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STARTUPS IN BANGLADESH

Over local **100** startups raised funds so far

Fund raising from local sources remains a challenge

Local startups received at least **\$165m** funding in 2021

**\$162m** came from foreign sources

Only **\$3m** came from local sources

FUND RAISING RULES FROM PUBLIC

A profitable firm can raise funds from stock market

Loss-making companies are not allowed to raise funds

BSEC considers making rules easier for startups to get listed



# Hope for startups to raise funds from public

AHSAN HABIB and MAHMUDUL HASAN

Startups are now quite thrilled at the likelihood of being allowed to raise funds from the stock market as the Bangladesh Securities and Exchange Commission (BSEC) is mulling over listing loss-making IT or e-commerce platforms.

At present, a company needs to register profits in two consecutive years before it can raise funds from the SME board, according to the securities rules.

Shaikh Shamsuddin Ahmed, a BSEC commissioner, told The Daily Star that he believed the IT and e-commerce platforms needed the funds early and once their survival was ensured, they could go on to earn a lot. “So, they deserve a different way of valuation, rather than one based on profit,” he said.

Executives of different tech-based startups said it was the most opportune moment for the platforms to get the greenlight of the stock market regulator since people were more prone to purchase goods and services through digital means.

“Startups will grow bigger

in the near future and they now need funds,” AKM Fahim Mashroor, chief executive officer of Bdjobs.com and AjkerDeal, told The Daily Star.

“So, if the BSEC allows the listing of such firms, it would play a pivotal role in propelling



the growth further.”

Although these companies are not making a profit now, they should be given the opportunity considering their high growth potential, the entrepreneur said.

In order to raise funds through the book building method, a company needs to show profits in the preceding two years. In the fixed price method, no loss-making company is allowed to raise funds.

“The profitability condition

has to be relaxed,” said Mashroor.

Besides, individual investors should be given the opportunity to invest in startups getting listed, he said, pointing out that general investors were not allowed to

launching IPOs is that they were incurring losses. For instance, Zomato, Paytm, and PB Fintech reported losses of 356 crore, 381 crore and 110 crore rupees respectively for the quarter that ended in June 2021.

Global iconic tech ventures, such as Tesla and Amazon, were also not profitable for many years. Ahmed of the BSEC is also aware of the nature of the startups. He said these companies cannot generate revenue right from the moment they start running, so they should not be evaluated based on profits but rather on potential.

“We want to assess their potentials considering the future because many of the world’s top companies like Microsoft incurred losses for several years in their early period. But they are now among the top profit-making companies in the world,” he said. IT and e-commerce-based companies take time to make profits but assessments are risky tasks, said Ahmed.

“It is a reality that a few people could try to misuse the process but we do not want to

block the fundraising process for the rest,” he said.

Because the future lies in IT-based companies, he said, adding that these companies comparatively fared better during the pandemic while others suffered.

“Definitely, we are taking it as a positive development,” said Waseem Alim, CEO of Chaldal.com, an online supermarket that saw dizzying growth amidst the pandemic.

It will be good if the stock market regulator takes opinions from experts and early-stage startup investment facilitators before finalising any decision, he said.

“A few years back, it was difficult to get funds from local venture capital investors, but now many are coming forward. It will create more scope for the firms to get local funds if they are allowed into the stock market.”

The commission was scheduled to sit with some top executives of the country on January 31 but that was postponed due to the emergence of the Omicron variant of the coronavirus, according to sources.

