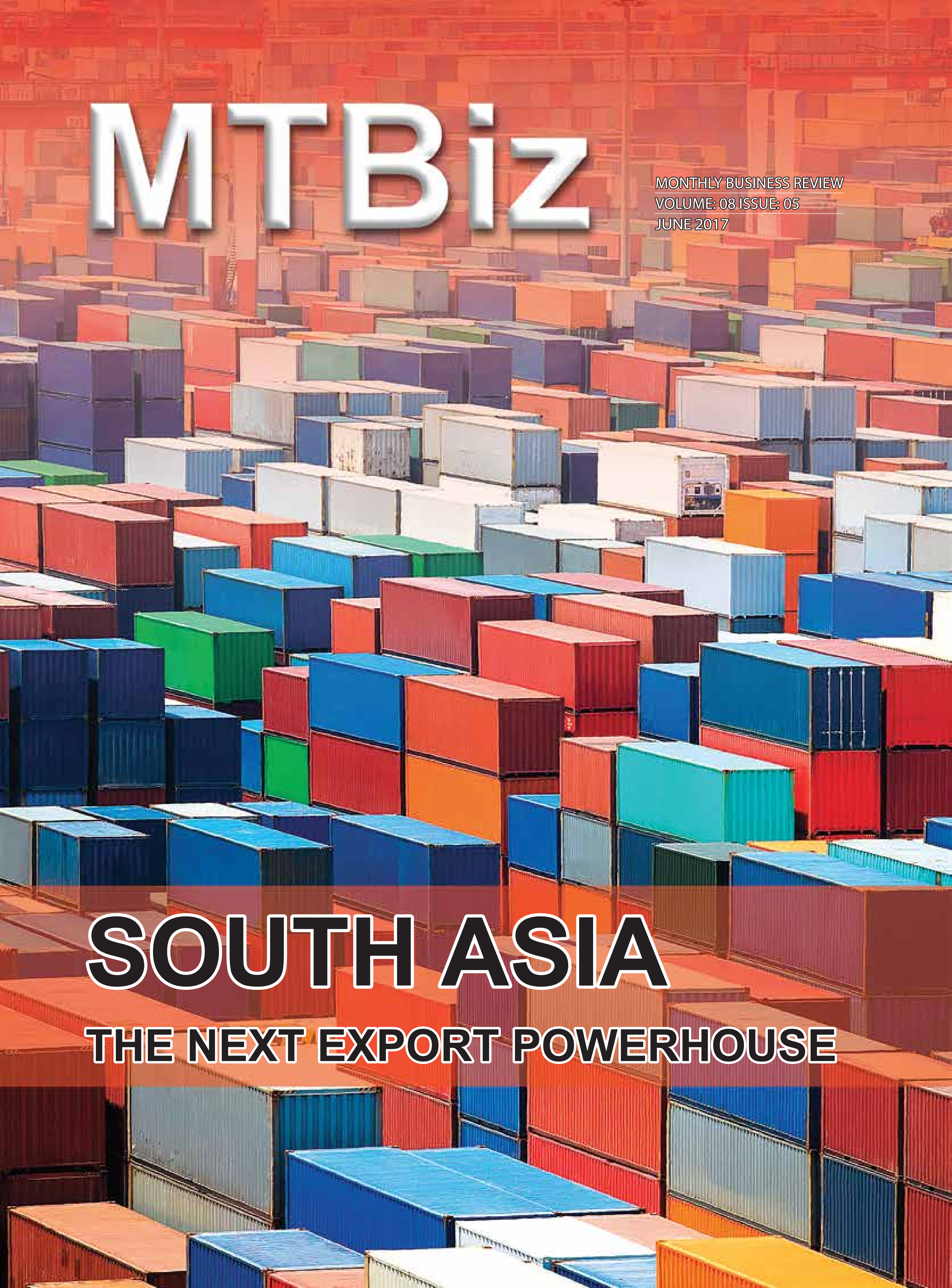

MTBiz

MONTHLY BUSINESS REVIEW
VOLUME: 08 ISSUE: 05
JUNE 2017

SOUTH ASIA

THE NEXT EXPORT POWERHOUSE

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MONTHLY BUSINESS REVIEW
VOLUME: 08 ISSUE: 05
JUNE 2017

Contents

Developed & Published by
MTB Group R&D

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Design & Printing:
Preview

UN GLOBAL COMPACT
WE SUPPORT

SOUTH ASIA
THE NEXT EXPORT POWERHOUSE

Due to the rise in labor costs and aging of the workforce in China and other East Asian countries, South Asia gets focused for its potential. More than one million young workers enter the labor market each month, and by 2030, more than one fourth of the world's working adults will live in South Asia. This is the region's greatest opportunity.

South Asia's potential is unquestionable. Its education levels are on the rise, more than one million young workers enter the labor market each month, and the population of the region's mega-agglomerations and sprawling cities, is expanding monthly by roughly the same number.

POCKETS OF EXCELLENCE AND EVIDENCE OF VAST UNTAPPED POTENTIAL

New mega regional trade agreements promise welfare gains to members despite having the possibility of diverting trade and investment from nonmembers. Against this background, it has become even more urgent for countries in South Asia to make overdue investments in boosting competitiveness and raising productivity to avoid falling behind in the global marketplace. The sector-wise highlights of global success stories of the region are, the software industry in India, the garment sectors in Bangladesh and Sri Lanka, and the Sialkot cluster in Pakistan.

Since 2010, South Asia's ratio of trade to gross domestic product (GDP) has consistently been better than China's, and—after controlling for size—India is more open to trade than the global average. Across the region, there are several examples of these channels at work, ranging from highly successful apparel industries in Bangladesh and Sri Lanka to India's software and business process outsourcing (BPO) sectors, and from productive agglomeration of light manufacturing firms in Sialkot, Pakistan, to Bangalore, India's becoming a global research and development (R&D) hub for major auto parts and electronics producers. The apparel industries in Sri Lanka and Bangladesh, which are as big (on a per capita basis) as those in China and Vietnam. The light manufacturing cluster in Sialkot, Pakistan, despite all odds, has achieved a dominant global market share in products such as soccer balls and surgical instruments. Indian auto-parts firms, which export to leading markets such as Germany and those have had acquisitions of firms at developed countries are becoming global players. Global electronics and auto-parts firms have established their global research and development (R&D) centers in India. In partnership with governments, leading agribusiness firms in South Asia, are developing new crop varieties for the domestic and international markets such as tea in Sri Lanka and rice and mint oil in India.

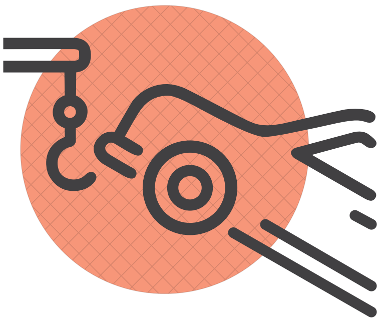
Agglomeration in South Asia matters most for radical innovation
Concentration of economic and innovative activities per Hirschman-Herfindahl Index

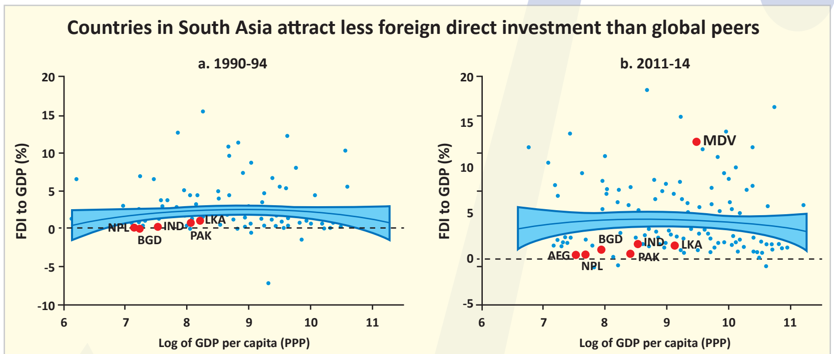
	Employment share	Firm share	Innovators (product or process)	Innovators (product)	Radical (national international)	R&D
Bangladesh	0.390	0.280	0.280	0.280	0.400	0.240
India	0.017	0.006	0.006	0.009	0.040	0.007
Nepal	0.510	0.310	0.270	0.220	0.630	0.700
Pakistan	0.260	0.170	0.440	0.550	0.420	0.290

Source: World Bank calculations based on 2013 Enterprise Surveys for Bangladesh, Nepal, and Pakistan, and 2014 Enterprise Survey for India

The ratios of merchandise trade to GDP and foreign direct investment (FDI) to GDP in the region are well below those of competitor countries. From 1990 to 2014, the region's FDI inflows were, on average, between 2.2 and 2.8 percentage points of GDP below that of countries in East Asia. Moreover, countries in South Asia receive little FDI from within the region with low regional trade integration. From 1990 to 2014, South Asia's average ratio of exports to GDP varied from 17 to 21 percentage points below that of East Asia, and the average ratio of imports to GDP was 21 to 22 percentage points lower.

