

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.70%	▲ 0.77%	\$1,600.80	\$52.66	▲ 1.26%	▼ 1.22%	▲ 0.39%	▲ 0.74%	BUY TK 83.95	92.77	106.64	11.90
4,466.07	8,282.89	(per ounce)	(per barrel)	38,623.70	21,082.73	3,019.56	2,992.90	SELL TK 84.95	96.57	110.44	12.51

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of
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March 04, 2020

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Star BUSINESS

DHAKA WEDNESDAY MARCH 4, 2020, FALGUN 20, 1426 BS starbusiness@thedailystar.net

Bangladeshi start-ups homing in on billion-dollar valuation

Says ICT State Minister Zunaid Ahmed Palak at the launch of IDLC's venture capital fund

STAR BUSINESS REPORT

Bangladesh's technology start-ups are catching the attention of venture capital (VC) firms, which have put in about \$200 million in funding over the last four years, said ICT State Minister Zunaid Ahmed Palak yesterday.

"The more the start-up ecosystem is maturing, the more the venture capital funding is coming," he said

often in search of start-ups to invest in.

"This is the outcome of an initiative the ICT division has taken a few years back," Palak said, while citing the creation of the Start-up Bangladesh project in 2016 as the turning point.

Already the government has approved the Start-up Bangladesh Company (SBCL) with the view to investing in different start-ups. A few hundred crores of taka have been

of IDLC Finance, will manage the fund under the Bangladesh Securities and Exchange Commission (Alternative Investment) rules.

Individual investors can invest in the fund but they will have to come with at least Tk 50 lakh. For institutional investors the number is Tk 2 crore.

The investment lock-in period is three years.

Khan said they believe that this will



at the inauguration of local merchant bank IDLC's VC fund at a ceremony held at the InterContinental Dhaka.

In just four years Bangladesh has nurtured several companies that are commanding hundred million dollars in valuation.

"And within the next few years a few of these might be valued at a billion dollars," Palak added.

IDLC's VC fund has kicked off with a moderate sum of Tk 45 crore and a tenure of 7 years. Its sponsors' contribution is Tk 5 crore.

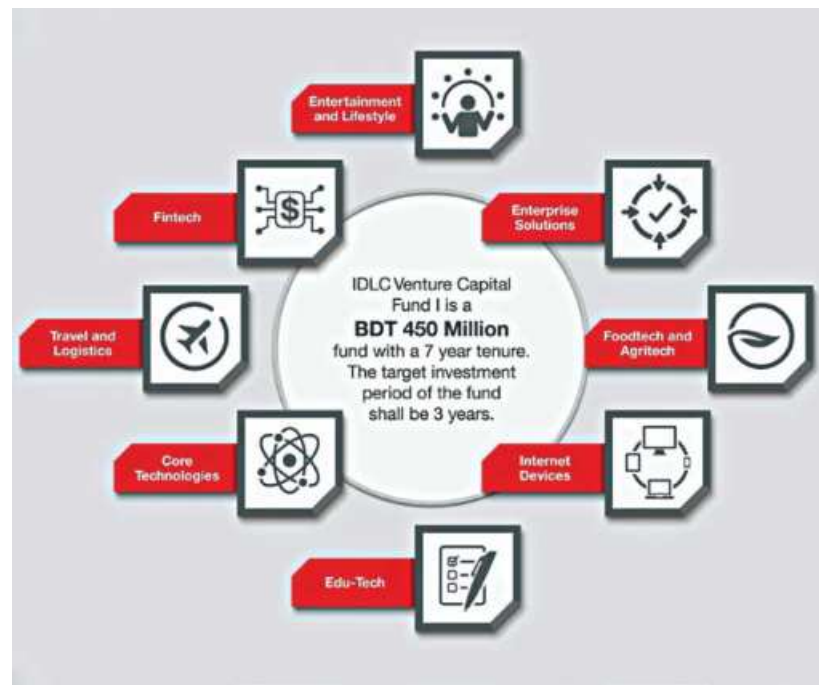
"Start-ups can create more employment than any formal sector and we are very proud that the Bangladesh government not only understands the issue but is also pushing for the creation of this culture," said Arif Khan, chief executive officer and managing director of IDLC Finance.

