 5 pm (BST)

Chief Guest
Dr. Mizanur Rahman
 Commissioner
 Bangladesh Securities and Exchange Commission

Special Guest
Dr. M. Mosharraf Hossain, FCA
 Chairman
 Insurance Development and Regulatory Authority

Guest of Honor
Mr. Ali Reza Iftekhar
 MD and CEO, Eastern Bank Limited
 Chairman, Association of Bankers Bangladesh Limited

Key note speaker
Mr. Muzaffar Ahmed
 FCMA, FCS
 President and CEO, CRISL

Chaired By
Mr. N K A Mobin, FCS, FCA
 Managing Director & CEO
 Emerging Credit Rating Ltd.
 Chairman
 Association of Credit Rating Agencies in Bangladesh (ACRAB)

Vote of thanks
Dr. Syed A. Mamun
 FCMA, CSRS
 CEO, BDRAL

ACRAB
 Association of Credit Rating Agencies in Bangladesh

Zoom meeting ID : 869 8120 2670
Passcode : 123

Association of Credit Rating Agencies in Bangladesh

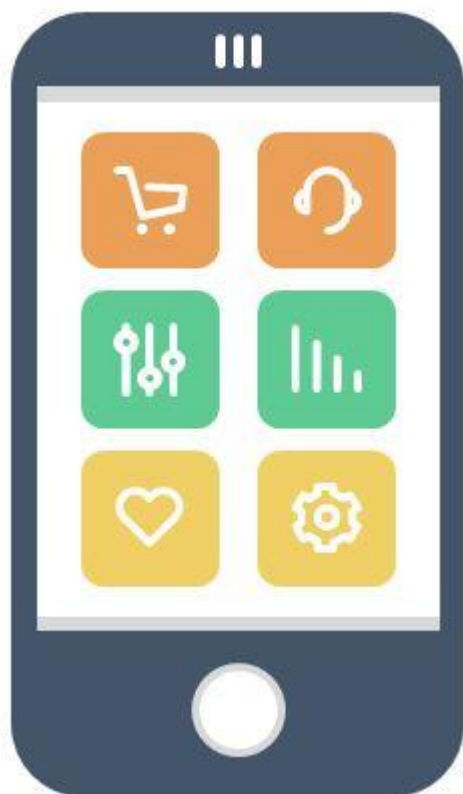
It was an honor for our Managing Director and CEO Mr. N K A Mobin FCS, FCA to Chair **The 5th World Investor Week Webinar** on: **"IOSCO CRA Code of Conduct for Global Rating Agencies-Bangladesh Perspective"**;

Access to the Webinar:

https://us02web.zoom.us/rec/share/naV5-7rVFu2m59RbZSEOmPunwIOYnFW1PVK5axUxL0gviC05HHFDNFIWWXzhZ_qR.-P3OfgPpN220bbAI?startTime=1633432066000

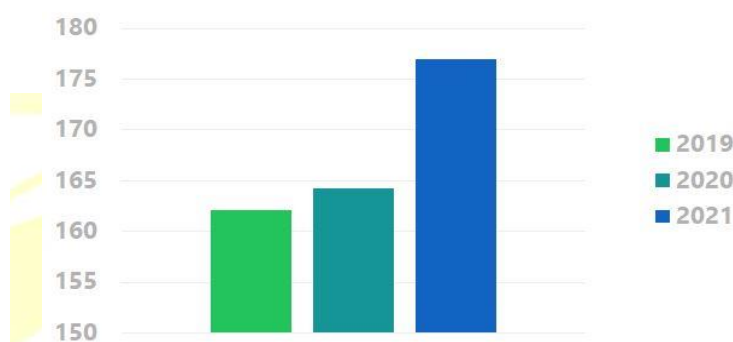
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1. E-Commerce Industry in Bangladesh



With technological evolvement and roll out of 5G around the corner, eCommerce platform & businesses has taken over the world making a name for themselves such as Amazon, Alibaba, Uber, Airbnb, and many more. Likewise, in Bangladesh, with the increase in smart phone users which exploded upon the impact of Covid-19 pandemic, eCommerce became more accessible enabling for a wider consumer base.

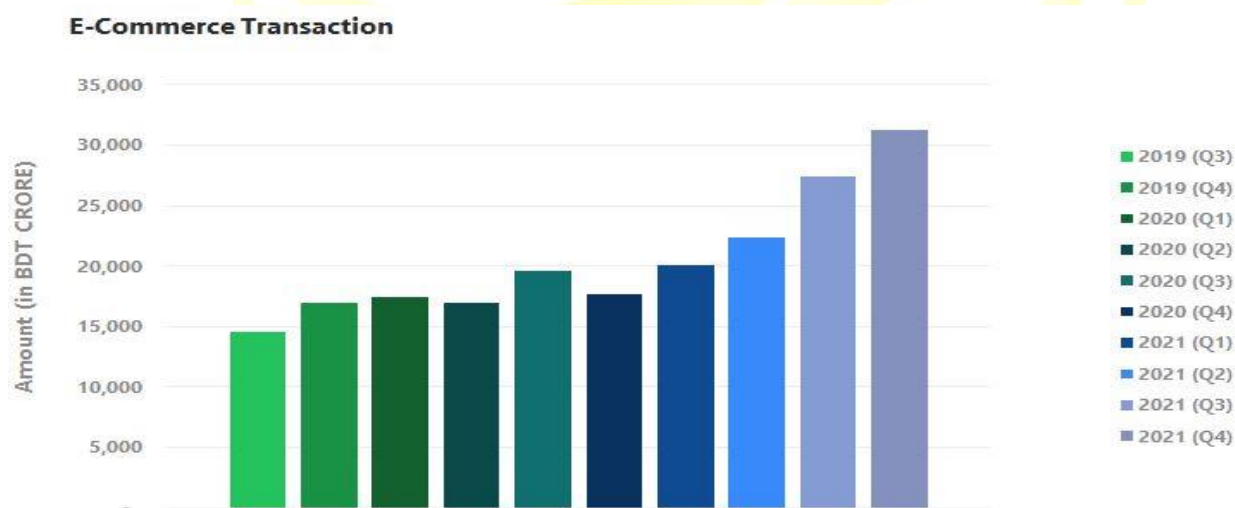
Exhibit 1: Summary of Monetary Policy Statement FY 2021-2022



Source: BTRC

As can be seen in the chart below, with nationwide lockdown in March 2020, the industry faced momentary downturn (2020 Q4) however, as online platforms start to mobilized, the trend picks up doubling the value of transactions earned. According to Bangladesh Bank, the country has recorded BDT 407,595 crore in quarter 4 of FY 2021 as opposed to BDT 202,267 crore in quarter 4 of FY 2019.

Exhibit 2: GDP Growth Comparison



Source: Bangladesh Bank

As per e-CAB (e-Commerce Association of Bangladesh), the industry has created **job opportunity for one lac people** with an expectation to create 500,000 jobs over the next three years if the growth trend continues. Chaldal.com, has increased their manpower from 867 in February 2020 to 2,263 in April 2021, Superstore Shwapno doubled the number of its deliverymen from 35 to 66 in a year to support the growing demand¹.

According to e-CAP, there are currently around **700 websites and 8000 Facebook companies** operating in Bangladesh. There are usually 4 types of eCommerce model gaining popularity in Bangladesh.

- i. Business-to-Business (B2B)
- ii. Business-to-Consumer (B2C)
- iii. Consumer-to-Consumer (C2C)
- iv. Business-to-Employees (B2E)



¹ <https://thefinancialexpress.com.bd/economy/bangladesh/pandemic-induced-boom-in-e-commerce-adds-jobs-in-bangladesh-1619500496>

1.1 Problems within the Industry

Some e-Commerce business have included branch service to offer its customers **one-stop service solution**, such as Shohuz, Pathao, Uber, etc, which have included food delivery and other services in addition to its core operation, i.e. ride-hailing. This diversification is mainly fuelled by intense competition within the industry, with several platforms trying to grab as much market share as possible, often creating the following problems:

- ❖ Supply chain incompetence, where the business or its merchant fails to source the product at the desired price
- ❖ Logistic disruptions extending the lead time for product delivery
- ❖ Lack of funding as most consumers opt for payment on delivery, as a result large amount of working capital is required to operate day to day activity, and an increase in lead time usually results to decreasing profit margin
- ❖ Unethical marketing campaign



With the increasing popularity amongst this industry, unethical practice & unhealthy competition is on the rise, leading to an increase in cyber fraud and customer dissatisfaction, according to The Business Standard², number of complaints have increased as shown in the table below, due to various reasons of dissatisfaction.