South Asia has had some success in penetrating new markets. Almost 80 percent of the South Asia's export growth from 2001 to 2013 came from sales of the same goods to the same destinations, and the remaining 20 percent came from sales of the same products in new markets. Exports remain highly concentrated for textiles and apparels in Afghanistan, Bangladesh, Nepal, Pakistan, and Sri Lanka, for minerals in Bhutan and for animal and vegetable products in Afghanistan and Maldives.





Source: World Bank calculations based on World Development Indicators database.
Note: FDI = foreign direct investment; PPP = purchasing power parity.

Between 1960 and 2013, the share of agriculture in South Asia's GDP decreased from 44 percent to 19 percent, while the share of industry rose from 18 percent to 29 percent.

PRODUCTIVITY - THE KEY TO IMPROVED COMPETITIVENESS

South Asia's growth over past two decades, seems driven mostly by a growth in the quantity of production rather than by improvements in their quality, efficiency, or productivity. Accelerating growth of productivity is the key to ensure continued and sustained progress on job creation, growth, poverty reduction, and shared prosperity. There exists a high dispersion of productivity levels across firms in South Asia, which can be tracked by reading the movement of resources from less productive to more-productive firms. In order to accelerate the growth of productivity, the dispersion of productivity levels across firms, need to be reduced.

In the World Bank's 2016 Doing Business report, all the South Asian economies, with the exception of Bhutan, are ranked in the bottom half. Economic activity in South Asia is highly concentrated. In most countries a small number of districts account for a large share of economic activity. In India, for example, the five largest districts account for 18 percent of total employment. However, the degree of geographic concentration of manufacturing in South Asia has not changed substantially in the last two decades.

Agglomeration economies (the benefits that accrue to firms and workers from locating close together in cities or clusters) matter for firm productivity: a 10 percent increase in district employment leads to a 0.2 to 0.9 percent increase in the total factor productivity (TFP) of the district's firms. The effect operates primarily through two channels: localization and urbanization.

SOUTH ASIA ON THE GLOBAL VALUE CHAINS

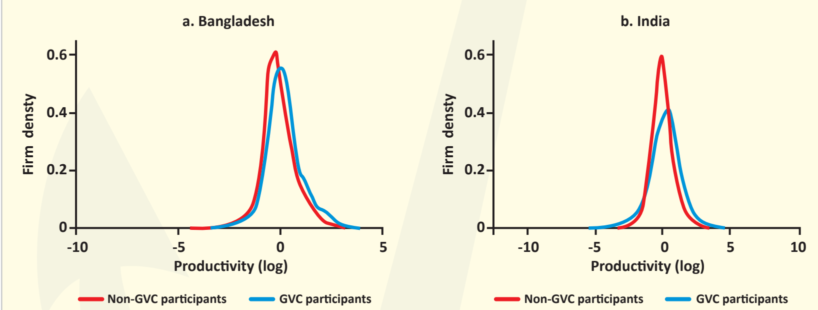
Unlike in high-income countries, firms in South Asia appear to benefit relatively more from a wide diversity of workers available in a single location (urbanization economies) rather than a concentration of highly specialized workers. South Asia needs urban areas that provide thick markets for skilled labor, large tracts of industrial land, and world-class logistics to become competitive.

South Asia has very high potential to increase income and gain market share in exports through policies that would enhance productivity. By 2030, it could more than triple its share of global exports of electronics and motor vehicles, and come close to doubling its already significant market share in apparel.

Further investments in port infrastructure, improvements in customs processes, and behind-the border services (such as warehousing and transportation); more rapid implementation of improvements in port-to-port trade and transportation costs; and a reduction in the domestic cost of trade could boost export growth by more than 1 percentage point per year over the projected baseline and lead to additional unskilled wage gains of as much as 17 percent.

Given the high labor intensity of apparel manufacturing, especially women and the sufficient labor supply, a 10 percent price advantage over China could translate into employment gains of 8.9 percent in Pakistan— by far the biggest winner— followed by Bangladesh (4.2 percent) and India (3.3 percent).

Firms that participate in GVCs also have higher productivity



Source: World Bank calculations based on the 2012–13 Annual Survey of Industries (ASI) in India and the 2012 Survey of Manufacturing Industries (SMI) in Bangladesh.

Participation in global value chains (GVCs) and broadened exposure to international markets are generally associated with higher levels of firm productivity in South Asia. Access to foreign markets, either through trade or the licensing of foreign technology, brings stronger outcomes for adoption of information and communication technology (ICT) and innovation, and these in turn have a robust positive relationship with firm-level productivity. Greater exposure to international trade makes firms more viable participants in GVCs, which in turn can further enhance productivity in a virtuous cycle.

With more than 20 percent of its exports coming from GVC products, South Asia has the second-highest rate of GVC participation among developing regions. This ranking largely reflects, however, the region's strong performance in apparel. Bangladesh has one of the highest GVC participation rates in the world precisely because it exports little besides garments.

In addition, the location along the value chain of each country's firms, varies substantially: firms in Pakistan tend to be more upstream, while Sri Lankan and Bangladeshi firms are much further downstream. Bangladesh and Sri Lanka have the highest shares of final apparel goods (86 percent and 44

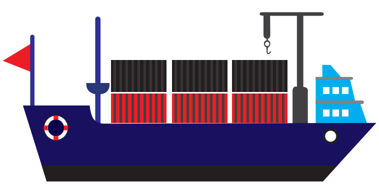
percent of apparel exports, respectively) in the region and source many apparel inputs from Pakistan and India, which focus relatively less on final products (18 percent and 6 percent of apparel exports, respectively). In 2013, two-thirds of India's exports of knit and crochet fabric were destined for Sri Lanka and Bangladesh, while nearly half of Pakistan's exports of woven cotton denim were destined for Bangladesh and Sri Lanka.

An East Asia–South Asia regional value chain is also emerging, especially in intermediate apparel: 70 percent and 24 percent of South Asia's imported apparel inputs come from East Asia and South Asia, respectively. South Asian GVC activity is more integrated with East Asia than is that of any other region in the world, except East Asia itself. Final apparel producers in Sri Lanka and Pakistan have been more successful at penetrating higher-income markets than firms in Bangladesh and India, while firms in Pakistan and Bangladesh have shown a greater ability to penetrate high income markets.

INVESTMENT IN INNOVATION AND R&D

Except a few top firms of the region, average firms in South Asia underinvest in knowledge. Investment in creating knowledge and providing skills and training to their workforces are not priorities. Overall public and private investment in R&D in the region is low and is increasingly falling behind Latin America and the Caribbean and East Asia. Investment in R&D within the region varies greatly, with a higher incidence of firms conducting R&D in Bangladesh and India (above the rates observed in Africa and Eastern Europe and Central Asia) and a much lower incidence in Nepal and Pakistan (below the rates of Africa and Eastern Europe and Central Asia). Patterns of investment in innovation inputs, including ICT, managerial practices, and R&D, are reflected in innovation outputs. Within the region, close to 80 percent of firms in Bangladesh and India engage in technological innovation, well above the average in Eastern Europe and Africa. On the other hand, only about 20 percent of firms in Nepal and Pakistan invest in new products or processes. Moreover, the acquisition of knowledge capital (such as R&D, investments in equipment, and training) is highly concentrated in a few firms. In general foreign-owned and mature firms tend to be the most innovative.

POLICIES TO BOOST COMPETITIVENESS AND PRODUCTIVITY



Deriving the maximum productivity benefits from South Asia's rapid urbanization, requires policies that leverage agglomeration economies while minimizing the adverse impacts of congestion. The removal of policy induced distortions that limit the flexibility of labor, capital, and land markets could enable firms that are more productive to grow. In particular, policies to increase the flexibility of labor markets, especially for women, are likely to substantially reduce the misallocation of labor and improve productivity. Policies directed at improving urban governance and bridging the region's infrastructure gap will ensure that firms and workers are matched more easily. Achieving these goals will require tackling congestion issues head-on.

Buyers who attempt to reduce the complexity of their supply chains and they increasingly value sellers, who offer accompanying services such as input sourcing, product development, and financing (known as full package services).

Buyers also take into account social and environmental compliance, which has become more important to their bottom lines because of pressure from corporate social responsibility campaigns by nongovernmental organizations, compliance-conscious consumers, and, more recently, because of the increase of casualties in apparel factories.

