The Daily Star
FOUNDER EDITOR: LATE S. M. ALI

A setback for Bangladeshi exporters

India could have given us time to make alternative arrangements

We are troubled by India's decision to revoke the transshipment facility for Bangladesh's export cargo to third countries transiting through its land borders to Indian airports and ports. This will disrupt Bangladesh's RMG exports and raise costs for our apparel exporters delivering orders to Western markets—especially those routed through Indian airports, such as the one in New Delhi. Thus, the decision comes as a major surprise, particularly given the recent constructive meeting between Bangladesh interim government's Chief Adviser Muhammad Yunus and Indian Prime Minister Narendra Modi. It was expected that the discussions would lead to further steps to strengthen bilateral relations. Instead, Bangladesh was caught off guard with this sudden move.

On April 8, India's Central Board of Indirect Taxes and Customs issued a notification stating that the directive issued on June 29, 2020—granting transshipment facilities to Bangladesh—had been withdrawn. (Later, the Indian Ministry of External Affairs clarified that the decision would not affect trade between Dhaka and Nepal or Bhutan via Indian territory, as these landlocked countries are protected under WTO guidelines.) India justified this decision by citing significant congestion at its airports and ports, which it claims has been exacerbated by the transshipment facility granted to Bangladesh. The secretary general of India's Apparel Export Promotion Council also mentioned that the move responded to a "long-standing demand" from Indian exporters to halt the transshipment of Bangladeshi cargo through Indian ports. The decision, he noted, would help rationalise freight rates, reduce congestion, and lower transportation costs for Indian exporters.

Nevertheless, this move seems to be driven more by political messaging than by economic considerations. For one, the transshipment facility was a commercial arrangement, with Bangladesh paying India for the service. Typically, when either party seeks to end such an arrangement, a transition period is granted to allow the other side to make alternative arrangements—this was not the case here.

The transshipment facility appeared to be a mutually beneficial arrangement. Its sudden discontinuation will undoubtedly harm Bangladeshi businesses. In light of this, we request India to provide a provisional period, allowing time for Bangladesh to make alternative arrangements before the facility is completely withdrawn. Alternatively, India could consider renegotiating the terms of the agreement to mitigate the negative impact on Bangladesh. At the same time, we urge the Bangladeshi authorities to explore available alternatives and take immediate steps to ensure that the efficiency of our supply chains is not compromised, and that our trade is not disrupted.

Tariff reversal should prompt new thinking

Trump's rollback of stiff new tariffs a welcome break for Bangladesh

It is heartening to learn that US President Donald Trump has paused the imposition of sweeping "reciprocal" tariffs on imports from nearly all its trading partners, including Bangladesh—a dramatic reversal that stunned the world almost as much as the initial announcement of the new tariff regime. Less surprising, perhaps, is the exclusion of China from this reprieve, as it continues to face even harsher levies. For other countries, only a flat 10 percent tariff which took effect on Saturday will now remain. However one interprets the 90-day pause—a tactical move to reduce trade deficits, a hawkish strategy to isolate China, or a reluctant step to calm volatile markets—there is no denying that it is a welcome relief for countries like Bangladesh.

The US is Bangladesh's second-largest export destination, accounting for nearly \$10 billion in export earnings in 2023, more than 80 percent of which came from the RMG sector. For an economy so dependent on a single sector and a few core markets, any disruption in trade poses grave risks. For example, if the US reciprocal tariffs stand as originally outlined after the end of 90 days, RMG exporters may face a major challenge with up to 53.5 percent levies, industry insiders say. Thus, the tariff reversal should be seen not only as a breathing space but also an opportunity to negotiate better terms while also removing all non-tariff barriers in our bilateral trade.

At the same time, we must think about building a more resilient future for our export-based economy. It is crucial to diversify our export base beyond RMG, which, despite being a success story, makes us dangerously vulnerable to external shocks. Simultaneously, our focus must extend much beyond the US. True, Bangladesh may benefit from the stiff US levies on Chinese products, the European Union, another key destination for our products, may soon be inundated with Chinese garments diverted from the US, undermining our competitiveness in that market. Keeping in mind the reality of Bangladesh losing some trade privileges after its LDC graduation, it is also crucial that we critically rethink our export-import strategy and prepare for a more competitive post-LDC landscape.