Exhibit 3: Number Of Complaints in different E-Commerce platform

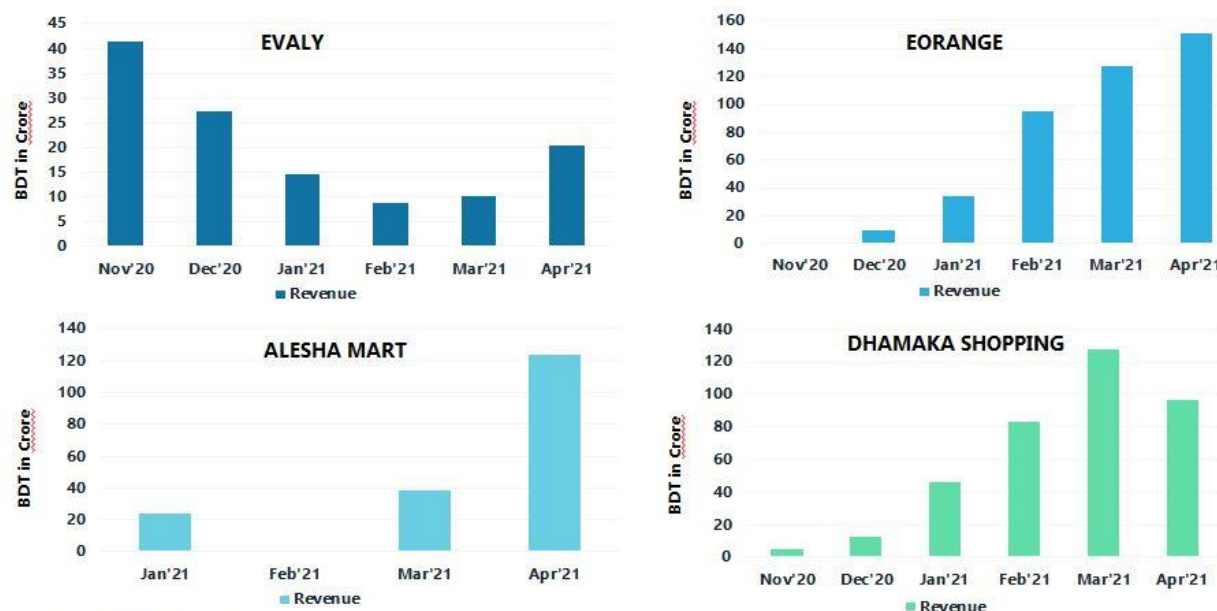
E-Commerce Platform	Number of Complaints	Complaints Resolved
Evaly	7,138	4,495
Daraz	1,051	958
Eorange	2,643	33
Falguni	644	451
Priyo Shop	626	442

² <https://www.tbsnews.net/economy/business-id-planned-regulate-e-commerce-protect-consumers-306232>

Dhamaka	323	58
Facebook Pages	4,982	4,288

Following illogical business promotion & discount schemes, luring potential customers to pay money in advance has enabled these companies to earn high levels of revenue. However, since the discounted price was lower than the available market rate, sourcing the product became difficult, leading to higher lead time in product delivery. The chart below showcases the revenue generation made by such companies.

Exhibit 4: Private Sector Credit Growth (%) in last four years



Source: The Business Standard

1.2 Recent Developments

Given the recent dialog regarding Evaly, E-orange & Dhamaka, and the overall nature of the industry, Centre for Policy Dialogue³ (CPD) has made several **recommendation**, focusing the need for regulators and different government bodies to take on active role in monitoring, regulating and enforcing existing rules and guidelines. They have also stressed on cross coordination and communication between government bodies & law informants and suggested e-CAB to have a holistic assessment of every new applying for registration.

As communicated by industry insiders, they have recommended that new regulations for E-commerce sector will only **discourage industry growth** and that stronger monitoring by existing regulators will lead to long term resolution⁴.

The Ministry of Commerce has already **issued Digital Commerce Operational Guide-2021**⁵ which has included several changes, with the following being most talked about:




³ <https://cpd.org.bd/seven-recommendations-by-cpd-to-overcome-challenges-in-e-commerce-sector/>

⁴ <https://www.thedailystar.net/business/economy/e-commerce/news/watchdog-new-laws-not-needed-2184151>

- The delivery time will be shorter than five days if the customer & seller is within the city, and a maximum of 10 days if outside of city (clause 3.3.2)
- If a product is not ready for handover within 72 hours of the payment, the companies will not take more than 10% of the price in advance. 100% advance payment can only be charged if Bangladesh Bank's escrow service is fulfilled. (clause 3.2.10)
- E-commerce platforms will hand over ordered products for delivery within 48 hours of receiving advance payment and also notify the customers via sms, email or phone calls. (clause 3.3.1)
- All types of digital wallets, gift cards, cash vouchers or any other medium which can be used as an alternative to cash cannot be launched, used, bought or sold without the permission of Bangladesh Bank. (clause 3.1.9)
- E-commerce companies must have the displayed items in their own stock, or to the registered merchants. (clause 3.2.9)
- Any offer must mention the available stock, which will be updated regularly. (clause 3.2.11)
- If a delivery with advance payment is delayed due to an unforeseen and uncontrollable issue, the company will notify customers. But they must not force the clients directly or indirectly to buy any other product in exchange for the delayed one. (clause 3.5.2)
- If a product comes with a discount, free shipping or other facilities, the product description must have those mentioned clearly. (clause 3.5.3)

1.3 Comparison between Countries

Exhibit 5: Country Comparison

COMPARISON BETWEEN COUNTRIES		
COUNTRY	BANGLADESH	INDIA
 WORKFORCE INVOLVED	Over one lac people	1.45 million people
 INDUSTRY SIZE	Over BDT 30,000 crore	Over BDT 70,000 crore
 NUMBER OF COMPANIES	700 websites and 8000 Facebook companies	19,000 e-commerce companies & over 1 lac websites

India is in the forefront of E-Commerce, attracting large fund crowding, FDI's & international brands. Apart from India, Nepal hosts over 40,000 E-Commerce business' with accumulated revenue of BDT 56 Core (9 months of FY 2021), whereas Pakistan accounts for BDT 3,400 Crore.

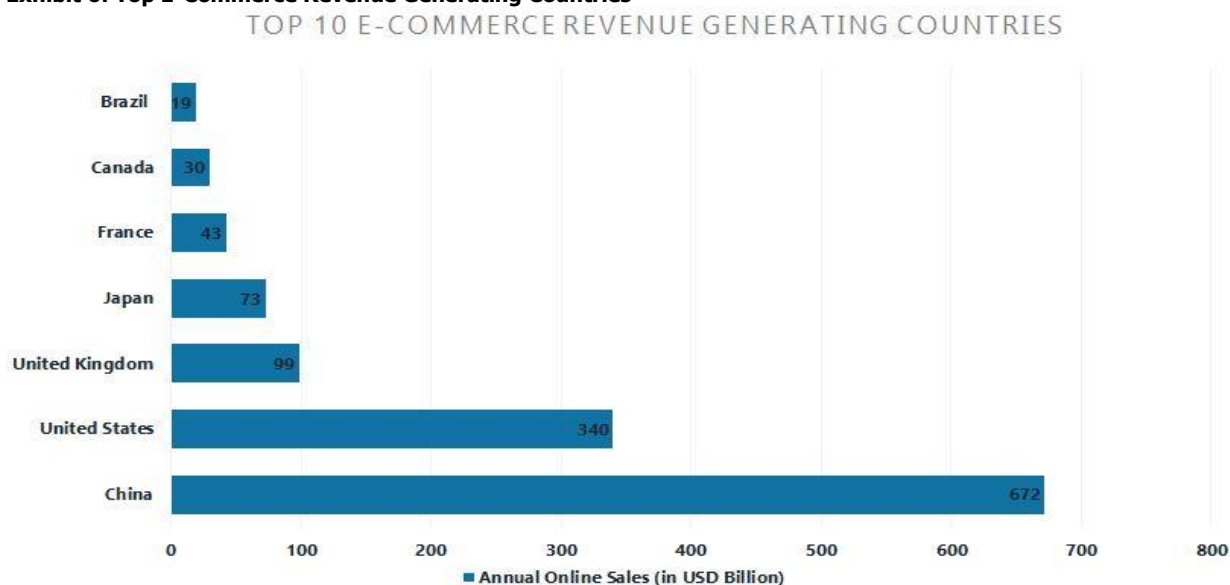
China ranks the highest revenue generator in E-Commerce industry, with government policies

tailored to further expand industry revenue by targeting rural parts of the country by taking the following steps (Maria Fernandez Vidal, 2020)⁵:

⁵[https://mincom.gov.bd/sites/default/files/files/mincom.portal.gov.bd/page/8810a40b_83e7_4158_9f51_df3390be026b/2065-Commerce-04%20July%202021\(11245-11252\)%20\(1\).pdf](https://mincom.gov.bd/sites/default/files/files/mincom.portal.gov.bd/page/8810a40b_83e7_4158_9f51_df3390be026b/2065-Commerce-04%20July%202021(11245-11252)%20(1).pdf)

⁶<https://www.cgap.org/blog/e-commerce-taking-rural-china-3-lessons-other-countries>

- I. Series of government policies, development programs and subsidies, including the development of infrastructure to support product movement and internet connectivity for all. 90% of Chinese have access to banking facility or owns a bank account according to People's Bank of China.
- II. Eliminating middlemen by redesigning value chains to promote local products and increase manufacturers or producers profit margin, this will enable them to understand and create new categories of products and make alterations to make the existing product better.
- III. Access to credit or financing for intermediaries: In most cases, the manufacturers or producers usually enjoy credit facility or has business fund to finance its business, but for an intermediary this option is limited. Moreover, business experience of intermediaries is also lower and they mostly are younger to approach the conventional line of credit from banks, as a result E-Commerce platforms need to extend their helping hand to intermediaries.

