

8 digital startups get Tk 3cr

STAR BUSINESS REPORT

Eight startups recently got about Tk 3 crore in funding, in the form of both investment in return for partial ownership alongside grants, through a competitive procedure.

Four others turned down such funding offers as the amounts did not meet their expectations.

There were three investors -- The Angels Network, IDLC Finance and Robi, which alone

invested the highest Tk 2 crore, says a press release.

The grants amounted to Tk 73 lakh, all provided by Startup Bangladesh, the government's ICT Division accelerator for budding entrepreneurs. Sigmind, a startup focusing artificial intelligence, received the maximum investment of Tk 1.15 crore from r-ventures, Robi's flagship platform for digital entrepreneurship.

Of the others, Velvet Box delivers sanitary products to women through subscriptions,

Digiton provides cashless tea vending machines, Uparjon connects freelancers and clients, Aalo markets advertisement screens for public buses and Fuelb provides online fuel delivery.

The others are online tutoring platform Eduimate, home-based food delivery Cookands, on demand maid/household service Hello Tasks, telemedicine service Doctor bondhu, AI-powered glass for the visually impaired Alo and cattle management device-based service provider KhamarIoT.

The initiative was first launched by Robi in 2018 with a view to building digital entrepreneurship among its employees.

This time, the operator launched r-ventures 2.0 project in July, which saw 2,226 startups forward their ideas in search of funds.

The 12 digital startups were selected after a thorough screening process.

Last Tuesday, an "investment day" was organised at the International Convention City Bashundhara, where the investors made their offers and the startups got to choose ones of their liking. State Minister for ICT Zunaid Ahmed Palak handed over the funding. TIE Dhaka President Rubaba Dowla and Bank Asia President and Managing Director Md Arfan Ali were present as guests.

Mahtab Uddin Ahmed, managing director and CEO of Robi; Sonia Bashir Kabir, president of The Angels Network; Arif Khan, CEO and managing director of IDLC Finance, and Tina F Jabeen, investment advisor of Startup Bangladesh, were also present.



Zunaid Ahmed Palak, state minister for ICT, poses at the second edition of digital entrepreneurship building initiative "r-ventures" at International Convention City Bashundhara in Dhaka recently.

ROBI

Bangladesh lags for want of investment

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Bangladesh should go for establishing mills only to produce manmade fibres, as the demand for MMF-based garment items is increasing worldwide, Chowdhury said.

"Otherwise, the country's \$8 billion worth primary textile sector would be in a big trouble soon."

But setting up such an expensive textile project is not easy for investors without government's supports in the form of low-cost loan and easy access to gas, according to the entrepreneur.

Bangladesh has business potential in MMF like viscose, acrylic and polyester, he said.

Consumers are more informed and concerned about the environment, people and

sustainability, because of which they now look for products, which are easy to care and environment friendly, according to the study.

The rise of Fast Fashion, a term used to describe clothing designs that move quickly from the catwalk to stores to meet new trends, is reducing the lead time of order delivery.

The Fast Fashion category has grown at 20 percent CAGR between 2015 and 2018 whereas global apparel retail grew 4 percent to 5 percent during the same time, the BGMEA study also said.

The fact that fashion consumers on average buy 60 percent more pieces of clothing than 15 years ago, generating up to 92 million tonnes of trash, equivalent to 4 percent of the world's waste each

year, add more havoc to these impacts, according to a recent report of The Jakarta Post, an English daily based in Indonesia.

Viscose, the third-most commonly used fibre in the world, has been hailed as a sustainable alternative to oil-based synthetic textiles such as polyester, acrylic, nylon and spandex.

Introduced in the late 1800s as an alternative to silk, the plant-based viscose, also known as rayon, is inexpensive to make and applicable in many ways, including for casual wear items, denim, socks, bed linen, towels, face masks and wet wipes, The Jakarta Post article said.

However, it is tough to trace how the items to produce viscose were sourced and whether the labour rights were ensured.

And Bangladesh should concentrate more on investing in primary textiles, especially in woven and non-cotton sectors, to comply with the standards set by the European Union to avail trade benefits, the BGMEA study said.

A decade ago, Bangladesh had eight MMF-based textile companies, which has risen to nearly 60 now to meet the rising demand, said Monsoor Ahmed, secretary to the Bangladesh Textile Mills Association.

Some proposals for setting up new factories are pending with the association, he said.

Of the garment items exported from Bangladesh last fiscal year, 74.14 percent was made from cotton fibre, whereas it was 68.67 percent in 2008-09, the BGMEA study showed.

New ABB chairman

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"All types of rules and regulations should be drawn up in order to ensure the interest of both clients and banks," said Iftekhar, who previously served as ABB's chairman in 2014-15. The ABB will sit with business chambers on a regular basis to learn about their needs.