To spur growth through greater market integration as well as infusion of international investments, it is equally important that the government seriously acts on prevailing concerns about obstacles to doing business in Bangladesh. Many of these concerns were raised at the just-held Bangladesh Investment Summit. A new report by the World Bank, unveiled at the summit, highlighted five key obstacles including corruption, erratic power supply, high prevalence of informal economy, high borrowing costs, and complex tax structure. These need to be addressed. Importantly, the WB also identified four key sectors, including RMG, as ripe for reform. We must address all these interconnected issues if we want to progress in today's rapidly shifting global trade landscape.

THIS DAY IN HISTORY

Napoleon's abdication at Fontainebleau

On this day in 1814, during the Napoleonic wars, Napoleon was facing an invasion of France by forces bent on his overthrow and, pressed by his own officers, abdicated unconditionally at Fontainebleau.

Our startup ecosystem needs nurturing

Mamun Rashid
is the chairman at Financial Excellence Ltd and founding managing partner of PwC Bangladesh.

MAMUN RASHID

The start-up ecosystem in Bangladesh is experiencing a period of exciting growth, driven largely by a youthful, entrepreneurial population eager to make their mark. Yet, despite the energy and ambition coursing through the community, a myriad of challenges continues to obstruct its full potential.

One of the most pressing challenges that entrepreneurs face is securing adequate funding. In 2024, total start-up funding in Bangladesh saw a significant decline, falling by 41 percent year-on-year to \$41 million. This drop highlights a growing problem: local investor participation shrank by an alarming 95 percent, leaving start-ups heavily dependent on international backers, who accounted for 98 percent of the total funding. The situation underscores the need for a more favourable legal framework to encourage local investments and alternative financing options, such as Islamic bonds or Sukuk. By creating an environment that nurtures local investment, start-ups can reduce their reliance on foreign capital and build a more resilient financial foundation.

Another significant hurdle is the regulatory environment, where complex procedures and bureaucratic inefficiencies can deter even the most enthusiastic entrepreneurs from pursuing their ventures. Many find themselves bogged down in paperwork and compliance issues rather than focusing on innovation and growth. Streamlining registration processes and simplifying compliance requirements can lower entry barriers. Moreover, fostering transparency within the regulatory framework can boost investor confidence, paving the way for both local and foreign investments. Bangladesh can adopt best practices from other start-up-friendly nations to build a more accommodating business climate.

Simultaneously, workforce development is crucial for the sustainable growth of start-ups. A recent report revealed that 73 percent of start-ups in Bangladesh struggle to recruit qualified talent. This talent gap is partly due to educational institutions not aligning their curricula with the practical needs of the industry. Graduates often lack the hands-on experience and critical skills that employers seek. Addressing this gap requires a coordinated effort to integrate more practical training, internships, and mentorship programmes into educational institutions. When the next generation of workers enters the job market with skills honed through real-world experiences, Bangladeshi start-ups will be better positioned to thrive.

However, inadequate infrastructure significantly hampers the growth of start-ups in many parts of Bangladesh, particularly outside major urban centres. Poor logistics, unreliable internet connectivity, and a lack of essential services increase operational costs and hinder efficiency, especially for start-ups that depend on timely product delivery and seamless online services. Investing in improved infrastructure, especially in rural areas, would not only benefit start-ups but also support broader economic development by improving connectivity and logistics and boosting local economies.

VISUAL: FREEPIK

Equally important to the success of start-ups is access to mentorship and strong support networks. In a landscape where many entrepreneurs lack experience, guidance from seasoned mentors can make a significant difference. Organisations such as the Founder Institute provide invaluable mentorship by connecting emerging entrepreneurs with industry veterans, thus helping new businesses navigate early challenges and fostering a culture of innovation through collaboration and knowledge sharing. Building and maintaining these support networks can help bridge the gap between great ideas and successful businesses, nurturing a more resilient start-up ecosystem.