Exhibit 6: Top E-Commerce Revenue Generating Countries

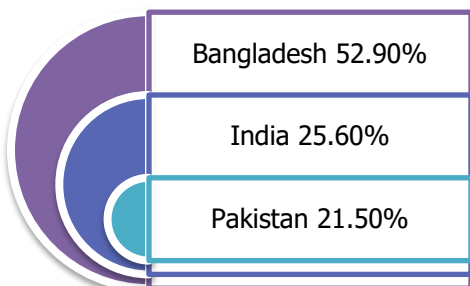
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2. Ship Breaking & Recycling Industry (SBRI) in Bangladesh

2.1 Introduction

The ship breaking and recycling industry (SBRI) is one of the ancient sector which offers supportable approach of disposing of old vessels economically as well as environmentally. Globally this industry has been getting popular in the developing countries located in South Asia, specifically Bangladesh, India, and Pakistan for the last couple of decades. It is emerging as a strong investment sector in terms of financial gain, employment opportunities, sources of raw materials, etc. By dismantling around 47.20 per cent of world vessels, Bangladesh became the world's top destination for retired ships. However, India (25.60 per cent), Pakistan (21.50 per cent) and Bangladesh make up (50-60 per cent) of the international recycling market for ocean-going vessels. (Alamgir, 2020)

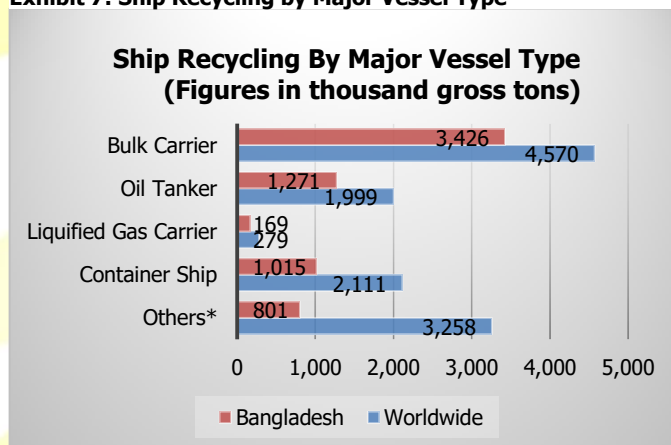


2.2 Insights of Ship Breaking and Recycling Industry in Bangladesh

Bangladesh's share in breaking ships, globally, has gone up by around 8% in FY2019 (Bhuiyan, 2020). With this improvement, the country has also retained its position, like FY2018, as the largest ship recycler in the world. According to the latest report of United Nations Conference on Trade and Development (UNCTAD), in 2020, Bangladesh captured the world market by dismantling around 58% of ships, in 2019, it was around 55% of ships and in 2018, it dismantled over 47% of the globe's ships. (Bhuiyan, 2020)

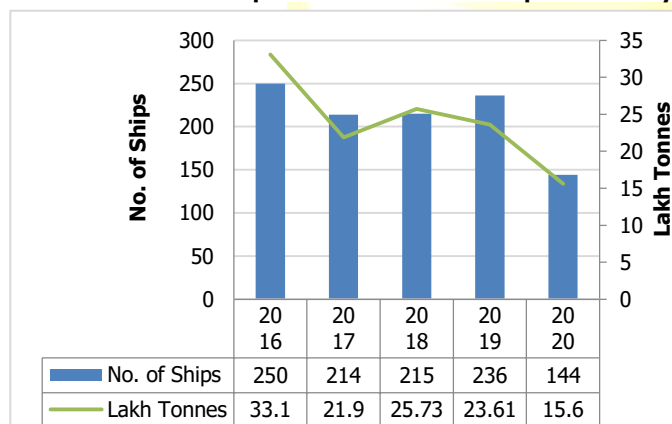
Meanwhile, in FY2019, more than double the tonnage of vessels for recycling were sold to Bangladesh over India which had 3,251 thousand

Exhibit 7: Ship Recycling by Major Vessel Type



*Other types of vessels recycled in Bangladesh include: Offshore vessels, general cargo ships, chemical tankers, ferries and passenger ships. [Source: UNCTAD]

Exhibit 8: Number of Ships & Tonnes of Steel Scrap in last five years



[Source: UNCTAD]

gross tonnes, or around 27%. Turkey bought 1,095 thousand gross tonnes or 9% of the global share. These three countries represented over 90% of global ship recycling activities in FY2019. The breaking processes also supply second hand material and equipment for re-using not only locally but also for exporting abroad. Steel scraps from ship breaking provide as an alternative to the consumption of non-renewable resources allowing the manufacture of steel to be undertaken in a significantly more energy efficient way.

2.3 Financial & Economic Overview of Ship Breaking and Recycling Industry in Bangladesh

Bangladesh has taken the lead in the prices of scrap ships among the five major recycling destinations in the world as the local market has been witnessing a rise in demand for scraps since November 2020. A brief financial overview of this sector is pointed below:

Exhibit 9: Overview of Ship Breaking and Recycling Industry

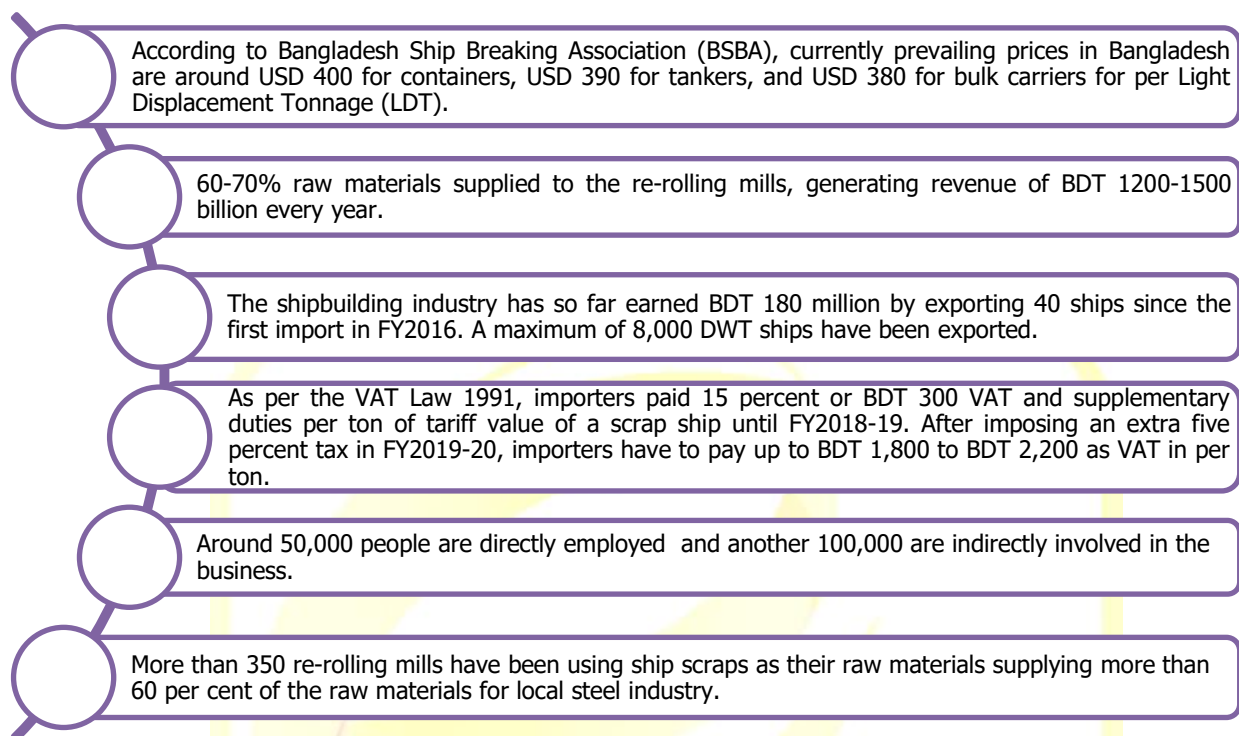


Exhibit 10: Highlights

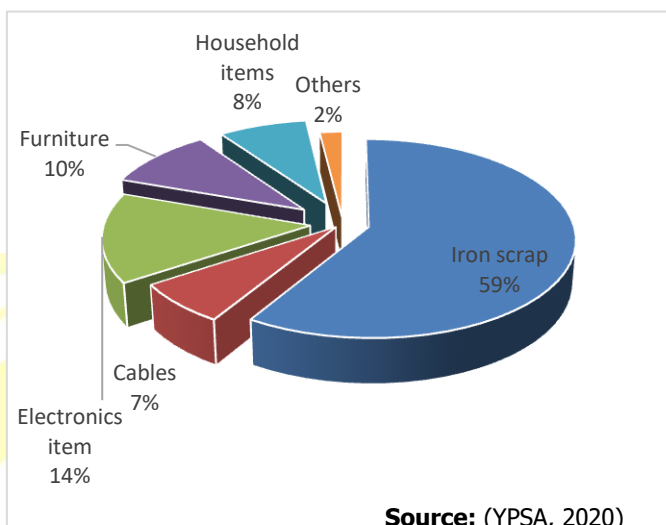
Particulars	Details
<i>Number of shipyards</i>	More than 150. (Munni, 2021)
<i>Location</i>	Around Dhaka: 70%; Chattogram: 20%; Khulna & Barishal: 10%
<i>Design and fabrication of ship by local shipyards</i>	3500 DWT
<i>Number of vessels built per year</i>	250 (average). (Bhuiyan, 2020)
<i>Ships imported</i>	156 (2021) increased by 110% from FY2020
<i>Production (Annual)</i>	7.00 million tonnes
<i>Scrap & Billet Imports</i>	4.20 million tonnes
<i>Top Market players</i>	PHP Re-Rolling Mills Ltd., Chowdhury Group of Companies, Taher & Co. Ltd., Rising Steel Ltd., M Rahman Steel Mills Ltd., Maheen Enterprise, M/S Kalmilata, Shital Enterprise, M/s. Bengal International, M/s. Bengal International, etc.