Innovation can be induced in productivity for South Asia, by enhanced managerial capabilities, technology adoption and upgraded workers' skills, according to the report, with different priorities across the region. In Nepal and Bangladesh, the focus should be on efforts to foster the adoption of the Internet and computers, which will require overcoming infrastructure challenges as well as improving the provision of complementary skills such as technological training and human capital. In India, where the use of ICT is already widespread, the focus should be on improving ICT practices, particularly in e-commerce, commercialization of the Internet and other online business tools.

Modernizing training institutions and expanding access to on-the-job training can lead to higher efficiency and lower costs. Technology extension, managerial training, and access to networking & information, consulting services and other programs that support improving firm capabilities, altogether can have large and long- lasting productivity benefits.

In addition, countries with higher innovation rates in the region should focus on breaking the pattern of inward innovation development by supporting cooperation among firms and institutions to generate novel and, if possible, radical innovations. For countries with lower innovation rates, policy should focus on increasing the number of firms engaged in incremental innovation in order to boost productivity, profits, survival rates, and sales growth.

In order to accelerate the growth of productivity, the dispersion of productivity levels across firms, need to be reduced. Investments in port infrastructure, improvements in customs processes, and behind-the border services and a reduction in the domestic cost of trade are steps forward.

THE WAY FORWARD

The acquisition of knowledge capital is highly concentrated in a few firms. In general foreign-owned and mature firms tend to be the most innovative. Greater exposure to global value chains makes firms enhance productivity. An East Asia–South Asia regional value chain is also emerging, especially in intermediate apparel.

South Asia is bound for rapid urbanization, which needs to provide thick markets for skilled labor, large tracts of industrial land, and world-class logistics to become competitive. The rapid urbanization requires policies that leverage agglomeration economies while minimizing the adverse impacts of congestion. The removal of policy induced distortions that limit the flexibility of labor, capital, and land markets could enable firms that are more productive to grow.

By reexamining their policies and priorities for competitiveness and productivity, the region's policy makers can ensure that the region realizes gains from trade and play the export powerhouse to the world in days to come.

Note: This is an adaptation of an original work (South Asia's Turn) by The World Bank. Views and opinions expressed in the adaptation are the sole responsibility of the author or authors of the adaptation and are not endorsed by The World Bank, under the Creative Commons Attribution 3.0 IGO license (CC BY 3.0 IGO). Gladys Lopez-Acevedo, Denis Medvedev, and Vincent Palmade, are the editors of South Asia's Turn (2017). The contents are rephrased and shortened.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NATIONAL NEWS

BB sets BDT 19,856cr farm loan target for banks

Bangladesh Bank has set the farm loan disbursement target for banks at BDT 19,856.34 crore for the coming financial year 2017-18. The loan disbursement target is 13.14 per cent higher than that of the current FY17. The BB had set annual farm loan disbursement target at BDT 17,550 for this financial year. The central bank had set the projected target for FY18 in line with the finance ministry’s requirement. The central bank is likely to revise the target slightly when the agricultural credit policy for FY18 will be finalised. The central bank also set a projected farm loan disbursement target of BDT 21,444.84 crore for FY19 and BDT 23,160.40 for FY20. According to the BB policy, every bank has to disburse at least two per cent of their total lending in the agricultural sector. The BB has set the projected target of farm loan disbursement for FY18 on the basis of the banks’ outstanding loans and advances as on April 30, 2017.

BB asks banks not to release foreign donations without NGO Bureau nod

Bangladesh Bank asked banks not to release any amount of foreign donation to any designated person or Non-Government Organisation without approval letter issued by the NGO Affairs Bureau. The BB issued a circular to authorised dealer branches of all banks saying that the persons and NGOs must place the approval letter issued by the NGO Affairs Bureau before the banks to withdraw their foreign donation in line with Foreign Donations (Voluntary Activities) Regulation Act, 2016. According to the act, all persons and NGOs have to receive the donations from the foreign sources through their respective bank accounts. The BB asked the banks to submit the statement of releasing the foreign donation in every six months to the foreign exchange operation department of the central bank.

Remittance inflow gains momentum

After a sluggish trend, remittances is picking up again in the first 19 days of May. The country received USD 807.77 million as remittance, which is USD 115.76 million more from the same period of the previous month, according to Bangladesh Bank (BB) data. The country received USD 692 million till April 19, the BB statistics show. "The recent flow of remittances indicates that it is gradually increasing and this trend is likely to continue in the upcoming months," BB chief spokesperson Subhankar Shah said. According to BB, the country received USD 1009.47 million as remittance in January and USD 940.75 million in February 2017, but it witnessed a rising trend from March as migrant workers sent home USD 1077.52 million in March and USD 1092.64 in April respectively. BB attributed such upward trend of inflow of remittance to the measures taken by the government, BB and mobile banking operators. Besides, the falling currency rate against dollar and low oil prices have hit the incomes of the Middle Eastern countries where most of the Bangladeshi migrants work, he added. Shah said the government has set a plan to ease the sending procedures of remittances for making the sector more vibrant for the country's economy.

Students can pay tuition fees abroad thru payment processing orgs: BB

Bangladesh Bank recently said Bangladeshi students would be allowed to pay their tuition fees to their respective foreign educational institutions through the intermediary payment processing organisations. The BB issued a circular to all banks saying that the authorised dealer branches would be allowed to release foreign exchange for Bangladeshi students for academic purposes in abroad in favour of the educational institutions through the intermediary payment processing entities.

Bangladesh's financial depth improves: CPD

Bangladesh has witnessed improvement in its financial depth, according to an estimate prepared by the Centre for Policy Dialogue (CPD). Based on the statistics of the Bangladesh Bureau of Statistics (BBS) and Bangladesh Bank, it showed that three major indicators of the financial depth improved in a decade between 2005 and 2015. The ratio of money supply to the Gross Domestic Product (GDP), the M2/GDP, was 0.41 in 2005, which rose to 0.51 in 2015 though it was 0.52 in 2010. At the same time, Deposit/GDP ratio soared to 0.46 in 2015, which was 0.38 in 2005 but surged at 0.49 in 2010. Again, the Credit/GDP ratio increased to 0.49 in 2015 from 0.39 in 2010 and 0.32 in 2005. "On the whole, the three indicators of financial depth, i.e. ratios of money supply (M2) to GDP, total deposits to GDP, and total domestic credit to GDP have increased over the years," said the CPD in its third reading of the State of the Bangladesh Economy in FY2016-17.

Agent banking getting popular with remitters

Remittance inflow through agent banking rose significantly in the first quarter of 2017 as the service is increasingly gaining ground thanks to its cost-effectiveness. Banks received BDT 262 crore from January to March through agent banking channel whereas the network brought home BDT 309 crore throughout 2016 when the service was introduced. While the popularity of agent banking is on the rise, mobile banking, another popular platform for sending money, is losing pace due to higher cost. Remittance channeled through mobile banking declined 6.66 percent to BDT 22 crore in the first quarter compared to the same quarter a year ago, according to Bangladesh Bank data. Monthly remittance receipt through mobile banking was BDT 8.12 crore in December last year, which came down to BDT 7.71 crore in March. Currently 11 banks are providing agent banking service while 17 banks run mobile banking operations.

BB to bring tourism sector under CSR fund guidelines

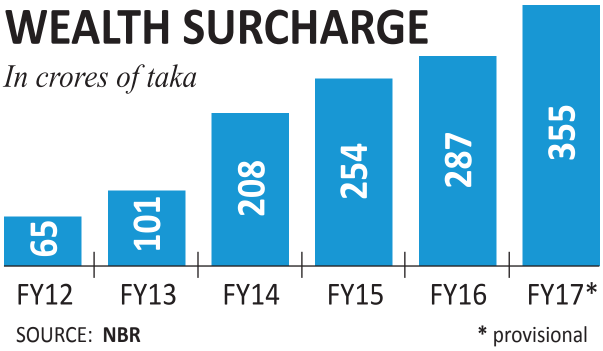
Bangladesh Bank (BB) will bring the tourism sector under its corporate social responsibility (CSR) fund guideline to help boost the sector's growth, a deputy governor of the central bank. BB would issue a circular to include the tourism sector in the central bank's CSR fund (guideline) following an official procedure, said Deputy Governor Abu Hena Mohd. Razee Hassan. He also assured the tourism-related businesses of providing all necessary support on behalf of the central bank. The assurance came at a seminar on 'Role and impact of bank and financial sector on Visit Bangladesh 2017-18' at a city hotel. Civil aviation and tourism minister Rashed Khan Menon attended the seminar as the chief guest. Former BB governor Dr Mohammed Farashuddin, Chairman of Islami Bank Bangladesh Limited Board of Directors' Arastoo Khan and chairman of Bangladesh Parjatan Corporation Aparup Chowdhury attended the function among others.