Chambers' leaders should also understand how banks are struggling, he said.

Both chamber leaders and banks are doing business. And such meetings will help reduce the distance between the two."

The ABB will also arrange seminars, where renowned economists and bankers from both home and abroad will be invited.

Such initiatives will help increase the skill of banks' executives and play a role in improving corporate governance in the banking sector, said Iftekhar, who has a banking career spanning 34 years.

About the upward trend of default loans in the banking sector, he said that the delinquent loans will decrease automatically when banks follow corporate governance properly.

"The ABB will prevent defaulters from enjoying fresh loans as it gives a wrong signal to people about banks," he added.

The ABB has also elected Haider Ali, MD of Exim Bank, Md Mehmon Hossain, MD of NRB Bank, and Ataur Rahman Prodhian, MD of Sonali Bank, as vice chairmen, while Rahel Ahmed, MD of Prime Bank, will serve as its secretary.

Lengthy auction process costs govt crores

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Delivery of the consignments would have earned the government Tk 7,000 crore in customs duty as per the data.

"It is not possible to estimate how much revenue is being lost without opening the containers," said Majedul Haque, deputy commissioner at the Chattogram Customs House (CCH), who is also in-charge of auctions.

Cost of dumping

Although the CCH is supposed to bear the dumping cost, shipping agents, who are the local representatives of container owners, do so to empty the containers and return them out again.

Dumping costs Tk 1 lakh to Tk 1.2 lakh per container as the goods need to be inspected and permissions are needed from different bodies including city corporations, Atomic Energy Commission and Department of Environment, said Ahsanul Haque Chowdhury, president of the Bangladesh Shipping Agent Association.

Since the auctions were not done timely, the shipping agents could neither use the containers for other consignments nor send them back to the owning companies abroad, he said.

"This is spoiling the image of Bangladesh," he said, adding that many container owners are unwilling to provide containers for Bangladesh-bound goods and charges Bangladeshi importers more.

A container can be rented out 10 times in a year and a shipping agent loses at least \$20,000 when a container gets stuck at any port, said Shahed Sarwer, director of K Line Shipping.

Apart from lost revenue, shipping agents also have to pay electricity bills to the port authority for the refrigerated containers.

Port activities hampered

Unclaimed goods stuffed in containers occupy 15 percent of the port yard, leaving insufficient space for emergency loading and offloading operations from ships and other regular activities, said Md Omar Faruq, secretary to the Chattogram port.

The port has the capacity to house 48,000 TEUs (twenty equivalent units) of containers, of which more than 6,000 are unclaimed goods containers, he said.

A container with imported goods can be kept free of cost for four days from its arrival at the port.

After that, importers have to pay a daily charge of \$6 for 20 feet containers and \$12

for 40 feet containers in the first week. The charge doubles in the second and third week until importers take delivery.

Therefore, abandoned goods costs about Tk 2 crore in lost revenue per day, Faruq added.

Lengthy Auction Process

The auction process could not be accelerated because of a shortage of manpower and equipment needed to take inventory of the goods and open, move and sort out the containers, said Fakhrul Alam, commissioner of CCH.

Only 12 officials work at the auction section, but recently 80 customs officials from other departments have been deputed for two days a week in rotation.

The limited number of bidders in the auctions also delay the process, said CCH officials.

Customs procedures discourage sale of non-perishable goods below its reserve value, which is 60 percent of the import price plus tax, in the first auction.

In the second auction, the bidding price is expected to be higher than what the highest bidder offered in the first auction.

In the third auction, the item is sold to the highest bidder.

Although the reserve price of an item is not disclosed, it is somehow leaked and the bidders who take part in the open tender issued by the customs authority wait until the third auction to buy the good, CCH officials said.

In many cases, an item is sold at 10 to 15 percent of its market value in the third auction, according to Haque.

Mahbubul Alam, president of the Chattogram Chamber of Commerce and Industry (CCCI), called for making the auction process simpler.

The CCCI has sent letters several times to the National Board of Revenue and customs to run e-tender programme for auction and form a taskforce committee with involvement of all related departments to speed up the auction procedure.

"But those recommendations are yet to be implemented," Alam said.

If e-tender was implemented, the auction process would become easier and attract participation of more bidders, which might help reduce the number of undelivered containers, said customs officials.

The initiative to launch an e-tender programme was taken in 2015 but got stalled.

Govt's solid plan for single-digit interest rate

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This will bring down the banks' cost of funds.

But they will have to give out loans to the manufacturing sector at single digit interest rate from January 1, as per the government plan.

However, high officials of banks said if the interest rate comes down to single digit they will cut back on their lending to the industrial sector to safeguard their profit margin.

But the finance minister said they will keep a close watch so that this scenario does not materialise.

"We will make sure that their lending to the manufacturing sector does not go down below their three-year average," he said, adding that the government has been extending a number of facilities to banks in the last three years for the sake of reducing the interest rate to single digit.