2.4 Impact of COVID-19 in Ship Breaking and Recycling Industry

The adverse impact of COVID-19 on shipbreaking industry in Bangladesh steered spillover effects on associated industries including shipbuilding and steel. Owing to lockdowns imposed in March 2020, the shipbuilding industry has faced order cancellation issues. An overview of impact of COVID-19 in ship breaking and recycling industry is pointed below:

- Bangladesh Ship Breakers Association reported that, majority of the yards out of 150 remained closed due to the Covid-19 pandemic and only 50 were operational. (Munni, 2021)
- According to the Association of Export Oriented Shipbuilding Industries of Bangladesh (AEOSIB), the exporting companies have witnessed cancellation of export orders worth USD 120 million. Meanwhile, the ship-breaker companies employing 0.2 million people could not supply scraps, the vital raw materials for steel, to the steel mills.
- In April 2020, the industry insiders had demanded BDT 3,000 crore cash incentive with 2 percent interest for keeping the shipyards functional. (Illius, The Business Standard, 2021). Norway has committed approximately USD 1.5 million (14 million Norwegian Kroner) to support improved ship recycling in Bangladesh. (UNB, 2020).
- According to the industry insiders, there is a good demand for steel in the local market. But there is a shortage of supply in both from the ship breaking yards and international scrap market.
- The local ship-breaking industries supplied around BDT 2.50 million tonnes of scrap in 2020. (Illius, The Business Standard, 2020). According to shipbreakers, the local scrap market is volatile, as the import of scrap ships dropped this year due to the Covid-19 pandemic. In 2020, it is likely to drop to 1.80 MnT as around 1.70 MnT of scraps was imported till November.

Exhibit 11: Element Collect From Ship Breaking



2.5 Conclusion

Due to lower labor costs and a high proportion of usage of steel from recycled ships in domestic manufacturing, the ship scrapping segment of the maritime supply chain is dominated by the developing countries. In this perspective, Ship breaking and recycling can be claimed to be a sound sustainable industrial activity. The material composition of a vessel structure, components and systems will reflect the era from when it was built. Likewise, the cargo remains, system agents, onboard spares and other consumables will reflect its type and pattern of trade. At the end of operational life, the ship still represents a resource, as a considerable proportion of its lightweight is suited for reuse or recycling. Not only it supplies a substantial quantity of scrap metal for the iron and steel industries it creates job opportunity.

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EMERGING HIGHLIGHTS



Mr. N.K.A. Mobin FCA, FCS, CFC (Managing Director & CEO of ECRL) gave an interview to "Think Business", a program aired in youtube channel about "How to Understand the Rating of Company before Investment".

Please find the link as follows: <https://www.youtube.com/watch?v=DZmjmpwT3-g>

3. Mutual Funds in Bangladesh

3.1 Performance of Mutual Fund (MF)

Exhibit 12: Snapshot

Key Issues	Details
Mutual Fund Listed in DSE	37
Mutual Fund being traded in DSE	36
Current Market Capitalization of MF in DSE	BDT 44.72 billion
Total Issued Capital of MF in DSE	55.35
MF as percentage of Total Market Cap of DSE ⁷	0.76%
Total Number of Shares listed in DSE ⁸	5,535 million
MF Turnover ⁹	BDT 8.9 billion
MF Turnover as percentage of Total DSE Turnover	2.04%

Exhibit 13: Mutual Fund & Market Price-Earnings Ratio

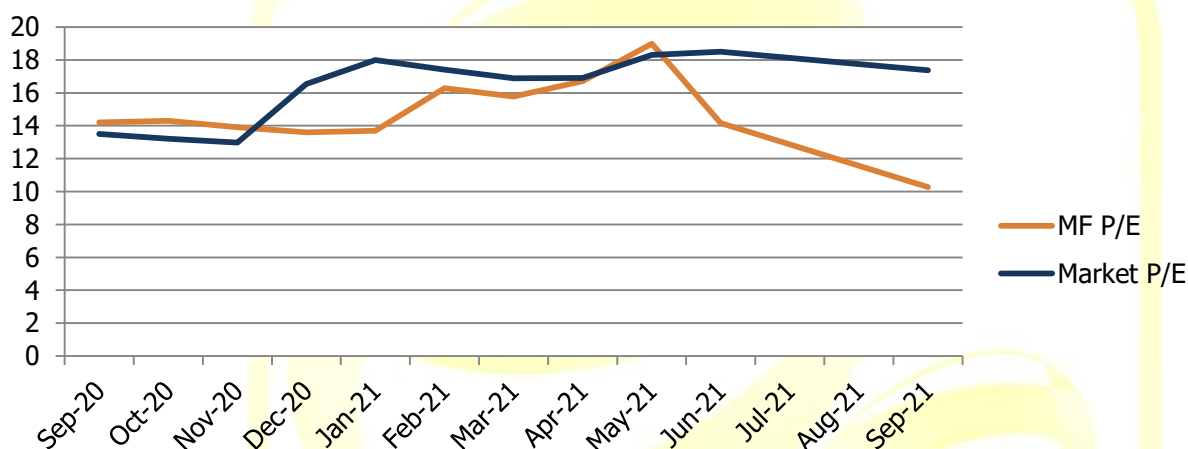
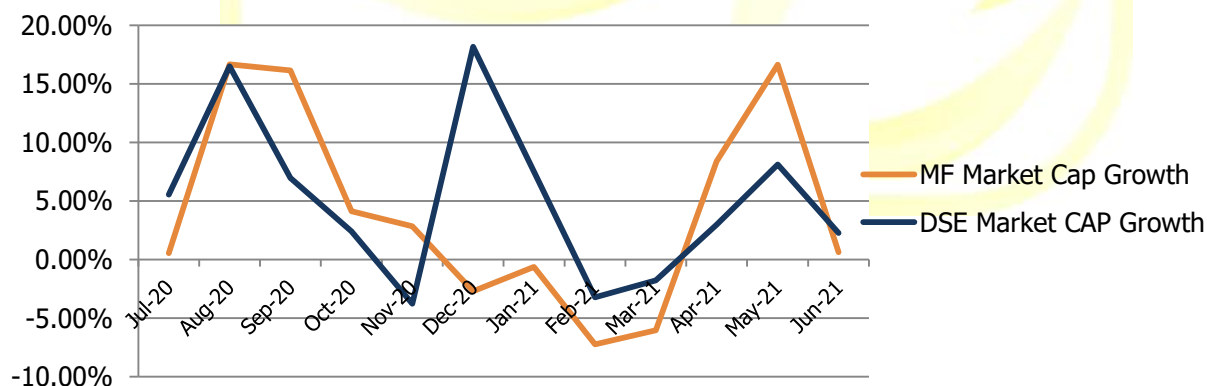


Exhibit 14: Market Cap Growth



⁷ As on October 7, 2021

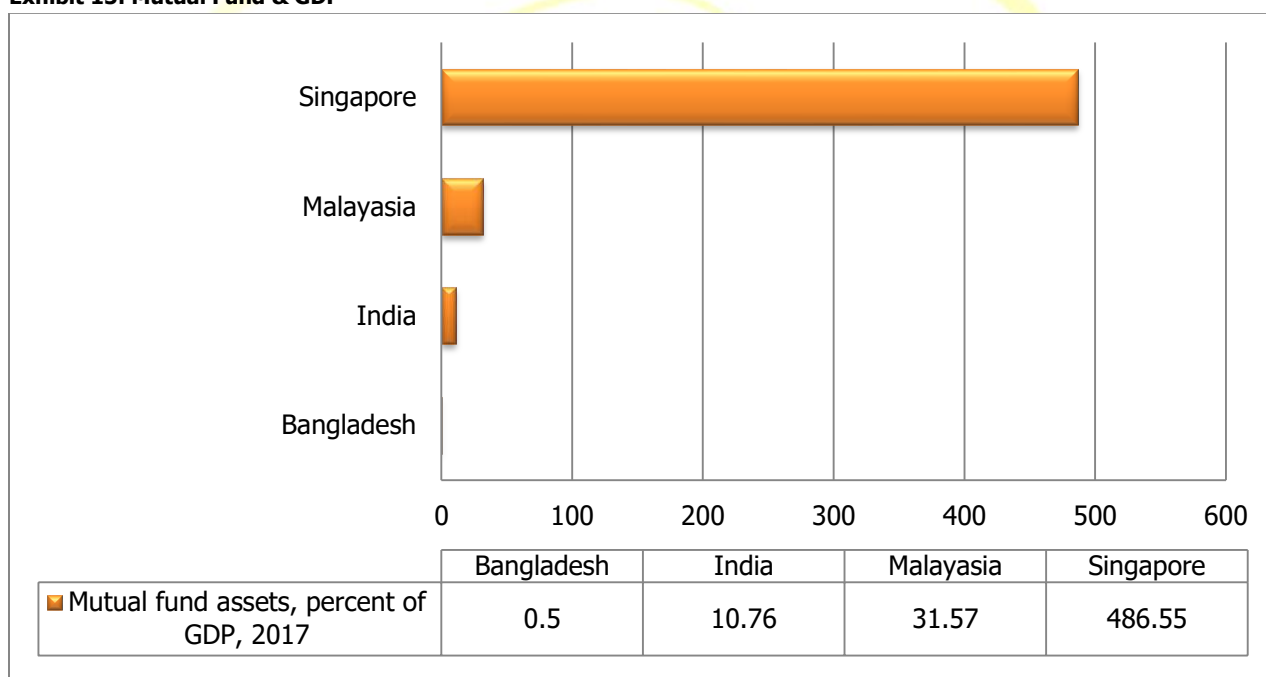
⁸ As on 30 June 2020

⁹ As on 30 June 2021

3.2 Abstract

As of March 2021, 29 asset management companies in the country are managing a total of BDT 13,420 crore under 101 mutual fund schemes. Some 64 of these schemes are open-ended mutual funds that have a combined asset value of BDT 10,380 crore. Historically performance of Mutual Funds (MF) are subpar in Bangladesh and it has very insignificant impact on the overall economy. Mutual Fund (MF) assets to gross domestic product (GDP) in Bangladesh, which is only 0.53%, is the lowest among emerging economies. The ratio is 11% for India, followed by 32% for Malaysia, 1.51% in Pakistan, 73% in the UK and 118% in the USA¹⁰. Mutual Funds are not a popular vehicle in Bangladesh as a survey done in 2019 indicated that only 35% of the population respondent had investment in Mutual Fund Industry.