BB now contemplates joining BRICS bank

The emerging BRICS bloc has offered Bangladesh to join its recently-installed New Development Bank (NDB) as a member with equal voting rights. Ministry of Finance (MoF) officials said NDB President K. V. Kamath in Washington recently held out the offer for Bangladesh to join in a pool of 15 new members to be inducted soon. The offer came at a bilateral meeting between the NDB President, Mr Kamath, and Finance Minister AMA Muhith on the sidelines of the International Monetary Fund (IMF)-World Bank spring meet in Washington, DC, late April. The bloc of emerging economies like Brazil, Russia, India, China, and South Africa (BRICS) formally set up the NDB in July 2015. The initial authorised capital of the China-initiated bank is USUSD 100 billion divided into one million shares having a par value of USD 100,000 each.

NATIONAL NEWS

Wealth surcharge collection goes up 24pc



The number of rich people who paid wealth surcharge increased 6.71 percent year-on-year to 11,661 in 2016-17. The wealth surcharge collected by the tax department also increased 24 percent year-on-year to Tk 355 crore in the outgoing fiscal year, according to the provisional data of the National Board of Revenue (NBR). The government introduced wealth surcharge in 2011-12 as an alternative to wealth tax, to ensure equitable distribution of wealth and reduce economic disparity. In the current fiscal year, the NBR revised the slabs of net wealth and corresponding surcharge rates against wealth. The government plans to increase the surcharge in the coming fiscal year, Finance Minister AMA Muhith said. Some changes will be brought in different slabs of surcharge by increasing the rates, he said.

IFC to give $10m for SMEs' development

IFC
International Finance Corporation
WORLD BANK GROUP

The fund-- Small Enterprise Assistance Funds Bangladesh Ventures (SEAF BV)--was formed with support from the Climate Investment Funds-Pilot Programme for Climate Resilience (CIF-PPCR), which helps developing countries to scale up for climate resilience. The investment will boost the financing available for climate resilient small and medium-sized enterprises (SMEs) and strengthen their capacity to address operating difficulties arising from climate change. This equity investment is a USD 10 million blended finance solution from IFC and Climate Investment Funds-Pilot Program for Climate Resilience (CIF-PPCR). SEAF BV, launched by IFC and Small Enterprise Assistance Funds (SEAF) in 2010, is mandated to invest in SMEs in Bangladesh. SMEs are very important to the Bangladesh national economy, accounting for about 80 per cent of the country's industrial employment. Yet, they are faced with a number of constraints including a lack of capital support. The reduced availability of financing in Bangladesh has posed particular economic challenges for small businesses to grow. SEAF BV addresses these issues by working to facilitate transactions in challenging markets and promotes competitive financing, thereby reducing risk and enabling small and medium enterprises to engage in trade. IFC has previously invested USD 12 million of equity into the fund to catalyze investment in high-growth SMEs. Along with patient risk capital, SEAF BV provides technical assistance to fund managers as well as advisory and business support services to investee firms.

Exports rise modestly in 10 months of FY

The country failed to meet export target of USD 30 billion in the first 10 months of the outgoing fiscal year (FY) 2016-17, as the exports stood at USD 28.72 billion during the period of July to April. However the exports attained in the period was a meager 3.92 per cent higher than the period in the last fiscal year, according to data from the Export Promotion Bureau. During the July-April period, all major sectors recorded a decline in shipments including apparel, which accounts for 82 per cent of the export receipts. Export earnings from garment shipments grew only 2.21 per cent in the first ten months of outgoing FY. Over the last 10 year RMG exports gre by 13 per cent on average. In the RMG sector the export earning was some 6.0 per cent lower from the target of some USD 24.62 billion, according to Bangladesh Garment Manufacturers and Exporters Association. It said a silent recession was going on in their main export destinations in Europe, brought about by the general elections in four major economies in 2017. During the July-April period, garment shipments to Bangladesh's single largest export destination, the US, declined 6.80 percent and the third largest export destination, the UK, 5.91 percent. In Japan, Australia and New exports grew only 1.21 per cent to those countries in the last ten months, which is way lower than the 20 percent growth recorded a year earlier.

Bangladesh 15th largest Islamic economy

Bangladesh has been placed in the 15th spot in the Global Islamic Economy Indicator (GIEI), prepared by firmed engaged by Thomson Reuters. Malaysia topped the ranking with the score of 121 followed by the United Arab Emirates (UAE) and Bahrain. Saudi Arabia, Oman and Pakistan were positioned at fourth, fifth and sixth followed by Kuwait, Qatar, Jordan and Indonesia among the top 10 countries of the indicators. Singapore held 11th position as the only country that is not a member of Organisation of Islamic Conference, while Brunei, Sudan and Iran were put at 12th, 13th and 14th position. The indicator is prepared to show the current health and development of the Islamic Economy ecosystem. The components of the ecosystem are Halal Food, Islamic Finance, Halal Travel, Modest Fashion, Halal Media and Recreation, and Halal Pharmaceuticals and Cosmetics.

Bangladesh ranks 4th in clothing export to OIC countries

Bangladesh is the fourth largest exporter of clothing to the member countries of the Organisation of Islamic Cooperation (OIC), according to a report prepared by the answer company of Thomson Reuters. The report titled State of the Global Islamic Economy Report 2016-17 showed that Bangladeshi clothing export to the OIC countries stood at USD 1.34 billion in 2015. China exported highest amount of clothing to the OIC countries in 2015 with the value of USD 21.92 billion –half of the OIC countries' clothing imports. India is the second largest exporter (USD 5.58 billion) followed by Turkey (2.64 billion) in the year under review. The report is prepared with the assistance of Dinar Standard, a growth strategy research and advisory firm based in New York. The project is supported by Dubai. Bangladesh is, however, the third largest global exporter after China and the European Union (EU). According to the World Trade Organisation (WTO), the share of Bangladeshi apparel in the world export market stood at 5.9 per cent in 2015.

WB grants USD 100m to diversify exports

Bangladesh will get USD 100 million from the World Bank for diversifying exports in labour-oriented industries beyond the ready-made garment sector.The Washington-based organisation said in a statement on Sunday that the fund would help create more than 90,000 jobs and improve competitiveness in export sectors like leather, footwear, plastics, and light engineering. The fund comes under the global lender's Export Competitiveness for Jobs Project, "The project will help the economy to integrate further into the world trading system, and provide better jobs to Bangladeshi youth entering the labour market in the next decade, with a particular focus in improving female labor participation" quoted by WB Country Director Qimiao Fan. The 38-year interest-free credit comes with a service charge of 0.75 per cent, including a 6-year grace period. WB says employment growth in the RMG sector, which accounts over 80 per cent of Bangladesh exports, has been stalled, while other sectors have been generating about 300,000 jobs annually. Various sectors of light manufacturing, which is labour intensive and employ women, have expanded employment by 4.3 per cent annually since 2010. According to WB Team Leader for the Project, Michael Olavi Engman the average wage growth for firms benefitting from the project could rise by almost 34 per cent. The project will encourage training to improve skills and labor productivity, and thus help generate better-paid jobs.

Malaysians keen to invest in Bangladesh

Malaysian entrepreneurs are very keen to invest in various potential sectors in Bangladesh, said Malaysian high commissioner to Bangladesh Nur Ashikin Mohd Taib in the capital recently while she called on Executive Chairman of Bangladesh Investment Development Authority (BIDA) Quazi M Aminul Islam at his office here. During the call-on they emphasized on enhancing inter-relationship and inter-communication between the two friendly countries through extending the areas of trade, commerce and investment. The government is continuously implementing various reform programmes, including launching one-stop service act for boosting investment and trade in Bangladesh, said BIDA's Executive Chairman as the Malaysian envoy wanted to know the latest investment environment of Bangladesh.

MTB MD & CEO ATTENDS BANGLADESH DEVELOPMENT CONFERENCE AT HARVARD UNIVERSITY

Achieving SDGs

Anis A. Khan, Managing Director & CEO, Mutual Trust Bank Limited (MTB) attended The Bangladesh Development Conference, a premier conference in the USA, devoted exclusively to the development issues of Bangladesh, as a Special Guest at Harvard University, Boston, USA on May 11 & 12, 2017.

The objective of this year's conference was to bring together policymakers, philanthropists and entrepreneurs from around the world to help accelerate the growth of Bangladesh through entrepreneurship, investment, and commerce towards achieving the Sustainable Development Goals (SDGs).

The event was organized by the Boston-based International Sustainable Development Institute (ISDI), the Sustainability and Health Initiative for Net Positive Enterprise (SHINE) of Harvard University T.H. Chan School of Public Health, and the Labor and Worklife Program of Harvard Law School. Dr. Mashiur Rahman, Economic Affairs Adviser to the Honorable Prime Minister of Bangladesh, addressed the conference on a number of subjects with great depth and elucidation. The other leading figures from Bangladesh, speaking at the conference, were Kazi Aminul Islam, Executive Chairman, Bangladesh Investment Development Authority (BIDA), Md. Abul Kalam Azad, Principal Coordinator (SDG Affairs), Prime Minister's Office, Aziz Khan, Chairman, Summit Group and Habibullah N Karim, Founder & CEO, Technohaven.