IDLC has already got 80 applications from different start-ups. Of them 15 have been shortlisted.

Without developing the entrepreneurial culture the country's overall development will not be possible, Palak said.

"Venture capitals like IDLC can play a huge role here."

Investors from Silicon Valley, Singapore and some other developed markets are coming to Bangladesh



allocated for the company, Palak said, adding that SBCL will be registered within the next few weeks.

"SBCL and IDLC can complement each other in establishing the start-up ecosystem in Bangladesh," the minister added.

IDLC said through this fund they have plans to make investments in early stage companies that are providing technology-enabled solutions to consumers and businesses of Bangladesh.

The fund will focus on certain sectors such as financial technology, entertainment and lifestyle, enterprise solutions, travel and logistics, core technologies,

education technologies, food technologies, agricultural technologies, and internet devices.

IDLC Asset Management, which is a wholly-owned subsidiary

be a great opportunity for the investor community to boost the start-up scene as well as generate substantial return for all stakeholders.

Young entrepreneurs are really helping in nation-building and they deserve more support from the financial institutions.

The objective of IDLC Venture Capital Fund is to provide investors with risk-adjusted returns through investing in, nurturing, and then exiting from early stage companies.

"In about 80 per cent of the cases venture capital fund may not work. But if one single start-up clicks it will cover up for the rest."

The fund will provide investors with an investment vehicle that is diversified from the usual ones in Bangladesh, Khan added.

About the country's move towards digitalisation Palak said they are building 28 ICT parks across the country for start-ups.

Already, the government got huge response from the parks that have been made operational.

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Food inflation tumbles to 42-month low in February

STAR BUSINESS REPORT

Food inflation fell to a 42-month low of 4.97 per cent in February, helped by easing off pressures on some items such as rice and onions in recent months, official figures showed yesterday.

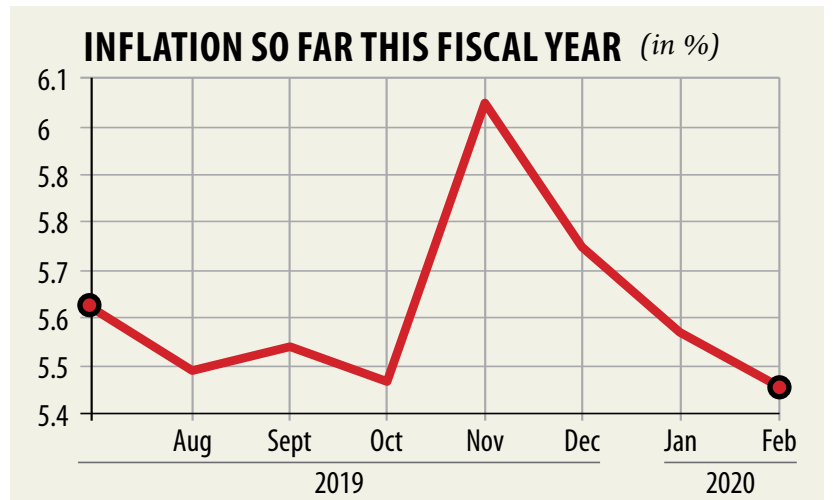
As a result, overall inflation dropped to a 12-month low of 5.46 per cent last month, according to data from the Bangladesh Bureau of Statistics (BBS).

"This is a good piece of news," said Planning Minister MA Mannan, while releasing the monthly figures of the Consumer Price Index (CPI) at the planning ministry in Dhaka.

It was apprehended that inflation might go up in February because of social events such as picnics and weddings. But the supply side was uninterrupted while the price of onion declined, he added.