Exhibit 15: Mutual Fund & GDP



¹⁰ <https://www.theglobaleconomy.com/>

3.3 How a Mutual Fund Works



Definition: A mutual fund is a type of financial vehicle made up of a pool of money collected from many investors to invest in securities like stocks, bonds, money market instruments, and other assets. Mutual funds are managed by Asset Managers in Bangladesh.

Type of Earning from Mutual Funds



Dividend Income

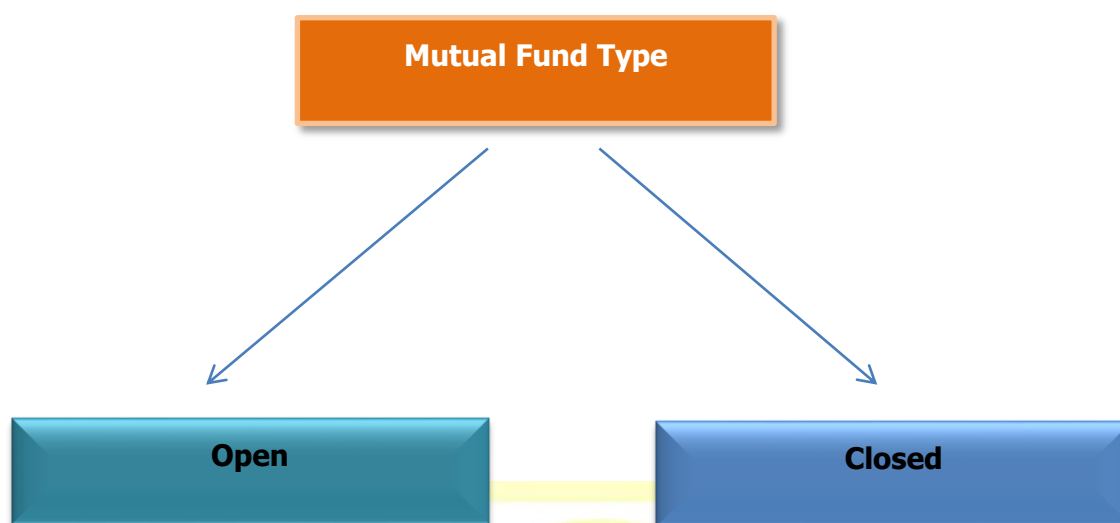
Income is earned from dividends on stocks and interest on bonds held in the fund's portfolio. A fund pays out nearly all of the income it receives over the year to fund owners in the form of a distribution.

Capital Gain on Selling Assets

If the fund sells securities that have increased in price, the fund has a capital gain. Most funds also pass on these gains to investors in a distribution.

Increase in Net Asset Value

If fund holdings increase in price but are not sold by the fund manager, the fund's shares increase in price. Investors can then sell their mutual fund shares for a profit in the market.



Closed Ended: A closed-end investment is overseen by an investment or fund manager, and is organized in the same fashion as a publicly-traded company. This type of fund offers a fixed number of shares through an investment company, raising capital by putting out an initial public offering (IPO). After the IPO, shares are listed on an exchange. Investors are able to purchase shares through a brokerage firm on the secondary market.¹¹

Open Ended: Open-end funds are traded at times dictated by fund managers during the day. There is no limit to how many shares an open-end fund can offer, meaning shares are unlimited. Shares will be issued as long as there's an appetite for the fund. So when investors buy new shares, the fund company creates new, replacement ones.

3.3 Tax Advantage of Mutual Fund¹²

Investment Tax Credit: According to the Section 44(2)(c) under Income Tax Ordinance, 1984, the amount of allowable investment is actual investment or 25.0% of total taxable income or BDT 1,50,00,000.00 (Taka One crore & Fifty Lac only), whichever is lower.

Example: an individual's total taxable income is BDT 3,600,000 in a year and actual investment is BDT 1,500,000. His eligible for tax rebate will be lowest amount of the following figures:

Actual Investment	BDT 1,500,000
25.0% of total taxable income	BDT 900,000 (25.0% x BDT 36,00,000)
Maximum eligible investment	BDT 15,000,000

Considering the above three figures, the eligible investment will be BDT 900,000 only. As his total taxable income is above BDT 3,000,000 so the total tax rebate for the individual will be calculated as follows:

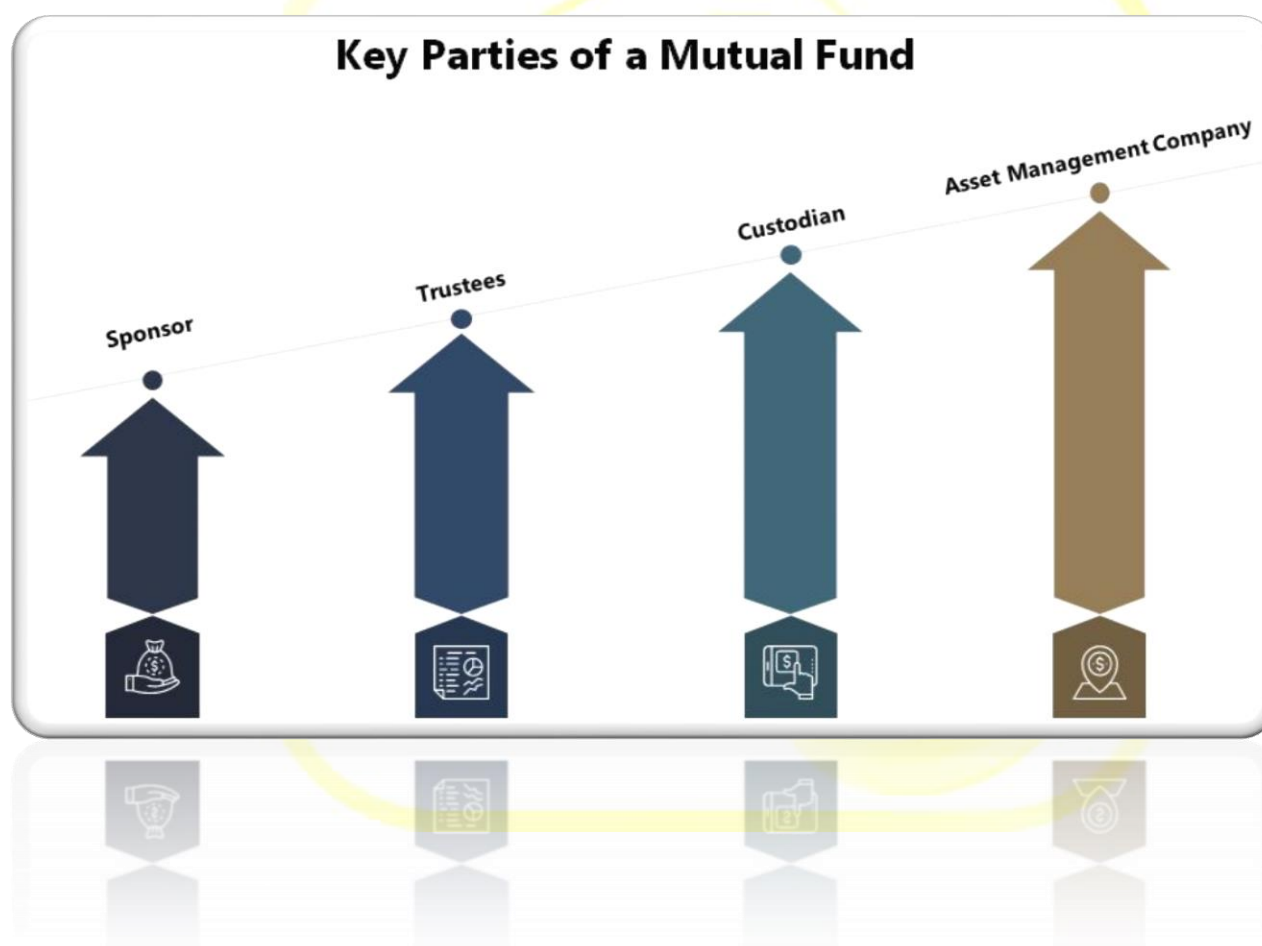
¹¹ www.investopedia.com

¹² Shanta Asset Management Limited

a) 1st BDT 250,000 of eligible amount at the rate of 15%	BDT 37,500 (15% x BDT 2,50,000)
b) Next BDT 500,000 of eligible amount at the rate of 12%	BDT 60,000 (12% x BDT 5,00,000)
c) Remaining of eligible amount i.e. next BDT 150,000 at the rate of 10%	BDT 15,000 (10% x BDT 1,50,000)
Total Taxable rebate	BDT 112,500

The investor can reduce tax liability of BDT 112,500 by investing in this fund.