The MTB Managing Director & CEO presented the SDG keynote on ***'Achieving SDGs Financial Inclusion Bangladesh Perspective'***, which generated much interest and queries from the participants.

MTB AMD & COO ATTENDS "ICC INTERNATIONAL TRADE FINANCE WEEK 2017" IN VIENNA

Md. Hashem Chowdhury, Additional Managing Director & Chief Operating Officer, MTB attended a three-day ICC Global Conference, held from May 17-19, 2017 in Vienna, Austria. The event was jointly organized by International Chamber of Commerce (ICC), Bangladesh and ICC, Austria.

More than 200 bankers from EU countries and 41 bankers from Bangladesh attended the event.

MTB CELEBRATES THE 1ST ANNIVERSARY OF MTB AGENT BANKING

MTB, with its customers, agents, and well-wishers celebrated the first anniversary of the launching of MTB Agent Banking Department on Tuesday, June 06, 2017 at a simple ceremony held at its Corporate Head Office, MTB Centre, Gulshan 1, Dhaka 1212. MTB Chairman M. A. Rouf, JP, along with MTB Directors, Managing Director & CEO Anis A. Khan and senior officials of the bank are seen in the picture.

Since opening its first MTB Agent Banking Centre at Jahapur Bazar, Muradnagar, Comilla 3540 on June 06, 2016, with a view to providing banking services to hitherto unbanked citizens of the country, MTB has till date opened 24 centres in the rural and remote areas of 14 districts across the country.

BERGER
Trusted Worldwide

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Mutual Trust Bank Ltd.
you can bank on us

MTB & BERGER PAINTS BANGLADESH LTD SIGNS ON DEALER FINANCING

MTB recently signed an agreement with Berger Paints Bangladesh Ltd. (Berger) at a simple ceremony held on Tuesday, May 09, 2017 at Berger House, Uttara, Dhaka 1231.

Under the agreement, the dealers of Berger Paints will avail lending facilities on easy terms and at a much competitive rate for their purchase of Berger products.

Rupali Chowdhury, Managing Director, Berger Paints and Syed Rafiqul Haq, Deputy Managing Director & Chief Business Officer, MTB, signed the agreement on behalf of their respective organizations. Senior officials of both the organizations were also present at the ceremony.

MTB OPENS ITS 14th AGENT BANKING CENTRE AT BERAID, BADDA, DHAKA

The formal opening of the 14th MTB Agent Banking Centre at Beraid, Badda, Dhaka 1212 was held on Sunday, June 04, 2017. Md. Hedayetullah, Vice Chairman inaugurated the centre at an impressive ceremony held at Beraid. Anis A. Khan, Managing Director & CEO, MTB was present.

At the event, Agent Banking Cheque Book was formally launched, which the MTB Agent Banking customers can use as a regular MICR cheque - for payments, cash withdrawals, etc.

Syed Rafiqul Haq, Deputy Managing Director & Chief Business Officer, Syed Rafiqul Hossain, Head of Dhaka Division Branches, Tarek Reaz Khan, Head of Retail & SME Division, Mohammad Anwar Hossain, Head of Cards & Alternate Delivery Channel, Madan Mahan Karmoker, Head of Agent Banking, local elite, leaders of local business associations, people from different strata and other senior officials of MTB also attended the program.

As part of the bank's Corporate Social Responsibility (CSR) program, twenty (20) "Swapno Sarathi" bicycles were presented to meritorious students of local schools and colleges.

MTB, MASTERCARD, BANGLALINK JOINTLY LAUNCHED EASY PAYMENT CARD

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Mutual Trust Bank Ltd.
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MasterCard

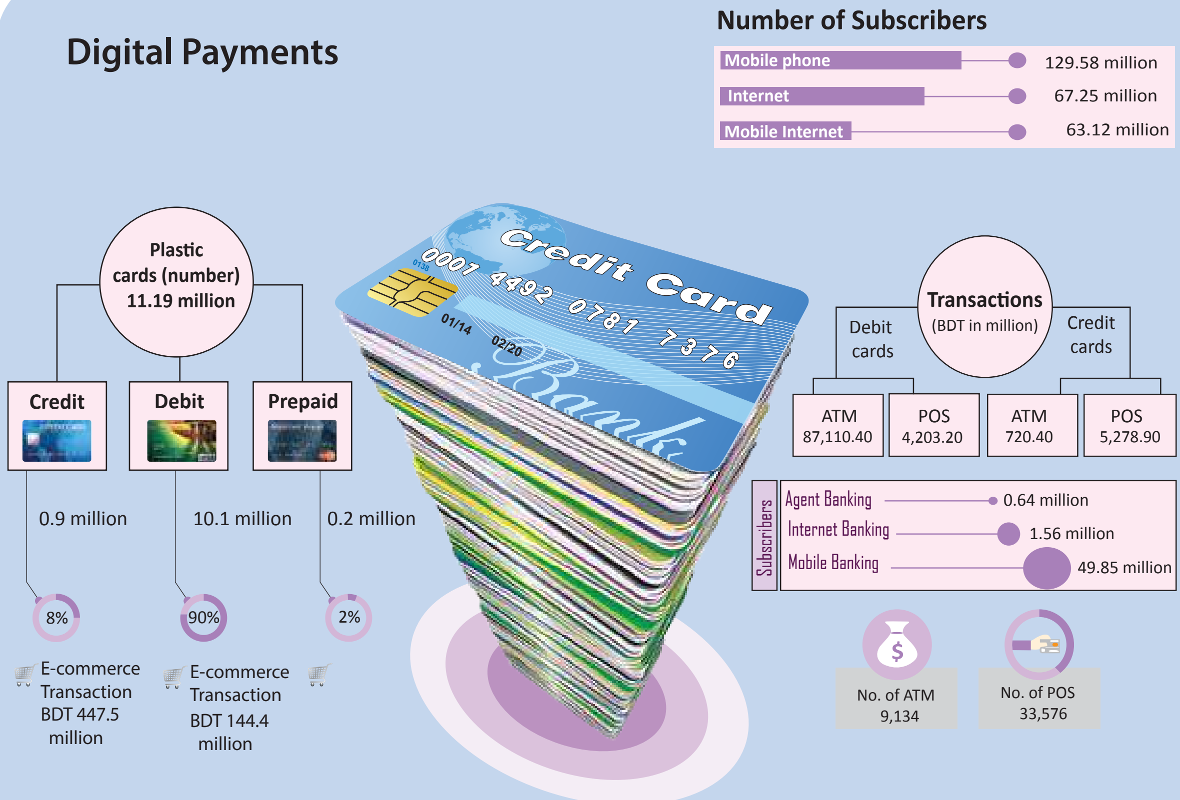
banglalink

MTB, Banglalink and MasterCard jointly announced the launching of a co-branded prepaid card, “Amar Prothom Easy Payment Card,” which is the first-of-its-kind in the country, at a press conference held on May 21, 2017 at the Pan Pacific Sonargaon Hotel, Dhaka 1215.

The press conference was attended by M A Mannan, MP, Honorable State Minister for Finance, Zunaid Ahmed Palak, MP, Honorable State Minister for ICT, Dr. Shahjahan Mahmood, Chairman, BTRC, Eric Aas, Managing Director & CEO, Banglalink Digital Communications Ltd., Syed Mohammad Kamal, Country Manager, MasterCard Bangladesh and senior officials of Bangladesh Bank along with members of the media. Anis A. Khan, Managing Director & CEO, Md. Hashem Chowdhury, Additional Managing Director and Chief Operating Officer, Syed Rafiqul Haq, Deputy Managing Director & Chief Business Officer and other senior officials from MTB were also present at the press conference.