One issue that often gets overlooked is the weak protection of intellectual property (IP) rights. Many entrepreneurs hesitate to innovate because they fear their ideas might be copied without any legal recourse. Despite the existence of regulations like the Trademark Act of 2009 and the Trademark Rules of 2015, enforcement remains lax, leaving innovators vulnerable. Strengthening IP laws and integrating IP education into academic curricula can encourage more creativity and safeguard the hard work of entrepreneurs.

Often, traditional banking practices, too, create roadblocks for start-ups. Most start-ups cannot meet conservative lending criteria, such as providing substantial collateral and established credit histories, leaving many without the necessary financial backing. Recently, the central bank has encouraged commercial banks to collaborate with venture capital firms by allocating a portion of their operating profit to start-up funding. Such initiatives could open new avenues for financing, making it possible for more start-ups to secure the funds they need to grow.

Attracting foreign investment is another daunting challenge, primarily due to bureaucratic inefficiencies and occasional political instability. Although Bangladesh has made progress, its position in the World Bank's "Ease of Doing Business" index still reflects areas that need improvement. Simplifying foreign investment procedures and strengthening infrastructure can help create a more welcoming environment for international investors.

For start-ups in competitive sectors like FinTech, the race to scale rapidly while maintaining sustainable practices presents a unique dilemma. On one hand, the demand for innovation pushes start-ups to expand quickly, but on the other, the regulatory ambiguities surrounding new technologies like cryptocurrency pose risks. Creating a regulatory sandbox where start-ups can test innovations without facing legal repercussions could foster a more dynamic FinTech ecosystem.

Moreover, tax incentives, while crucial for encouraging entrepreneurship, often remain underutilised due to their complexity. Navigating the application process for incentives, such as corporate income tax exemptions, can be daunting. Simplifying these procedures and making information more accessible would help start-ups capitalise on available support, boosting their chances of success.

In parallel, fostering an entrepreneurial mindset from a young age is vital. Initiatives like BRAC's hands-on entrepreneurship training show how practical skills and business acumen can be developed early on. Entrepreneurship in the school curricula can help students think critically, innovate, and take calculated risks—skills essential for thriving in a competitive start-up environment.

Scaling a start-up is no small feat, especially when balancing growth with sustainable practices. Often, start-ups prioritise short-term gains to meet investor expectations, risking long-term sustainability. Incorporating strategies that align business expansion with environmental responsibility can help start-ups maintain a positive reputation while growing. By adopting comprehensive growth models that emphasise sustainable operations, start-ups can mitigate the risks of rapid scaling.

One aspect that can significantly boost a start-up's growth potential is global exposure. Start-ups often find it challenging to attract international investors due to limited visibility. Forming strategic partnerships and participating in global tech conferences can increase their profile and open doors to new markets. Building a strong international presence not only enhances credibility but also attracts diverse investment opportunities.

Lastly, logistical challenges, particularly in the e-commerce sector, continue to hinder start-ups. High shipping costs, delayed deliveries, and inadequate access to rural areas affect customer satisfaction and business viability. Addressing these issues through technological innovation and partnerships with local logistics providers can make operations more efficient, fostering consumer trust and loyalty.

Mob violence: Causes, consequences, and pathways to justice

Zakir Kibria
is a writer and policy analyst. He can be reached at zk@krishikaaj.com.

ZAKIR KIBRIA

On August 5, 2024, Bangladesh witnessed a seismic political shift with the resignation of Prime Minister Sheikh Hasina following months of youth-led protests. However, the hope for democratic renewal has been overshadowed by an unprecedented wave of "mob violence." Between August 2024 and March 2025, vigilante attacks claimed 119 lives and injured 74 individuals, while 2024 alone recorded 179 deaths—the highest annual toll in a decade, according to the Human Rights Support Society (HRSS). The Daily Star's editorial on April 6, 2025, "Why can't 'mob violence' be contained?" demands urgent introspection.

The term "mob violence" in Bangladesh encapsulates three overlapping phenomena. First, politically motivated lynchings have dominated the post-Hasina era, with over 75 percent of killings between August 2024 and March 2025 targeting Awami League affiliates, including former student leaders and local officials. Second, communal vigilantism has surged. Third, crime-driven retribution accounts for 69 percent of incidents, exemplified by the March 2025 lynching of Riyad, an Uber driver in Dhaka, over false accusations of mugging. While the label "mob violence" broadly captures collective brutality, it risks oversimplifying the interplay of politics, communal hatred, and institutional failure driving these acts.