Another boost for flat buyers

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For bigger apartments, total registration cost would drop to 14 percent, according to the Eastern Housing official.

Muhammad Nazmul Ahsan, senior manager research and compliance department of Sheltech, a leading realtor, welcomed the move.

"Yet, registration cost still remains high -- this should be reduced to single digit," he added.

The registration cost of land will drop to about 9.5 percent of deed value following stamp duty reduction, said Foredul Islam Bahadur, senior vice-president of Bangladesh Deed Writers Association.

Fair prices elude farmers

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Farmers grow more than 200 crops, including four cereals, 153 vegetables and 34 types of spices, oilseeds, pulses and cash crops such as jute and sugarcane. Including fruits, the total number of crops and fruits grown would be roughly 350, according to the Agriculture Information Service.

"Potatoes brought me profit to some extent by the end of 2019," said Masud Rana, a farmer from northwestern district of Kurigram.

The 42-year-old farmer cultivates wheat, mustard, potato and vegetable on his three-acre farmland and says flood-affected seedlings of paddy and early plantation in his area, raising the cost of production.

"Rice is our main crop and our wellbeing depends on it," Rana said.

Rice is grown on more than 70 percent of the total cropped area of 1.54 crore hectares and 77 percent of marginal and small farmers depend on rice for food security and livelihoods, according to the Bangladesh Integrated Household Survey 2015, funded by the USAID.

Liakat Ali, a farmer from northern district Sherpur, said the farmers who depend highly on paddy suffered losses owing to falling prices of the grain. "But I am better off as I grew potato, beans, onions and bottle gourd and I am getting higher prices from these vegetables," he said.

All the three farmers said those who have grown onions, encouraged by skyrocketing prices of the key cooking ingredient this winter, have had margins.

Yet, the number of onion growers is insignificant compared to rice producers.

Fifty-one percent farmers grow only rice

and 20 percent of growers produce rice along with other crops, said Akhter Ahmed, country representative of the International Food Policy Research Institute (IFPRI).

"It appears that falling price of Boro paddy hampers farmers' wellbeing. But, there had been major setback except for the price of Boro paddy. Overall, the outgoing year has not been too bad or too good," he said.

Ahmed said ensuring fair prices is vital. "Reduction in prices of diammonium phosphate (DAP) fertiliser is a positive step towards reducing the production cost of farmers."

The government slashed the prices of the key fertiliser by 36 percent to Tk 16 each kilogram early December to give a boost to farming.

"The price cut raises hopes that we will make profit in the coming season," said Sanjay Kumar, a small farmer from Gabtoli of northwest district Bogura. He cultivated vegetables and rainfall destroyed his tomato field twice.

With crop producers looking at their balance sheet for 2019, dairy farmers also did the same.

The demand for locally produced milk was affected because of safety concerns following findings by the Bangladesh Food Safety Authority and a team of Dhaka University researchers on the presence of harmful substances in samples of pasteurised and raw milk.

"Our situation has not improved this year. Instead, it deteriorated," said Mohammad Shah Emran, general secretary of the Bangladesh Dairy Farmers Association.

"The demand for locally produced milk suffered. We, the farmers, did not get fair prices because of soaring imports of meat and power milk."

On the other hand, the prices of feed rose and dairy farmers have to pay electricity bills at commercial rates even though the sector is part of agriculture, which enjoys lower tariff than other sectors, he said.

"Rice growers suffered in 2019 but consumers did not suffer as prices of the staple remained almost stable," said Quazi Shahabuddin, a former director general of the Bangladesh Institute of Development Studies.

Consumers can complain about higher onion prices, which have provided profits to farmers recently, he said.

In 2020, the government should pay attention to ensure balance in the prices of essential commodities and farm produce to ensure a win-win situation for both consumers and farmers, Shahabuddin said.

IFPRI Country Chief Ahmed said the thrust should be on rapid mechanisation, especially for harvesting in order to reduce the cost of production resulting from higher labour cost.

The government will roll out a scheme to provide subsidies to farmers to buy agricultural machinery, said Md Shahjahan Kabir, director general of the Bangladesh Rice Research Institute.

"We hope that farmers will make profit next year on the back of the cut in prices of DAP and the plan for faster mechanisation," he said.

Biswas is still hoping for the paddy prices to recover so that he can sell more than 500 maunds of the staple now in his storage.

The crop damage in some areas of southwest and south owing to cyclone Bulbul could prompt the prices to go up.

"I am waiting for the prices to increase," said the grower, who has also cultivated onion.

Tim Hortons President Alex Macedo to leave next year

REUTERS

Restaurant Brands International Inc said on Friday Alex Macedo, the president of coffee and breakfast chain Tim Hortons, will be stepping down after two years in the role.