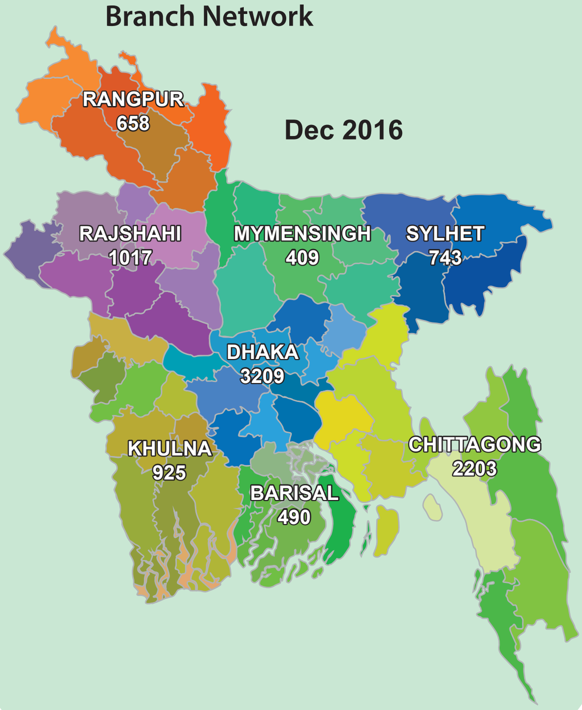
To avail this card, which comes with a host of benefits, the customer has to be a Banglalink subscriber with certain usage level and loyalty-program points. It is a free-for-lifetime card and is delivered to the customer hassle-free. The card, born-ready for online shopping, is built upon MTB’s state-of-the-art card technology and ensures a secure and convenient cash-free shopping experience for the customers.

Digital Payments

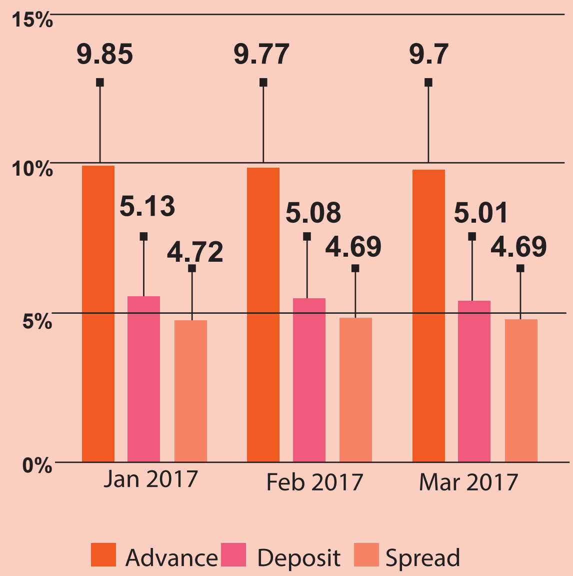


Source: Bangladesh Bank, Feb 2017; BTRC, Feb 2017

Scheduled Banks
Branch Network



Industry Rates
Deposit - Advance - Spread



Source: Bangladesh Bank

Global

Rice
USD 374.50/ metric ton
Apr 2017

Palm Oil
USD 623.21 metric ton
Apr 2017

Sugar
USD 633.16/ metric ton
Apr 2017

Soybean Oil
USD 695.30/ metric ton
Apr 2017

Source: IMF

Weekly Rice BDT/KG

Year 2017	May 16	May 17	May 18	May 19	May 20	May 21	May 22
Rate (Avg.)	43.50	43.50	43.50	43.50	43.50	44.00	44.00

Monthly Price Change (%)

Domestic (coarse)	Domestic (fine)	Global
12.99%	3.92%	1.83%
Monthly Increase Apr 2017	Monthly Increase Apr 2017	Monthly Increase Apr 2017

Source: TCB (Average of max and min price), IMF

Import L/C (in million)

Bangladesh

Pulse
Opened USD 376.08 (July 16 -Jan,2017)
Outstanding USD 219.07 (as on Jan 31,2017)

Rice
Opened USD 26.02 (July 16 -Jan,2017)
Outstanding USD 13.89 (as on Jan 31,2017)

Sugar
Opened USD 543.25 (July 16 -Jan,2017)
Outstanding USD 443.21 (as on Jan 31,2017)

Source: Bangladesh Bank

Domestic

Rice (fine)
BDT 51.97 per kg
Apr 2017

Palm Oil
BDT 71.00 per kg
Apr 2017

Sugar
BDT 64.28 per kg
Apr 2017

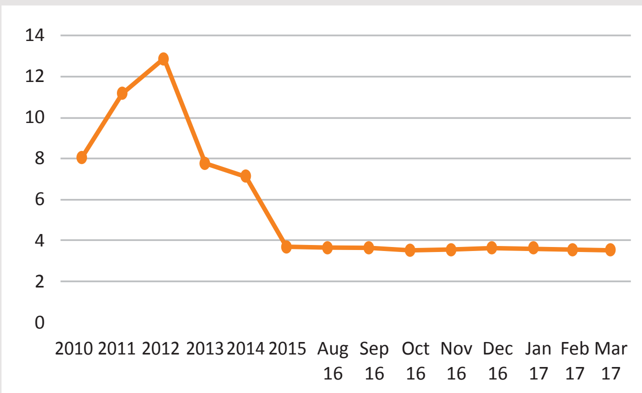
Rice (coarse)
BDT 41.08 per kg
Apr 2017

Soybean Oil
BDT 83.33 per kg
Apr 2017

Source: TCB (Average of max and min price)

Call Money Market

W. Avg Interest Rate (%)



Source: Bangladesh Bank

Monetary Policy

89.73%
Domestic Credit

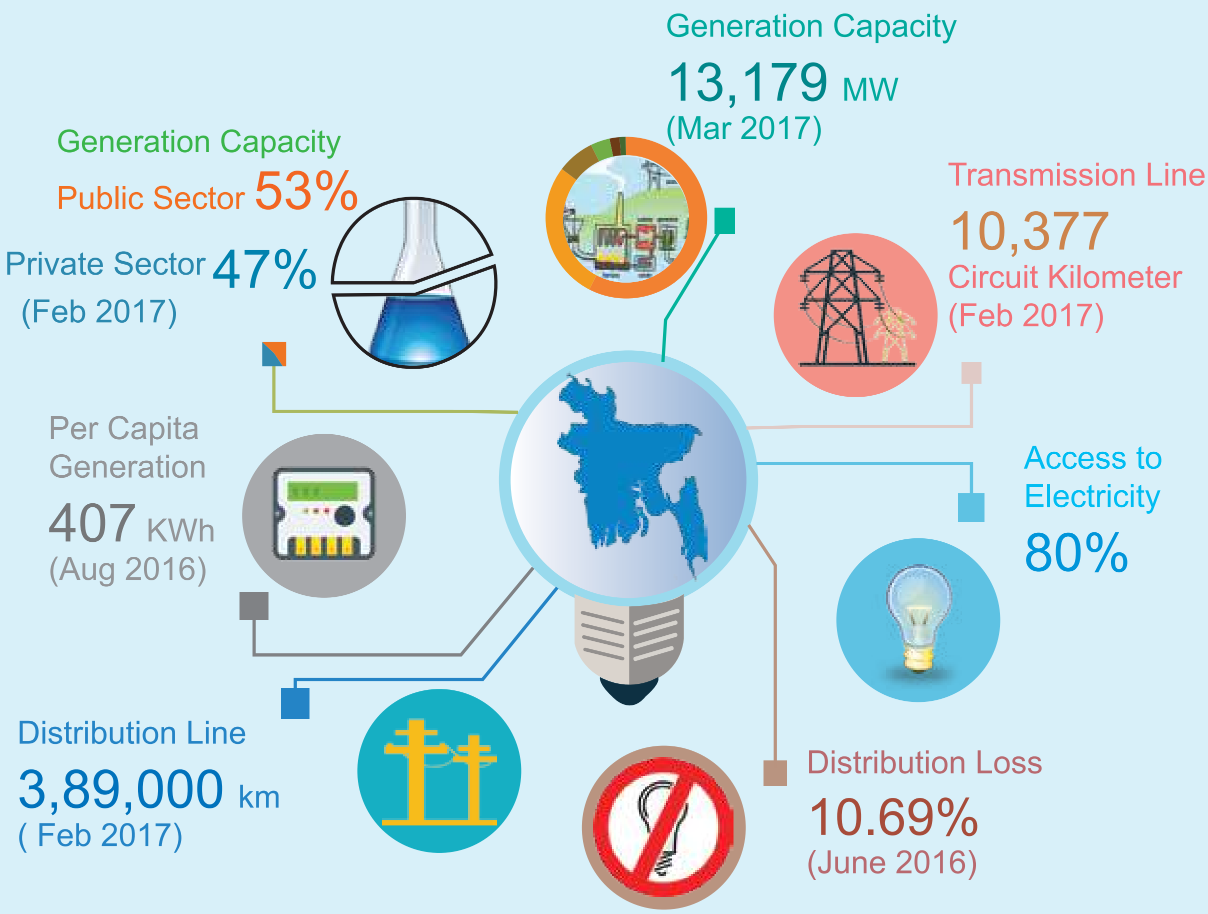
93.09%
Private Sector Credit

72.19%
Public Sector Credit

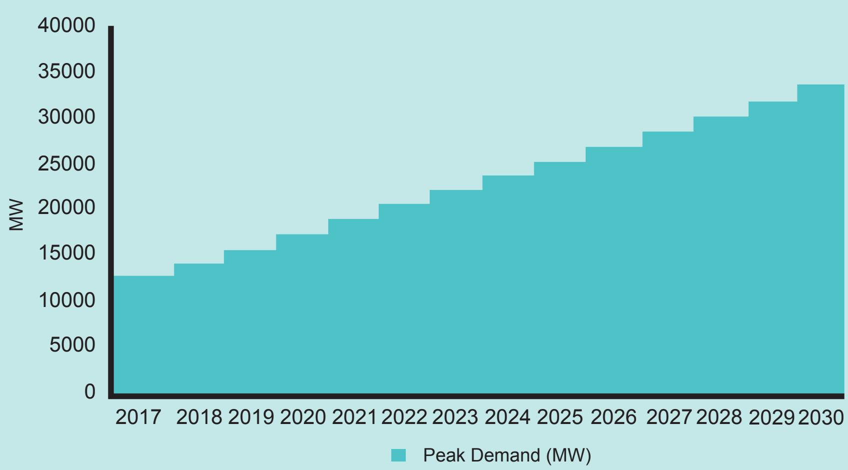
90.50%
Broad Money

* Figures projected for June 2017 & achieved up to Jan 2017

POWER SECTOR OF BANGLADESH
AT A GLANCE



BPDB'S DEMAND FORECAST (2017-2030)