In February, food inflation was down 15 basis points from a month earlier and non-food inflation, which encompass average prices of clothing and footwear to transport and communication, dropped seven basis points to 6.23 per cent.

Together, the two contributed to the 11 basis point-fall in overall inflation.



Food inflation was the lowest since September 2016.

Overall, inflation was the lowest since March last year and was slightly below than the Bangladesh Bank target for the current fiscal year. In January, inflation stood at 5.57 per cent.

Following volatility in prices of some food items such as onions towards the end of last year and some

pressure on rice prices, food prices overall appear to have been relatively stable in February.

"Food supply chains did not suffer any major disruption. Weak private sector credit growth may also have helped. However, non-food inflation is high," said Zahid Hussain, a former lead economist of the World Bank office in Dhaka.

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Bank Asia to make receiving remittance easier than ever

AKM ZAMIR UDDIN

Bank Asia has come up with a novel way to bring in remittance as part of its efforts to get migrant workers to send money home through the official channels.

The private lender is set to introduce the remittance card that can be used at the 8,500 digital branches of the Bangladesh Post Office across the country as well as the cash machines of any bank to withdraw funds.

Bank Asia receives about \$1 billion in remittance every year. The lender is expecting the figure will double this year once the remittance card is rolled out later this month.

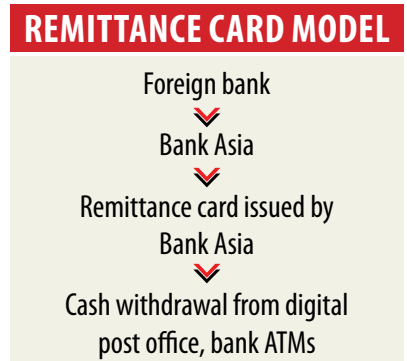
"This is a novel arrangement that will ultimately encourage remitters to send their money through the formal channel on a real-time basis," said Md Arfan Ali, managing director of Bank Asia.

Receivers of remittance will not face any hassle as the expatriate Bangladeshis can directly deposit their hard-earned money to the remittance cards of their near and dear ones.

The initiative will also help those living in remote areas as many lenders are yet to set up branches there but the post office's digital branches are

available. Every digital branch of the post office has installed a point of sale (PoS) terminal where the receivers will swipe their remittance card to get their desired fund.

Besides, the agent banking booths of Bank Asia will also be able to



provide the cash by using their PoS terminals.

Bank Asia has so far allowed a total of 3,422 agents in the country to run small-scale banking.

The latest move means customers can avoid going to bank branches to withdraw cash, Ali said.

Both the digital branches of the

Post Office and Bank Asia's agents will provide remittance card to clients on behalf of the lender.

Customers will not need to spend any amount to avail the card, which will be issued within three days of application.

To get the card, customers will need to fill in the Electronic Know Your Customer (e-KYC) form. And given the central bank's recent move to roll out e-KYC the process will take just five minutes.

Customers will be allowed to fill up the e-KYC by just submitting their national identity card.

Bank Asia will also offer discounts for cardholders if they purchase products from stores with which the lender has agreements, Ali said.

Remittance has recently become a major tool for the government to manage its macroeconomy as exports continue to slide in recent months.

It has turned into a lifeline of the economy given the frustrating performance of all other economic indicators.

In February, expatriate Bangladeshis sent home \$1.45 billion to take the tally to \$12.49 billion so far this fiscal year.

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Bangladesh to demand GSP reinstatement at TICFA meeting

STAR BUSINESS REPORT

Bangladesh will once again urge the US government to reinstate the generalised system of preferences (GSP) for numerous export products at the upcoming TICFA meeting, according to Commerce Minister Tipu Munshi yesterday.

The GSP, a preferential tariff system which provides tariff reduction on various products, was suspended for Bangladesh following the nation's deadliest industrial accident, the collapse of Rana Plaza in 2013.