All investments by funds are tax exempted (e.g., Interest income from Fixed Deposit Receipt (FDR), Dividend income, Capital gain) which helps to generate superior return to the investor.



Sponsor: The sponsor initiates the mutual fund by subscribing minimum 10% of the targeted fund size.

Trustees: The board of trustees is responsible for protecting the interests of the unit holders. It is an independent body having received the trusteeship license from the regulator and is not associated with the Sponsor or the Asset Management Company.

Custodian: The custodian is responsible for physical handling and safe keeping of the assets managed by the Asset Management Company.

Asset Management Company (AMC): The Asset Management Company is responsible for floating and managing the mutual funds in accordance with Bangladesh Securities and Exchange Commission regulations and guidelines provided by the Trustee.

3.4 Performance of Mutual Fund

Overall the performance of the Mutual fund has not been up to the mark in Bangladesh. 20 Closed end from a pool of 37 Mutual Funds which are being traded in Dhaka Stock Exchange were taken to assess their performance. Monthly returns of the 20 MF annualized and then compared with DSEX and DS30. As it can be seen that only six MF out of 20 could perform better than DS 30 index while seven MF has performed better than the DSEX and 5 has performed better than DS30.

Exhibit 16: Comparison of Mutual Fund in DSEX

Sl.	Trading Code	Mean Monthly Return	Annualized Return (%)	Sharpe Ratio	5 year average EPS
1	1JANATAMF	4.33	51.92	0.33	0.71
2	1STPRIMFMF	1.60	19.21	0.16	0.82
3	ABB1STMF	1.88	22.55	0.16	0.67
4	AIBL1STIMF	2.73	32.75	0.28	0.66
5	ATCSLGF	4.00	47.99	0.29	0.82
6	CAPMBDBLMF	3.34	40.08	0.28	0.64
7	CAPMIBBLMF	7.09	85.02	0.26	0.59
8	DBH1STMF	1.64	19.67	0.16	0.66
9	EBL1STMF	3.45	41.46	0.29	0.75
10	EBLNRBMF	1.91	22.94	0.17	0.58
11	EXIM1STMF	1.41	16.90	0.13	0.68
12	FBFIF	0.74	8.92	0.07	0.56
13	GRAMEENS2	2.41	28.87	0.36	1.10
14	GREENDELMF	1.88	22.58	0.14	0.66
15	ICB3RDNRB	0.86	10.33	0.12	0.47
16	ICBAGRANI1	2.03	24.34	0.35	0.53
17	ICBAMCL2ND	4.76	57.17	0.46	0.50
18	ICBEPMF1S1	1.05	12.65	0.19	0.46
19	ICBSONALI1	0.70	8.43	0.18	0.62
20	IFIC1STMF	1.25	15.01	0.14	0.59
DSEX		2.57	30.86		
DS30		3.30	39.64		

3.5 Liquidity

Liquidity is another reason why investors are not keen on investing in MF. As it can be seen from the table that in the past one year the variance between the highest and lowest between a year is very high this indicates low liquidity of the MF.

Exhibit 17: Daily Volume of Mutual Fund

Sl.	Trading Code	Daily Volume in past one year	
		Highest	Lowest
1	1JANATAMF	18318575.00	202954.00
2	1STPRIMFMF	4970475.00	114732.00
3	ABB1STMF	24441751.00	201572.00
4	AIBL1STIMF	7500590.00	115191.00
5	ATCSLGF	4344659.00	45475.00
6	CAPMBDBLMF	8585223.00	76649.00
7	CAPMIBBLMF	4500958.00	132949.00
8	DBH1STMF	11531370.00	1270.00
9	EBL1STMF	6861497.00	23019.00
10	EBLNRBMF	14690300.00	102571.00
11	EXIM1STMF	23071831.00	114475.00
12	FBFIF	35326696.00	276311.00
13	GRAMEENS2	11259014.00	166991.00
14	GREENDELMF	17499633.00	159693.00
15	ICB3RDNRB	8054555.00	20232.00
16	ICBAGRANI1	5758946.00	1800.00
17	ICBAMCL2ND	8000776.00	2262.00
18	ICBEPMF1S1	5806241.00	500.00
19	ICBSONALI1	2023264.00	7500.00
20	IFIC1STMF	13224507.00	131555.00

3.6 Dividend History

With market being bullish in 2020 and 2021 all the MF yielded a better dividend in 2021 compared to Bank deposit rate and 9 has beaten the interest rate of National Savings Certificate. However in 2020 when the Capital Market was in a slump only two MF could provide better deposit rate than bank deposit rate and none could provide better rate than National Savings Certificate this indicates an inconsistency in dividend yield which deters investors from investing as MF are significantly more risky than bank investment or National Savings Certificate.

Exhibit 18: Dividend History

Trading Code		Dividend History (%)			
		2021	2020	2019	Average of Past 3 Years
1	1JANATAMF	13.00	0.00	3.00	5.33
2	1STPRIMFMF	8.00	8.00	7.00	7.67
3	ABB1STMF	8.00	0.00	3.00	3.67
4	AIBL1STIMF	12.25	0.00	8.00	6.75
5	ATCSLGF	15.00	0.00	7.50	7.50
6	CAPMBDBLMF	13.00	0.00	5.00	6.00
7	CAPMIBBLMF	13.50	0.00	8.00	7.17
8	DBH1STMF	12.00	0.00	8.00	6.67
9	EBL1STMF	13.00	0.00	3.00	5.33
10	EBLNRBMF	6.00	0.00	3.00	3.00
11	EXIM1STMF	7.50	0.00	3.50	3.67
12	FBFIF	4.00	0.00	3.00	2.33
13	GRAMEENS2	13.00	7.00	9.00	9.67
14	GREENDELMF	12.00	0.00	9.00	7.00
15	ICB3RDNRB	7.00	5.00	4.00	5.33
16	ICBAGRANI1	7.00	5.00	5.00	5.67
17	ICBAMCL2ND	8.00	5.00	6.00	6.33
18	ICBEPMF1S1	6.00	5.00	4.50	5.17
19	ICBSONALI1	7.00	5.00	6.00	6.00
20	IFIC1STMF	7.50	3.00	2.00	4.17
Private Bank Weighted Deposit Rate		4.19	5.42	6.08	5.23
National Savings Certificate				11	

4. Overall Economic Outlook of Bangladesh

4.1 Inflation Rate

The inflation rate in Bangladesh eased to 5.36% in July 2021 from 5.64% in last month, due to slowdown in the price of both food and non-food items. In line with that, food and non-food inflation significantly declined in July 2021 compare to last year which result the point to point general inflation was pushed down to 5.36% in July 2021. In terms of month-on-month and moving average food inflation has decreased to 5.68% at the end of July, 2021. However, there had been fluctuations in the 12-month average food and non-food inflation rates. On the other hand, month-on-month and moving average non-food inflation has increased to 5.33% at the end of July, 2021.

Exhibit 19: Inflation Rate (General)

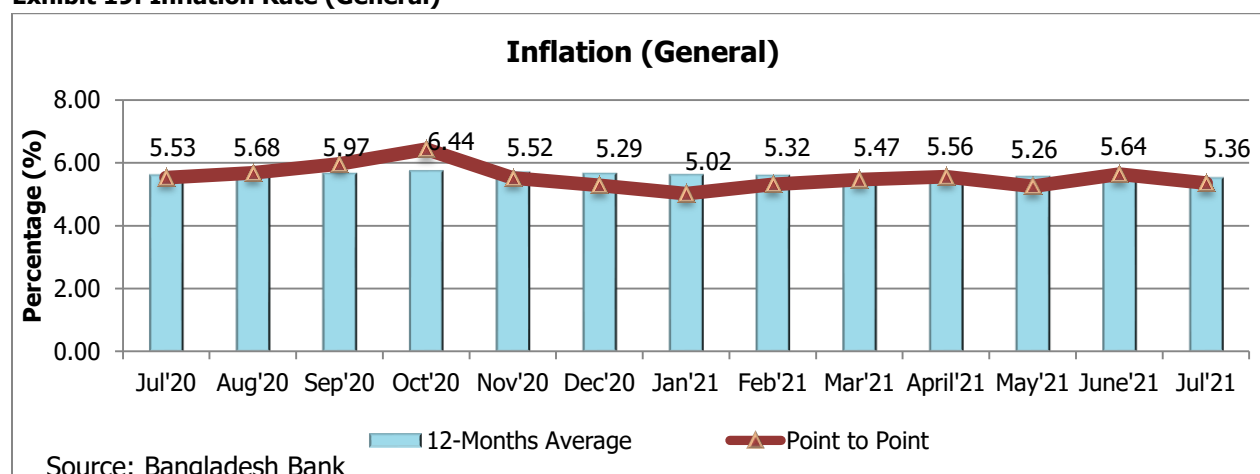


Exhibit 20: Food, Non-Food and General Inflation Rate

	Inflation					
	General		Food		Non-Food	
	Point to Point	12-Months Average	Point to Point	12-Months Average	Point to Point	12-Months Average
Jul'20	5.53	5.64	5.70	5.54	5.28	5.79
Aug'20	5.68	5.65	6.08	5.61	5.05	5.72
Sep'20	5.97	5.69	6.50	5.71	5.12	5.66
Oct'20	6.44	5.77	7.34	5.87	5.00	5.62
Nov'20	5.52	5.73	5.73	5.82	5.19	5.59
Dec'20	5.29	5.69	5.34	5.77	5.21	5.56
Jan'21	5.02	5.64	5.23	5.78	4.69	5.43
Feb'21	5.32	5.63	5.42	5.82	5.17	5.34
Mar'21	5.47	5.63	5.51	5.87	5.39	5.26
Apr'21	5.56	5.60	5.57	5.84	5.55	5.22
May'21	5.26	5.59	4.87	5.82	5.86	5.23
June'21	5.64	5.56	5.45	5.73	5.94	5.29
Jul'21	5.36	5.54	5.08	5.68	5.80	5.33