Source:
Bangladesh Power Development Board (BPDB)
Power Cell

Manage MTB Internet Banking Services from your Smart Phone/iPhone

Manage your account on the go from the convenience of your android/iPhone device.

- Account summary
- Transfer fund to
  - Own account
  - Beneficiary account
- Cheque book request
- Credit Card
  - Transaction summary
  - Card Bill payment
- Internet bill payment
- Locate the nearest MTB Branches and ATMs

MTB internet banking

Now with Mobile Recharge

Prepaid Postpaid

MTB CONTACT CENTRE
16219 or 09604016219

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INTERNATIONAL NEWS

OECD ECONOMIC OUTLOOK: Better, but not good enough

Key messages

Global growth expected to pick-up modestly with upside risks

• Confidence is increasing and investment and trade are picking up from low levels

• Growth is broad based; recovery in commodity producers helps the modest global upturn

• Signs of rising demand for high-tech goods and investment to upgrade capital

Productivity and wage growth remain subdued; financial stability risks persist

• Headline employment indicators are improving but labour markets have not recovered

• Financial risks from high and rising credit growth, house price increases, interest rate gaps

More needs to be done to share the gains from structural trends and trade

• Changes to technology, consumer preferences and trade are occurring simultaneously

• Job losses from shifts in activity are concentrated in manufacturing and specific regions

An integrated policy approach is needed to make globalization work for all

• A more level playing field for the international system

• Domestic reforms to boost competition, job creation, skills and innovation

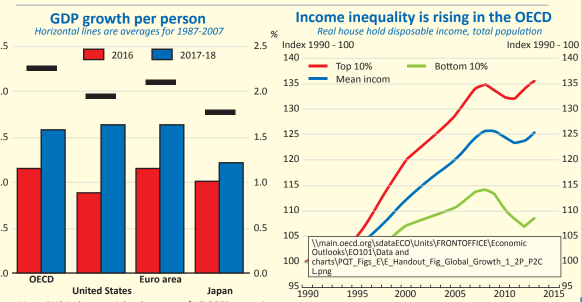
• Targeted policies to help people who are left behind seize new opportunities

Global GDP growth should pick up modestly but remains below historical norms

Source: OECD June 2017 Economic Outlook database.

The mood in the global economy has brightened during the last year. Confidence indicators, industrial production, headline measures of employment, and cross-border trade flows have improved in most economies. However, this still-modest cyclical expansion is not yet robust enough to yield a durable improvement in potential output or to reduce persistent inequalities. Financial vulnerabilities could be realised by policy and geopolitical shocks. Compared to the 20-year pre-crisis average against which expectations have been set, OECD per capita GDP growth remains over ½ percentage point weaker and global growth overall, projected to rise to just above 3½

GDP growth per person is below history and income inequality continues to rise



Note: RHS is the unweighted average of 17 OECD countries.
Source: OECD June 2017 Economic Outlook database; and OECD Income Distribution database.

per cent by 2018, also lags. In sum, the global economic outlook is better, but not good enough to sustainably improve citizens' well-being.

Investment has been a missing support for global growth, trade, productivity and real wages. The Economic Outlook June 2015 special chapter on investment for inclusive growth noted three key signals for business to invest: A broad-based global cyclical upturn in demand, regulation that promotes competition, and low policy uncertainties. The first signal may be in train, although the dependence of emerging market and commodity based economies, in particular, on developments in China clouds the stability of the overall global upturn. On the second signal, the Business and Finance Outlook 2017 documents mergers and acquisitions and cartel behaviour that may dampen the competitive need to invest. On the third signal, protectionist policies in G20 countries and anti-globalisation rhetoric, along with other factors, raise uncertainties. All told, investment prospects are better, but with reservations as to the permanence and clarity of the signals.

Employment growth has recovered relatively well in recent years with trends for employment and labour force participation rates now higher than in the decade

OECD Economic Outlook Projections

Real GDP growth
year-on-year, %

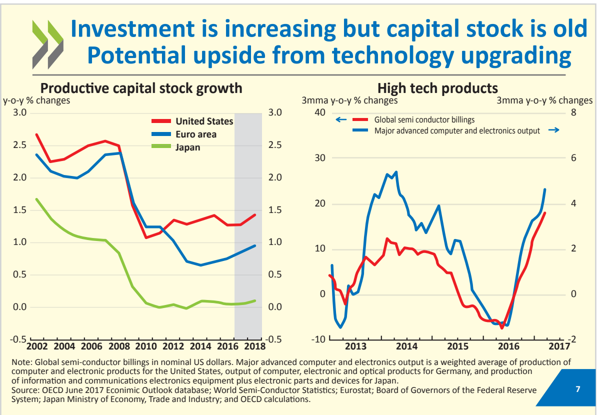
	2015	2016	2017	2018
World[1]	3.1	3.0	3.5	3.6
United States	2.6	1.6	2.1	2.4
Euro area[1]	1.5	1.7	1.8	1.8
Germany	1.5	1.8	2.0	2.0
France	1.2	1.1	1.3	1.5
Italy	0.7	1.0	1.0	0.8
Japan	1.1	1.0	1.4	1.0
Canada	0.9	1.4	2.8	2.3
United Kingdom	2.2	1.8	1.6	1.0
China	6.9	6.7	6.6	6.4
India[2]	7.9	7.1	7.3	7.7
Brazil	-3.8	-3.6	0.7	1.6

Note: Difference in percentage points based on rounded figures.
1. With growth in Ireland in 2015 computed using gross value added at constant prices excluding foreign-owned multinational enterprise dominated sectors.
2. Fiscal years starting in April.

5

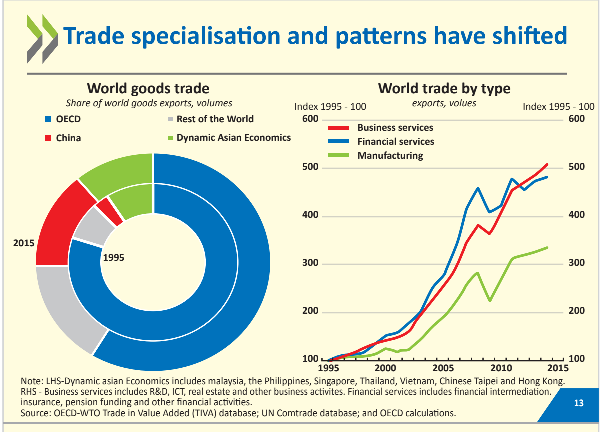
prior to the crisis (notably excepting the United States). But, along some dimensions – hours worked and part-time jobs – the quality of work is more precarious, as discussed in the forthcoming Employment Outlook 2017. Productivity and real wages both diverge, with a large gap between the highest productivity globalised firms and "the rest". So, while at the macro level labour market prospects and outcomes are better, the foundations for robust consumption and shared well-being are less apparent.

International trade growth revived in the last year, although it still remains less robust than in pre-crisis decades. Technology-driven and deeper trade integration through global value chains creates new markets and raises productivity. Access to a wider variety of goods and services at cheaper prices raises well-being and consumers' purchasing power, particularly low-income consumers. But these gains come with adjustment costs, neither of which have



been equally shared across regions and individuals, yielding pressure to retreat from globalization.

in the United States, as well Europe and Japan are using forward guidance. These actions and words help investors to assess policy risks, to bring asset price valuations into alignment with economic fundamentals, and to emphasise monitoring of exposures and vulnerabilities. Nevertheless, market participants, as



reflected in their investment choices, apparently continue to expect monetary policy paths between the United States and the euro area and Japan to diverge over the projection period – to around 150 basis points by the end of 2018. Closing this policy-path gap will likely engender higher financial volatilities than are currently priced in.

