

# Trade with Nepal to get a leg-up after govt approves a new transit route

REJAU KARIM BYRON

The government yesterday included a rail route in the Bangladesh-Nepal's existing transit agreement to give a much-needed boost to bilateral trade by cutting distance.

The cabinet amended the existing transit protocol to add Rohonpur in Chapainawabganj as an additional transit entry and exit point for Nepal.

The amendment came as it gave the nod to the draft addendum to the protocol to the transit agreement.

"Because of the new route, trade between the two countries would increase," said Cabinet Secretary Khandker Anwarul Islam while briefing reporters at the secretariat.

Rail communications between the two countries would be established thanks to the new route.

"Both countries would be able to use it," the cabinet secretary said.

Bangladesh and Nepal inked the transit agreement and the protocol to the transit agreement in 1976 and identified six ports of calls for the movement of

transport vehicles to and from Nepal.

The ports of calls were Khulna-Chalna (currently Mongla Port), Chattogram Port, Biral (Pashchimbanga, India), Banglabandha, Chilahati and Benapole.

But most of the products coming from Nepal use the Banglabandha port, according to the documents of the commerce ministry of Bangladesh.

Two routes have been proposed as the new rail link. The first one is Rohonpur-Zero Point-Singabad (Pashchimbanga)-Jogbani (Bihar)-Birat Nagar (Nepal).

The second one is Rohonpur-Zero Point-Biral (Pashchimbanga)-Radhikapur (Pashchimbanga)-Roxol (Bihar)-Birgunj (Nepal).

Nepal is interested in using the first route as it involves a distance of 217km compared with the 514km of the second route, according to the commerce ministry.

In January 2010, the prime ministers of Bangladesh and Nepal agreed to include Rohonpur-Singabad broad gauge railway link as the additional transit route.

## BANGLADESH-NEPAL TRANSIT AND TRADE SCENARIO



- ▶ Transit deal signed in 1976
- ▶ Six ports of calls identified
- ▶ Nepal now keen to use Rohonpur (Chapainawabganj)-Singabad (Pashchimbanga)-Jogbani (Bihar)-Birat Nagar (Nepal) route
- ▶ Route covers 217km
- ▶ It wants to use Saidpur airport
- ▶ In FY19, goods worth \$38.1m were exported to Nepal
- ▶ And goods worth \$9.9m were imported from Nepal
- ▶ Most of the products coming from Nepal use Banglabandha land port.

In September, the addendum to the letter of intent between Bangladesh and India allowed the use of rail network as a new transit route to facilitate overland transit and tariff between Bangladesh and Nepal.

Kathmandu signed a letter of exchange with New Delhi in February 2016 to use Singabad to expand trade with Bangladesh.

Nepal requested Dhaka to

add Rohonpur as the seventh port of call during the fourth Nepal-Bangladesh commerce secretary-level meeting in Kathmandu in June 2018 and sent a letter of exchange on 16 April last year.

Broad gauge rail network from Biratnagar to Singabad was introduced in 2004. But there was a metre-gauge track on Bangladesh's part.

Bangladesh put in place broad gauge track in 2015. However, no significant exports took place through the route.

In 2017, Best Trade, the last company to use the route, exported 35,000 tonnes fertiliser to Nepal.

Because of the lack of direct land connectivity, trade between Bangladesh and Nepal has been very low.

Bangladesh exported goods worth \$38.1 million to Nepal in fiscal 2018-19, up from \$10.8 million in fiscal 2010-11, data from the commerce ministry showed.

In fiscal 2018-19, Nepal's exports stood at \$9.9 million, down from \$49 million in fiscal 2010-11.

Nepal also wants to use the Saidpur airport. The commerce ministry would soon come up with a proposal to this effect, the cabinet secretary said.

The cabinet also approved the draft agreement between Bangladesh and the Maldives aimed at avoiding double taxation and preventing tax dodging and gave consent to a similar deal with the Czech Republic.

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# Banglalink's data sales up 30pc in Apr-Jun

STAR BUSINESS REPORT

While almost all businesses are struggling for the coronavirus pandemic in the country, data sales are growing by leaps and bounds.

That people are working from home and increasingly using the internet to buy daily essentials or meet recreational needs is a no-brainer.

But this has been quantified in the robust data revenue growth of the industry's number three carrier Banglalink in the second quarter of 2020.

Compared to the same period the previous year, the increase was by 30.3 per cent to Tk 290 crore.

In the case of data usage, the growth was 79.2 per cent year-on-year, reaching an average of 2,240 MB per user. It was supported by accelerated 4G penetration that resulted in a 3.3 per cent growth in data customers.