The collapse of institutional trust lies at the heart of this crisis. Decades of politicised policing and judicial inertia have eroded public faith in governance. A 2024 survey by the Manabadhikar Shongskriti Foundation (MSF) revealed that 72 percent of Bangladeshis distrusted the police to address crimes promptly. Post-Hasina, 30 percent of police positions became vacant, and 450 of 639 police stations became nonfunctional after many were attacked.

Compounding this institutional decay is the role of digital amplification. Social media's rapid spread of rumours has proven lethal. On March 3, 2025, a fake loudspeaker announcement in Chattogram falsely accusing a man of child abduction triggered a mob killing. Cognitive psychology explains this as group dynamics overriding individual rationality. A similar incident occurred in March 2025 at Dhaka University—Tofazzal Hossain, a mentally ill man falsely accused of theft, was lynched.

Historical legacies of vigilantism further normalise violence. Rural dispute-resolution systems like shalish (village councils) have long sanctioned extrajudicial punishments. Urbanisation has fused these practices with political violence, exemplified by the January 2025 Narsingdi incident, where two brothers were beaten to death over a minor auto-rickshaw fare dispute.

The August 2024 uprising led to the dismantling of many law enforcement-related infrastructure, creating a security vacuum. Police retreated from the streets, fearing reprisals, enabling mobs to operate unchecked. Robbery cases in Dhaka surged by 69 percent year-on-year in January 2025, reflecting public desperation and economic difficulties.

Gender and communal tensions have further fuelled the crisis. The Magura child rape case in March 2025 sparked nationwide protests, which devolved into arson attacks on the household of the accused. Meanwhile, communal violence allegedly displaced many minority families in the post-Hasina period, with attacks often conflating political vendettas.

Economic despair compounds these issues. Poverty-stricken regions like Khulna allegedly saw numerous minority homes destroyed in mob attacks linked to unemployment and inflation.

Restoring institutional legitimacy must begin with police reforms. Addressing 30 percent staffing shortages and retraining officers in de-escalation tactics are critical. Prosecuting attackers of law enforcement is equally urgent—225 officers were assaulted between September 2024 and February 2025 alone. Judicial overhaul is also imperative. Fast-track courts for mob violence cases could reverse the current trend, where only 15 percent of 2024 cases resulted in convictions.

Tackling root causes requires economic and social interventions. Poverty alleviation programmes in high-violence areas like Khulna and Satkhira could mitigate desperation-driven crimes. Partnering with tech firms like Meta and TikTok to flag incendiary posts, as outlined in Dhaka Police's 2025 advisory, would counter misinformation.

Community-led initiatives offer promise. The MSF's 2024 pilot programme in Rajshahi reduced "mob violence" by 40 percent through dialogues in mosques, schools, and media campaigns. Mobilising student leaders from the anti-Hasina protests to publicly condemn vigilantism could leverage their moral authority for peace.

However, militarised crackdowns like Operation Devil Hunt—which saw over 1,500 arrests between September 2024 and February 2025 and alleged custodial deaths—risk replicating past authoritarian abuses. Transparent, civilian-led policing must replace such heavy-handed tactics.

Bangladesh's mob violence epidemic is not a law-and-order issue but a crisis of governance, trust, and economic justice. The interim government's rhetoric must translate into action: rebuilding institutions, prosecuting perpetrators, and addressing systemic inequality. As activist Nur Khan Liton asserted, "Without the rule of law, there is no way out." Failure to act risks more deaths due to mob activity in future, entrenching a culture of impunity. The time for accountability is now.

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EDITOR & PUBLISHER: Mahfuz Anam
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Registered & Head Offices: The Daily Star Centre
64-65 Kazi Nazrul Islam Avenue, Dhaka-1215
Phone: 09610222222

Newsroom: Fax- 58156306
reporting@thedailystar.net

Advertisement: 01711623910
advertisement@thedailystar.net
GPO Box: 3257

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