The fifth round of the Trade and Investment Cooperation Forum Agreement (TICFA) meeting between the officials of Bangladesh's commerce ministry and the United States Trade Representative (USTR) will be held in Dhaka on Thursday.

Apart from reinstating the GSP, Bangladesh will discuss investment, the removal of trade barriers, easy market access to the US from Bangladesh, increasing bilateral trade, intellectual property rights, cotton issues and the digital economy during the TICFA meeting.

Munshi yesterday sat with Christopher Wilson, assistant USTR for South and Central Asia, at a meeting at his secretariat office in Dhaka.

During the meeting, an American delegation also discussed US investment in areas like agro-based industries, tax holiday benefits for US companies in Bangladesh and bilateral trade issues.

"We expect a positive outcome from the TICFA meeting as we have improved both workplace safety and labour rights in the country as per recommendations of the USTR," Munshi told reporters.

Delegations from both countries will also discuss Bangladesh's graduation from least



Christopher Wilson, assistant US trade representative for South and Central Asia, meets Tipu Munshi, commerce minister, at the latter's office at the secretariat in Dhaka yesterday.

developed country to developing country by 2024 as the country will lose a number of trade benefits in major export destinations. Therefore, Bangladesh's delegation will inform the meeting on the country's preparedness to face the challenges after the graduation.

After the collapse of Rana Plaza, the USTR suspended Bangladesh's GSP status in June in the same year, citing poor working conditions and a lack of labour rights in the garment sector. Interestingly though, the apparel industry did not enjoy GSP facilities in the US at the time.

The USTR had also outlined 16 conditions to be met by Bangladesh should the country wish to reclaim the GSP status.

Following the Rana Plaza incident, improvements were made in electrical, fire safety and structural issues in factories. Labour laws

were also amended to improve worker's rights as per the recommendations.

Progress reports on workplace safety were submitted to the USTR twice. However, the USTR did not reinstate GSP status for Bangladesh as the US government observed that further improvements, especially in labour rights, were required.

Currently, the US government does not provide GSP status to apparel items from any country but the duties imposed differ from nation to nation.

The total value of exports from Bangladesh to the US under the GSP was \$34.7 million until it was scrapped. Beneficiaries included sectors such as tobacco, sports equipment, porcelain and plastic products.

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Norway wants amicable solution to GP's issues

STAR BUSINESS REPORT

Norway wants a quick and amicable solution to the problems the country's leading mobile operator Grameenphone is facing in running its operations, said a top diplomat from the Nordic country.

"We have some concerns over the matters related to Grameenphone. We discussed those. We agreed to find a satisfactory solution," said Norwegian Foreign Ministry Secretary General Tore Hattrem after the second political consultation at the state guest house Padma in Dhaka yesterday.

Last year, an audit by the Bangladesh Telecommunication

Regulatory Commission (BTRC) into Grameenphone's books from its inception in 1997 until 2014 found that the carrier owed Tk 12,579.96 crore to the commission in revenue share, taxes and late fees. The BTRC then directed Grameenphone to pay the amount.

The telecom operator then went to the court. Eventually, the Supreme Court ordered the operator to pay Tk 2,000 crore to the BTRC. On February 23,

Grameenphone paid Tk 1,000 crore.

Earlier, the operator said it wanted court protection due to the pressure the BTRC has applied on it and its management. The commission's actions included declining no-objection certificates since July last year, issuing show-cause notice for licence cancellation and denying recycling of number series, it said.

Both sides took note of Bangladesh Supreme Court's recent order on this issue, said Foreign Secretary Masud Bin Momen, who led the Bangladesh side at the consultation.

"Norway sought the full court verdict, so the government will contact the attorney general in this regard."

The Norwegian government has a substantial share in Telenor, and if the Grameenphone issue is settled quickly, the country can make more investment in Bangladesh.

"We want the legal procedures to be settled quickly," Momen added.

Telenor owns 55.8 per cent share in the country's leading mobile phone operator.

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