Source: Bangladesh Bank

4.2 Exchange Rate Movements

Exhibit 21: Monthly Currency Rate of India & Bangladesh

	Taka/USD		Rupee/USD
	Month Average	Month End	Month End
Jan'21	84.8011	84.8006	72.9519
Feb'21	84.8007	84.8000	73.0408
Mar'21	84.8009	84.8007	73.5047
April'21	84.8010	84.8000	74.0573
May'21	84.8003	84.8000	72.5211
June'21	84.8148	84.8054	74.3456
Jul'21	84.8037	84.8024	74.3871
Source: Bangladesh Bank Monthly Update			

The data shows that the Bangladeshi taka slightly appreciated by 0.0035% while Indian Rupee depreciated by 0.06% against the US dollar at the end of July, 2021 compared to end of June, 2021. If the Bangladeshi taka will appreciate in coming months that may have insignificant negative shocks in export and remittance inflow in FY2022.

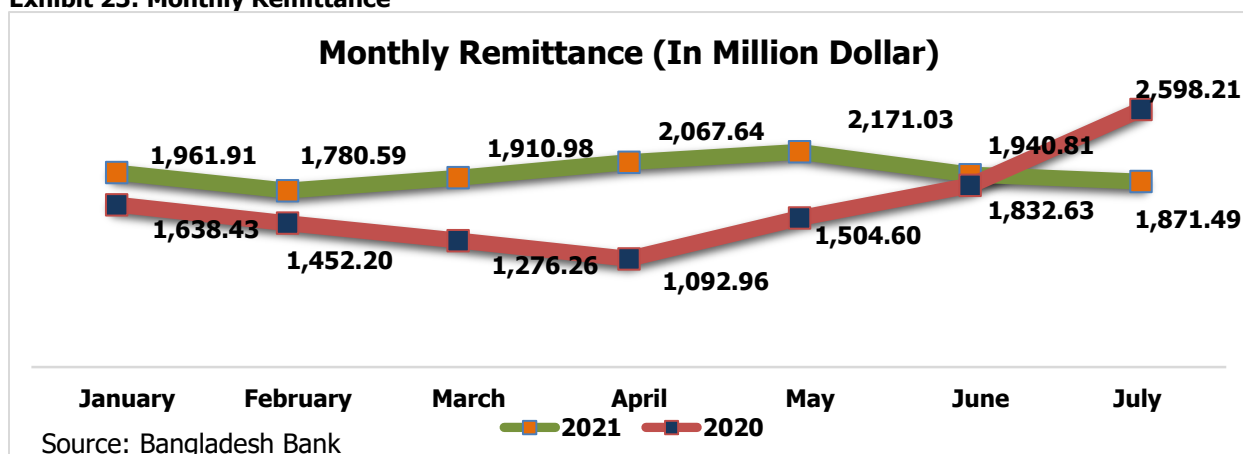
4.3 Major Country Wise Currency Against BDT

Exhibit 22: Monthly Currency Rate of Different Countries

Month	EURO	US Dollar	UK Pound	Saudi Arabian Riyal	Indian Rupee	Chinese Yuan	Japanese Yen
Jan'21	102.92	84.80	116.21	22.61	1.16	13.11	0.81
Feb'21	102.41	84.80	118.16	22.61	1.15	13.10	0.80
Mar'21	99.35	84.80	116.53	22.61	1.15	12.90	0.77
April'21	102.82	84.80	118.16	22.61	1.14	13.10	0.78
May'21	103.38	84.80	120.32	22.61	1.17	13.32	0.77
June'21	100.90	84.81	117.36	22.61	1.14	13.13	0.77
Jul'21	100.44	84.81	117.88	22.61	1.14	13.06	0.77
Source: Bangladesh Bank							

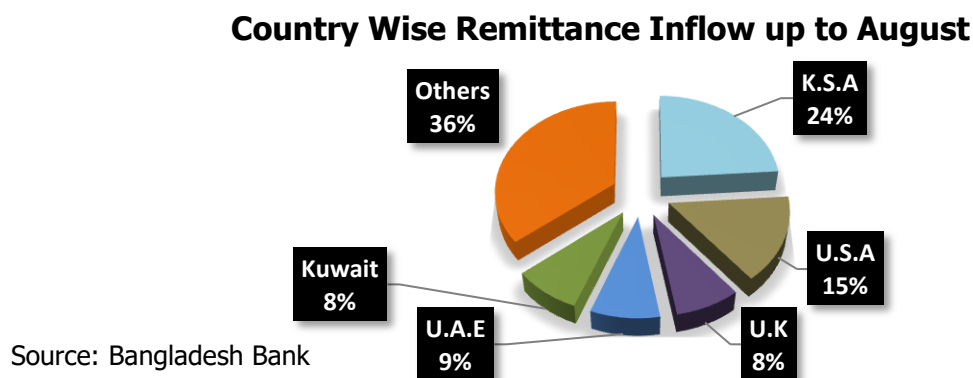
4.4 Remittance Inflow

Bangladesh has recorded USD 24.77 billion remittances in FY2021 which was 36.00% more remittance compared to last fiscal year (USD 18.20 billion). However, the flow of remittance fell significantly in July 2021 due to second wave of the Covid-19 situation. The inflow of remittance dropped by 27.97% from USD 2,598.21 million (July, 2020) to USD 1,871.49 million in July, 2021. The fall in remittance had been resulted from the lower working days during the lockdown and Eid-ul-Azha which pushed down the inflow of remittance in July.

Exhibit 23: Monthly Remittance

4.5 Country Wise Remittance Inflow

In FY 2021-22 (up to August), the top five source countries for remittance flows to Bangladesh are Saudi Arabia (USD 432.28 million), United States (USD 277.52 million), United Arab Emirates (USD 155.36 million) Kuwait (USD 152.63 million) and the United Kingdom (USD 145.85 million). As a share of remittance senders, these five countries contributed 64.29% of the total remittance. The Kingdom of Saudi Arabia always remains the top remittance sender comprises almost 24% of the overall remittance influx; however, it decreased in August, 2021 compared to last month.

Exhibit 24: Country Wise Remittance Inflow

4.6 NBR Tax Revenue Receipts

NBR tax revenue collection during FY2021 stood at BDT 259,881.80 crore which increased by 18.99% against the collection of BDT 218,406.05 crore during FY2020. On the other hand, in July, 2021 the total tax revenue collection of NBR was BDT 15,354.33 crore which was 4.06% higher from BDT 14,754.67 million in same month of FY2020.

Exhibit 25: Monthly Tax & Duty

(Taka in crore)

Month	Customs Duty	Excise Duty	Income Tax	VAT		Supplementary Tax		Other Taxes	Total Tax
				Domestic	Import	Domestic	Import		
Jul'20	1,987.76	35.74	4,116.05	4,024.77	2,518.03	1,515.97	510.11	46.24	14,754.67
Aug'20	1,979.39	50.44	4,662.82	4,032.10	2,525.42	1,608.04	487.80	60.16	15,406.17
Sep'20	2,316.65	37.51	7,103.89	4,519.86	2,999.57	2,151.32	633.98	67.71	19,830.49
Oct'20	2,207.19	45.93	4,804.72	4,810.53	2,889.27	2,593.18	709.97	77.99	18,138.78
Nov'20	2,336.53	55.93	5,265.30	5,087.13	2,900.11	2,618.78	711.85	88.94	19,064.57
Dec'20	2,349.64	1,086.43	8,260.45	5,382.05	2,874.17	2,544.07	705.67	103.84	23,306.32
Jan'21	2,523.43	499.05	6,563.77	5,565.98	2,952.73	2,762.09	673.84	91.08	21,631.97
Feb'21	2,617.89	329.49	5,882.03	5,312.55	3,050.02	2,857.77	776.54	112.48	20,938.77
Mar'21	3,142.97	78.49	8,907.43	5,195.69	3,792.03	3,135.40	816.15	117.50	25,185.66
April'21	2,819.02	56.30	3,829.80	4,969.71	3,583.46	3,214.89	740.44	112.50	19,326.12
May'21	2,661.30	55.21	6,003.47	6,015.29	3,606.56	3,327.94	705.92	113.32	22,489.01
June'21	3,514.14	87.66	19,488.51	8,871.11	4,580.41	1,718.28	949.85	599.31	39,809.27
Jul'21	1,933.39	34.65	4,711.41	4,267.47	2,509.84	1,353.40	481.40	62.77	15,354.33



Mr. N K A Mobin, FCA, FCS, CFC
Managing Director & CEO

Mr. N K A Mobin is a veteran businessman and skilled in a broad range of trade ventures. He is one of the 4 sponsor Directors of the Emerging Credit Rating Ltd, the eminent credit rating agency in Bangladesh. Mr. Mobin has completed his Bachelor of Business Administration & Masters of Business Administration from University of Dhaka majoring in Finance with first class result. He is a Fellow Member of the Institute of Chartered Accountants of Bangladesh (ICAB) & Institute of Chartered Secretaries and Managers of Bangladesh (ICSMB) since 1992 & since 1998, respectively. He is also a Member of Institute of Financial Consultants (IFC) of USA since 2002.