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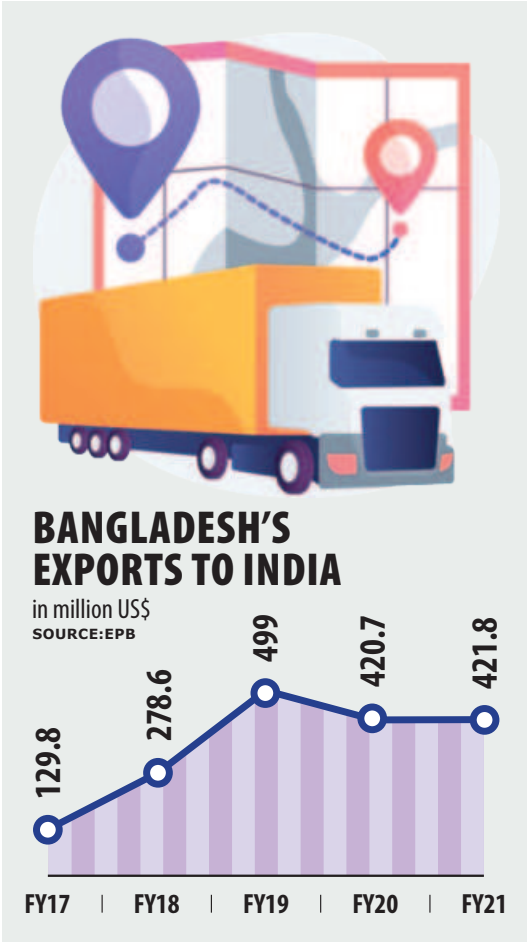
## Apparel export to India rising fast

REFAYET ULLAH MIRDHA

Riding on the zero-duty trade benefit and competitive prices, the shipment of apparel items to India is growing fast, a development that would help Bangladesh narrow its trade gap with the neighbouring country.

Bangladesh is already a very lucrative source for formal shirts, tops, denim trousers, undergarments, polo shirts, t-shirts and bottoms for both men and women belonging to India’s middle-income consumers.

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STOCKS		
	DSEX ▲	CSCX ▲
	0.06% 7,085.94	0.11% 12,460.28

COMMODITIES		
	Gold ▲	Oil ▲
	\$1,833.05 (per ounce)	\$90.39 (per barrel)

CURRENCIES				
	₳ USD	€ EUR	£ GBP	¥ CNY
BUY TK	85.05	96.55	114.27	13.14
SELL TK	86.05	100.35	118.07	13.81

ASIAN MARKETS				
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.79%	58,926.03	▲ 0.42%	▲ 0.23%	▲ 0.17%
		27,696.08	3,428.00	3,485.91

## AKHAURA-SYLHET RAIL TRACK PROJECT

### Railways asks ERD to search for funds

JAGARAN CHAKMA

The railways ministry has asked the Economic Relations Division (ERD) to search for funds for a project to convert the Akhaura-Sylhet rail track into dual gauge from metre gauge.

The request came after the government decided not to implement the project with Chinese funds due to higher cost.

On February 3, the ministry wrote to the ERD asking it to begin looking for the funds.

A senior official of the ERD says it has received a request from the railways ministry. “We will write to various bilateral and multilateral financiers for the funds.”

“We don’t have any target for any specific lender. We are ready to receive funds whether they are in the form of loans or grants from any country or lender,” said Dharendra Nath Mazumder, director-general of the Bangladesh Railway.

The project, which will convert the 225km metre gauge line into a 239km dual gauge track, is important for Bangladesh as it will reduce travel time.

But six years have passed since the Executive Committee of the National Economic Committee (Ecneec) approved it.

The project cost was estimated at Tk 913 crore in 2016. And it was scheduled to be implemented between 2016 and 2020.

The planning commission approved the preliminary development project proposal in March 2016.

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The project will convert the 225km metre gauge line into a 239km dual gauge track from Akhaura to Sylhet, helping to reduce travel time.

## Kamal defends spike in GDP growth

STAR BUSINESS REPORT

Finance Minister AHM Mustafa Kamal yesterday defended the unexpected spike in gross domestic product (GDP) growth in the fiscal year of 2020-21, giving credits to expansionary monetary policies and progress in all economic indicators.

“Some would say our evaluation process is flawed and that we show inflated figures, but no, it is never, ever like that,” he said.

His comments came two days after the government disclosed that Bangladesh’s GDP pulled off a stunning 6.94 per cent growth in 2020-21 when the initial estimate was 5.43 per cent.

“What we have achieved and where we are now, you can witness with your own eyes. There is no negative growth figure anywhere,” Kamal told reporters after a meeting of the cabinet committee on purchase.

The government sets

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PHOTO: MASUK REDOY