"The pandemic accelerated digitalisation in all sectors that increased the use of internet in the country," said Eric Aas, chief executive officer of the subsidiary of VEON, a Nasdaq and Euronext-listed connectivity provider headquartered in the Netherlands.

Banglalink has maintained a solid business momentum supported by impressive performance in the digital business segment despite the challenges emerging from the pandemic, he said at a virtual press conference yesterday.

The service provider's strengthening of the 4G network has brought it an Ookla Speedtest Award.

Speedtest Awards are an elite designation reserved for fixed and mobile providers in a market and represent real world network performance and the internet speeds and coverage provided to customers.



banglalink

To win the award, Banglalink achieved a Speed Score of 15.09, with average speeds of 12.78 Mbps for download and 6.73 Mbps for upload.

The award was given for being the fastest mobile network in the country during the first quarter to the second quarter of the year, Banglalink said.

"This is the result of our technological advancements such as the expansion of 4G network and more spectrum per customer," Aas said.

The company's revenue fell 3.9 per cent to Tk 1,110 crore in the quarter compared to the same period the previous year.

This is because people used more internet and made fewer phone calls in the quarter and phone calls are a major source of revenue for all telecom companies, said Aas.

Banglalink's mobile service revenue plunged by 3.7 per cent to Tk 1,090 crore.

In line with what industries generally faced for the coronavirus outbreak, Banglalink experienced a decline in its customers base and total revenue during the quarter, the CEO clarified.

As part of increased focus on embracing digital services, Banglalink actively promoted the use of digital channels to facilitate top-ups, account management and the adoption of additional services.

As a result, the user base of the operator's self-care app increased by 58 per cent during the second quarter compared to the first quarter. Its video-streaming app Toffe saw a 62 per cent rise in user number.

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# Digital financial services must expand to address pandemic fallout

Say speakers at a webinar

STAR BUSINESS REPORT

Bangladesh's financial sector will have to adopt new technologies and services in the post-Covid-19 period for the lenders to move their operations online and address the recent challenges faced by the industry, speakers said at a webinar yesterday.

The coronavirus could be a boon for digital financial services (DFS) and although Bangladesh has already seen early success in this regard, facilitative regulations, a risk management framework, digital infrastructure, effective data analytics, and capacity building are required to move forward, they said.

"The use of artificial intelligence is an alternative solution for increasing digital transactions amid the ongoing pandemic," said Aftab Ul Islam, a board member of the Bangladesh Bank.

Islam made the comments during the webinar styled "Digital innovations in

financial services: the key to success in the post-Covid-19 world", jointly organised by the Resurgent Bangladesh and Deloitte yesterday.

About 96 per cent of the clients were accustomed to making transactions through traditional methods before the Covid-19 outbreak.

However, the younger generations are keen on using up-to-date technologies and services at banks, Islam said, adding that Bangladesh's policy-makers are seemingly stuck in the analogue era.

Md Ashadul Islam, senior secretary of the Financial Institutions Division, however, said that the government fully supports the expansion of DFS in the country and is ready to expedite any necessary changes to regulations.

Ali Reza Iftekhar, chairman of the Association of Bankers Bangladesh, said lenders are trying to control the number of non-performing loans.

If a bank's balance sheet is well-managed, then everything else falls into place, according to Iftekhar, also the managing director of Eastern Bank.

He went on to say that adopting new technologies will help avoid digital financial crimes.

"We have to understand Bangladesh's culture. The older generation is accustomed to physically visiting bank branches," Iftekhar added.

He called on local financial institutions to accept return submissions in digital format and said the use of online platforms will help reduce costs and enhance the banking sector's capacity to reach out to its customers.

Sanjoy Datta, the financial industry leader of Deloitte South Asia, said that digital financing is crucial for any economy to attain a sustainable high rate of growth.

The ongoing pandemic has significantly altered the consumer mindset, he added

during his keynote speech.

Using digital financial transactions could be incentivised for customers as the service will help build a cashless society in Bangladesh, said Syed Mohammad Kamal, country manager of Mastercard International.

Lenders in Bangladesh are already preparing to provide their clients with contactless cards, he added.

Sonia Bashir Kabir, vice-chairperson and co-founder of DMoney, said that there is great potential for the expansion of DFS in the post-COVID-19 period.

The low-income groups could particularly benefit from the use of mobile applications to complete online transactions. The younger generation and the cottage and micro industries will enjoy better services through the use of enhanced technology in the financial sector, Kabir said.

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# Cement raw material import falls 13pc for Covid-19

MOHAMMAD SUMAN, Ctg

Import of raw materials for the cement industry fell nearly 13 per cent year-on-year to Tk 6,481 crore in the fiscal year 2019-20 because of the stagnation in construction activities across the country after the Covid-19 outbreak.