Fiscal initiatives that mitigate sources of inequalities have long-run benefits for people, regions, and the fiscal budget. As outlined in the Fiscal Approach to Inclusive Growth in the G7, education, child-care, training, and mobility can help address underlying sources of inequalities in market incomes, including within and across regions. "High-multiplier" investments in public research and infrastructure, which were particularly hard hit during the financial crisis, catalyse private business activity including by helping to better connect firms to markets at home and abroad. Such an effective fiscal mix mitigates the need for income redistribution through taxes and transfers in the longer term, thus improving the fiscal position and future output to boost debt sustainability in the longer run.

Each country has its own coherent policy package to boost productivity, employment, and inclusiveness; Going for Growth, 2017 suggests priorities for all G20 countries. These priorities are designed to maximise policy synergies, such as how addressing non-performing loans can also boost business dynamism, or how active labor market policies work best if there is a competitive business environment, or how promoting geographical mobility and improved skill matching are aided by housing policy reforms.

However, national policy settings interact with the nature and degree of international economic cooperation to affect firms and citizens. And, given the mutually reinforcing forces of tastes, technology, and trade that hit regions, firms and workers, targeted policies need to be reassessed.


আমার ক্যামেরা আছে,
আমার ব্যাংক অ্যাকাউন্টও
আছে!
আর তোমার
ব্যাংক অ্যাকাউন্ট খুলতে
মিউচুয়াল ট্রাস্ট ব্যাংক নিয়ে এলো
MTB Junior
১৮ বছরের কম বয়সী যেকোন ছাত্র/ছাত্রীর জন্য
এই সেভিংস্ অ্যাকাউন্টে রয়েছে:
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• ফ্রি ডেবিট কার্ড
• ফ্রি ইন্টারনেট ব্যাংকিং
• অ্যাকাউন্ট মেইনটেনেন্স একদম ফ্রি
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INTERNATIONAL NEWS

WELLS FARGO SECURITIES

U.S. Overview

Stay the Course

May's disappointing employment report, which saw just 138,000 jobs added to nonfarm payrolls, coming on the heels of sluggish Q1 GDP growth, raised additional doubts about whether the post-election bump in confidence surveys and the stock market will translate in tangible economic gains this year. The softer economic news has coincided with lower readings on inflation at the consumer level. Forecasts for Q2 growth have been steadily downgraded and doubts are beginning to surface about how quickly the Federal Reserve will be able to normalize rates.

Periodic disappointments are nothing new. It simply does not take all that much to pull growth off track when real GDP growth is firmly centered on a 2 percent pace. That said, Wells Fargo is still holding onto expectations that tax reform will be passed either late this year or early next and that some sort of infrastructure program will move through Congress as well.

Wells Fargo fully expects the Fed to raise interest rates two more times this year and announce plans to begin scaling back its balance sheet either late this year or in early 2018. Economic activity is firming up, despite the disappointing employment data. Real personal consumption got off to a solid start and should rise at a 3.3 percent pace for Q2. Business fixed investment also appears to be growing modestly, helped in part by the continuing revival in energy production. Wells Fargo is looking for real GDP to rise at a 2.5 percent pace for the quarter and increase 2.2 percent in 2017.

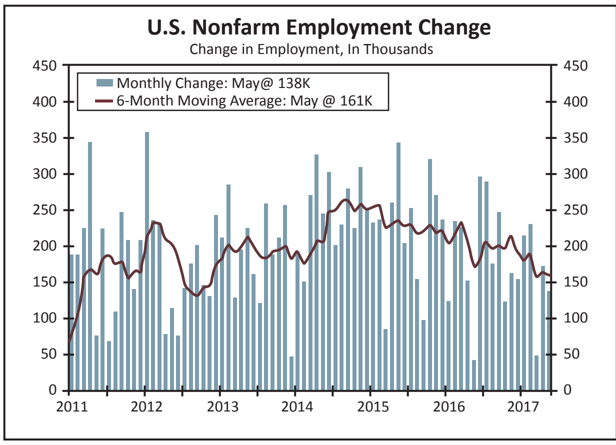
International Overview

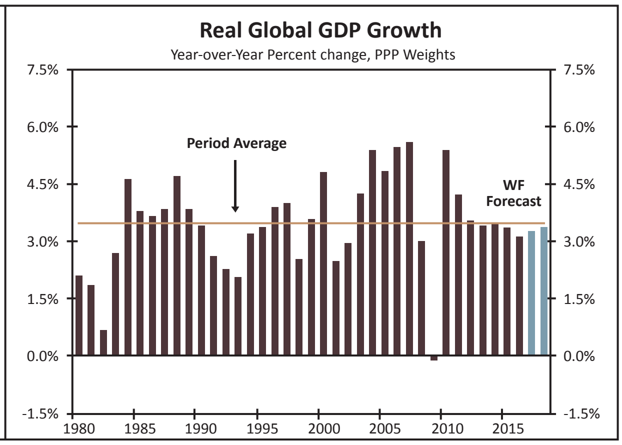
Brightening Prospects for Global Economy

As Wells Fargo approaches the middle of the year, it is worthwhile to take stock of how the global economy is faring relative to expectations. With today's publication of updated forecast Wells Fargo is once again moving up their forecast for global growth. This marks the latest evolution in what is shaping up to be a better year for the global economy than many forecasters had initially expected.

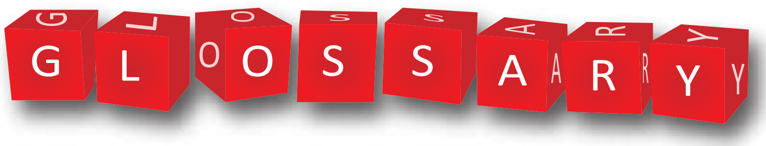
In Wells Fargo's 2017 annual outlook, which was published in December 2016, Wells Fargo was penciling in global GDP growth of just 3.3 percent for the current year and 3.2 percent for 2018. Wells Fargo is now looking for global GDP of 3.3 percent this year and 3.4 percent for 2018.

For the most part, the changes have occurred in forecast for the advanced economies particularly Europe, the United Kingdom, Japan and the world's largest economy, the United States. In fact, since last month Wells Fargo lifted the forecast for full year GDP growth in the U.S. economy to 2.2 percent for 2017. It was the only individual country forecast that got a boost since last month, yet it was enough to lift the global growth figure to 3.3 percent from 3.2 percent in the prior month. Wells Fargo's global CPI figures have evolved more incrementally from the initial 2017 outlook estimates of 3.4 percent in 2017 and 3.6 percent in 2018 to 3.2 percent and 3.5 percent for 2017 and 2018, respectively, in the current iteration of the global forecast.





Source: U.S Depeartment of Labor, IHS Global Insight and Wells Fargo Securities



Dawn Raid: The practice of buying shares in a potential target at the beginning of a trading day in the hope that the rest of the market will be slow to react to the buying spree and that the price will therefore not rise until after the raid is complete.

Arbitrageur: One who profits from the differences in price when the same, or extremely similar, security, currency, or commodity is traded on two or more markets. The Arbitrageur profits by simultaneously purchasing and selling these securities to take advantage of pricing differentials (spreads) created by market conditions.

Adjustment bond: A bond issued in exchange for outstanding bonds when a corporation facing bankruptcy is recapitalized.

Antidilutive effect: Result of a transaction that increases earnings per common share (e.g., by decreasing the number of shares outstanding).

Ankle Biter: Stock issued with a market capitalization of less than USD 500 million

Narrow Market: A market, in which the trading of shares is only light, characterised by low liquidity and wide spreads. Modest activity can result in exaggerated price fluctuations.

Day Trading: In the simplest terms, the purchase and sale, or sale and purchase, of a security on the same day. Day traders aim to make (often small) profits on a large number of 'intra-day' transactions. They follow the markets, use technical analysis to spot price trends, and get 'in and out' very quickly. Day trading became synonymous during the Bull Run in the late 1990s with the trend for private investors to abandon their normal jobs, set themselves up with a computer, some software and a data feed, and trade the markets for a living.

Market Maker: A market maker is a dealer who acts as a wholesaler (i.e. quotes buy and sell prices to brokers and other clients) for the shares in which he is registered to trade as a principal, creating a marketplace for shares to match supply and demand. The market maker makes a profit by committing his company's capital, aiming to buy low and sell high.

Real Interest Rate: The rate of return or interest after deducting the current inflation rate from the actual interest rate.

Greenmail: The holding of a large block of stock of a target company by an unfriendly company, with the object of forcing the target company to repurchase the stock at a substantial premium to prevent a takeover.