Mr. Mobin has working experience of more than 34 years in different corporate arena like financial management system including the budgeting and reporting system, Tax management and optimization in tax expenses, involved in different projects cost optimization/efficiency and revenue maximization areas, etc. He has been Director Projects & Administration and Director Finance and Company Secretary in Grameenphone Ltd. (GP). He has also been the Director Finance and Company Secretary in Novartis (Bangladesh) Limited. He also performs the following responsibilities:

- **People's Leasing and Financial Services Limited – Court appointed as the Director of People's Leasing and Financial Services Limited.**
- **Dhaka Chamber of Commerce and Industry (DCCI) – Appointed as one of the Board members for 2020-2022 and also Senior Vice President for 2021.**
- **Institute of Chartered Accountants of Bangladesh (ICAB) – Elected Council member for 2019-21 and Ex Vice President (Education and Examination) for 2019.**
- **Unique Hotel And Resort - Appointed as the Independent Director of Unique Hotel And Resort**
- **Shasha Denims Ltd. – Appointed as Independent Director of Shasha Denims Ltd.**



Mr. Arifur Rahman, ACA, FCCA
Director & COO

Mr. Arifur Rahman is a dynamic professional representing the Emerging Credit Rating Limited as the Director and Chief Operating Officer, the distinguished credit rating agency in Bangladesh. He has completed his B.Sc. (Hons) in Civil Engineering with first class result from Bangladesh University of Engineering & Technology (BUET) and also completed BSc (Hons) achieving higher second class honors (2:1) in Applied Accounting from Oxford Brookes University.

Mr. Rahman has 21 years of expertise in the various sectors like Civil Engineering, Auditing, Financial Consultancy, Feasibility Studies, and Tax Advisory and Planning etc. He is actively involved in taking charge of the technical and organizational interests and advising the company in articulating current business strategies as well as future growth potentials. He is responsible to administer different departments and plays an important role in taking the managerial and operational decisions of the organization. Mr. Rahman is also the Fellow Member of the Association of Chartered Certified Accountant.



Mr. Saami Alam
Chief Rating Officer

Mr. Saami Alam is a dedicated and enthusiastic professional holding the position of the Chief Rating Officer in Emerging Credit Rating Limited since 2018 having work experience of more than nine years. He joined ECRL in the year 2011 and has been actively involved in the strategic and management decision making.

Mr. Alam completed his Bachelor of Business Administration and Masters of Business Administration from North South University majoring in Finance. Along with supervising the credit rating reports, he is co-coordinating different industry analysis, feasibility studies, and other projects. He is involved in preparing and presenting financial and economic models for management, board of directors, investors and lenders. He is responsible to supervising overall operational management, co-ordinate and control the department work process to meet common target and evaluating performances of the team members. He is a member of Internal Rating Committee in ECRL.



Ms. Zenith Matin, ACCA
Deputy Chief Rating Officer

Ms. Zenith Matin completed ACCA (Association of Certified Chartered Accountants) and BSc in Applied Accounting from Oxford Brookes University, UK. She completed her Master of Business Administration majoring in Finance from Independent University, Bangladesh.

Ms. Matin joined ECRL in the year 2011 and is holding the position of the Deputy Chief Rating Officer in Emerging Credit Rating Limited since 2018. She has working experience of more than nine years in the related field. She is responsible to supervise and co-ordinate different projects which involve preparation of financial and economic models. She is a member of Internal Rating Committee in ECRL and co-ordinate and control the department work process to meet common target. She is also involved in the performance evaluation of the team members.



Mr. Rajiur Rahman, ACCA
Portfolio Manager

Mr. Rajiur Rahman completed ACCA (Association of Certified Chartered Accountants) and BSc in Applied Accounting from Oxford Brookes University, UK. Mr. Rahman joined ECRL in the year 2012 and is holding the position of the Portfolio Manager in Emerging Credit Rating Limited since 2020 having working experience of more than eight years.

He is responsible to supervise and coordinate different projects, NBFI and Bank Rating which involve preparation and analysis of financial models, co-ordinate and control the department work process to meet common target and is also involved in planning of operational strategy. He is a member of Internal Rating Committee in ECRL and is also involved in the performance assessment and evaluation of the team members.



Mr. Md. Harun Chowdhury
Assistant Portfolio Manager

Mr. Md. Harun Chowdhury completed Bachelor of Business Administration major in Finance from Dhaka University. Mr. Chowdhury joined ECRL in the year 2013 and is holding the position of the Assistant Portfolio Manager in Emerging Credit Rating Limited since 2020. He has working experience of more than seven years in related field.

He is responsible to supervise and coordinate different projects, NBFI and Bank Rating which involve preparation and analysis of financial models, co-ordinate training and setting strategies for meeting operational goals of the department work process to meet common target. He is a member of Internal Rating Committee in ECRL and is also involved in the performance assessment and evaluation of the team members.



Mr. A.B.M. Qudrot-E-Khoda
Financial Analyst

Mr. A.B.M. Qudrot-E-Khoda working as a Financial Analyst at ECRL with more than 5 years of work experience on different projects, financial reporting and credit rating assessments. He joined ECRL in the year 2016 and had been holding the position of Financial Analyst since 2018.

Mr. Qudrot completed his Bachelor of Social Science (BSS) major in Economics & Finance from East West University and Master of Business Administration majoring in Finance from United International University. He is currently engaged in projects related to industrial research, financial & project feasibility analysis which involve analyzing assorted industry data both primary & secondary and preparation of financial and economic research. He is also responsible to prepare and analyze different research based projects. He is a member of Internal Rating Committee in ECRL.



Ms. Nabihatul Afrooz
Financial Analyst

Ms. Nabihatul Afrooz completed her Master of Science in Economics from City University London, UK and Bachelor of Business Administration major in Finance & Economics from East West University. She has working experience of more than four years on different projects, financial reporting and credit rating assessments.

Ms. Afrooz joined ECRL in the year 2016 and had been holding the position of Financial Analyst since 2020. She is engaged in different tasks, meeting common target or completing special project assigned by the management and writing reports which involve analyzing assorted industry data (both primary & secondary) and preparation of financial and economic research. She is also responsible to prepare and analyze different research based projects, survey questionnaire, data management, etc.



Mr. S.M. Siamur Rahman
Financial Analyst

S. M. Siamur Rahman has finished his Bachelor of Business Administration (BBA) major in Finance from North South University (NSU).

He joined ECRL in 2021 and collaborated with credit rating corporate clientele as well as research teams in the preparation and analysis of various industries. He enjoys working with financial data while having academic knowledge of financial planning, analysis and projection for companies and corporation.

About ECRL

Emerging Credit Rating Limited (hereinafter referred to as ECRL) began its journey in the year 2009 with the motive to deliver credible superior & quality credit rating opinion in various industry segments around Bangladesh. ECRL obtained credit rating license from Bangladesh Securities and Exchange Commission (BSEC) in June 2010 as per Credit Rating Companies Rules 1996 and also received Bangladesh Bank Recognition as an External Credit Assessment Institutions (ECAI) in October 2010 to do the rating of Banks, Financial Institutions and their borrowers and also from Insurance Development & Regulatory Authority (IDRA) in 2015 to do the rating of Insurance Companies & affiliated with Malaysian Rating Corporation Berhard.

Emerging Credit Rating Limited's team is oriented towards the continuous improvement of processes, striving for an important role in the leadership of the business world. Every individual in ECRL is committed to providing topmost ingenious Credit Rating Services and Comprehensive Research Services in Bangladesh. ECRL's rating services and solutions reflect independence, professional, transparency and impartial opinions, which assist businesses in enhancing the quality of their decisions and helping issuers access a broader investor base and even smaller known companies approach the money and capital markets. The Credit Rating process is an informed, well-researched and intended opinion of rating agencies on the creditworthiness of issuers or issues in terms of their/ its ability and willingness of discharging its financial obligations in a timely manner. Issuers, lenders, fixed-income investors use these risk assessments for the purpose of lending to or investment in a corporation (such as a financial institution, an insurance company, a non-banking corporation or a corporate entity) as well as evaluating the risk of default of an organization's financial obligations in terms of loan or debt.

Editorial Overview

ECRL Research provides insights, opinions and analysis on Bangladesh and International Economies. ECRL Research conducts surveys and produces working papers and reports on Bangladesh's different socio economic issues, industries and capital market. It also provides training programs to professionals from financial and economic sectors on a wide array of technical issues.

Dr. Jamaluddin Ahmed
FCA, PhD
Chairman

NKA Mobin
FCA, FCS, CFC
MD and CEO

Arifur Rahman
ACA, FCCA
Director & COO

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