Businesses brought in 18.6 million tonnes of cement clinker, granulated slag, limestone flux and gypsum in the last fiscal year, down from 20.99 million tonnes a year ago, according to the data of the Chattogram Custom House.

Most of the raw materials came through the Chattogram port from Thailand, Vietnam and China. The import of raw materials had been increasing at an average

of 15-20 per cent per year for the last decade, but it fell for the first time last fiscal year.

Around 25 lakh bags of cement on an average were sold every day before the arrival of the coronavirus. The sales came down to 13 lakh bags in the last several months, said Alamgir Kabir, president of the Bangladesh Cement Manufacturers Association (BCMA).

Bangladeshi cement and construction industries have been directly and indirectly affected because of the shutdown imposed by the government to control the spread of the coronavirus, he said.

The association has urged the government to provide them with long-term loans, withdraw advance tax and give commission on letters of credit (L/C), to

help the sector recover the losses.

Some 34 small and big companies have invested around Tk 50,000 crore in the country's cement sector. Together, they produce 33 million tonnes of cement worth Tk 20,000 crore every year.

"By fulfilling the country's annual cement demand of 30 million tonnes, we also export it to some countries. But still, we are not getting the benefits we expected from the government," said Amirul Islam, managing director of Premier Cement.

"The capitals of entrepreneurs in this sector are gradually running out. So, all kinds of discriminatory taxes have to be withdrawn to save this industry."

However, construction activities are slowly picking up the pace after the Eid-ul-

Azha vacation, he said.

At the beginning of the pandemic, cement sales were down by about 90 per cent. But now it is slowly increasing. "Hopefully the situation will improve further in the next few weeks," Islam said.

Cement clinker is the second-highest customs duty earner for the country after high-speed diesel, according to an official of the Chattogram Customs House.

Around Tk 2,012 crore was collected as revenue from this product in the fiscal year 2018-19, which fell to Tk 1,810 crore in the last fiscal year. Some 13.20 million tonnes of cement raw materials worth Tk 5,625 crore were imported in fiscal 2014-15 and it rose to 17.40 million tonnes involving Tk 6,707 crore in 2015-16.

# Shohoz's Maliha M Quadir recognised as a top female founder

STAR BUSINESS REPORT

Maliha M Quadir, the founder of Shohoz, has been recognised as one of the top female founders in the world for raising the highest amount for the country's fastest-growing start-up.

BusinessFinancing.co.uk, a business finance and lending research and information website publisher, recently published the list that includes the founders of companies like the Ant Financial, Grab and WeLab.

From Bangladesh, Quadir was the only founder who made it to the list.

"It's great news for Bangladesh and all Bangladeshi women," she told The Daily Star yesterday.

"I am delighted that the international media is taking notice of the good work that Bangladesh's technological sector is generating," she added.

BusinessFinancing selected female founders that have been a founder or co-founder of at least one company in a given country or state of the US-listed in CrunchBase, a platform for professionals looking for innovative companies.

For each country, it selected the women



who founded companies with the greatest funding amount raised.

The list contains 107 female founders and co-founders in 102 countries. China's Lucy Peng topped the chart for raising \$22 billion for Ant Financial.

Harvard Business School-graduate Quadir founded Shohoz in 2014 with 30 employees by digitalising the unstructured travel and ticketing industry in Bangladesh. It now employs more than 350 people.

Shohoz is now the fastest growing start-up in Bangladesh with the largest spread of services. In 2018, Shohoz made a foray into the ride-hailing market. In the same year, the company announced it raised \$15 million from Golden Gate Ventures of Singapore and others to expand.

The company added trucks to its ride-hailing service and food delivery last year.

During the pandemic, Shohoz further evolved by introducing grocery, medicine delivery and e-health (video-based doctor consultation) services.

Shohoz also worked with the government of Bangladesh in developing a COVID-19 contact tracing app.

In an ideal world, female start-up founders would not need to prove their value compared with their male counterparts.

But research shows that women face negative attitudes during pitches. Investors ask women more about risk and losses, while men are asked about ambitions and achievements, said BusinessFinancing on its website.

"That's tough luck for prejudiced investors. Female founders deliver higher profits. They are more likely to run their business in a socially responsible way. And, because they are more driven by ideas than money, they are a better bet for long-term success."

Quadir previously received the 'Best Female ICT Entrepreneur' award from the government, the Young Global Leader recognition by the World Economic Forum, and The Daily Star Best ICT Startup of the Year.

She worked for a decade in the US and Singapore in reputed firms in investment banking and technology, including Morgan Stanley, Standard Chartered, Nokia and Vistaprint.

"Shohoz's motto is to make life easier for the masses. We strive to do that every day. This recognition is a testament to the good work the Shohoz team is putting in," she said.