

## When exporters launder crores

Those who are involved must be brought to book

In what seems like a story straight out of a Netflix crime drama, a whopping Tk 821 crore has been laundered out of Bangladesh by 33 ready-made garment (RMG) factories and buying houses over a period of six years. According to a report in this daily, the criminals recorded prices that were up to 10 times lower than the actual rate in their invoices, or used the wrong code, with exports worth hundreds of crores of taka shown as “samples.” These findings were revealed after a six-month investigation carried out by the Customs Intelligence and Investigation Directorate (CIID). We applaud the CIID for unearthing what is one of the biggest known money laundering scams in the country, but we also urge the authorities to ask some crucial questions now that the crime has come to light.

To begin with, how is it that a forgery of such a massive scale went on undetected for so long? The CIID analysed the export data of these companies from January 2017 to May 2023, which means that for at least six years, the fraudsters have been submitting false documents without anyone noticing anything suspicious. For instance, a Dhaka-based buying house shipped 14,085 tonnes of clothing items worth Tk 308 crore to the UAE, Singapore and Malaysia in 2022, but showed 1,342 consignments as “sample goods,” which don’t fetch any export earnings. Is it logical for one buying house to send so many sample goods without raising any red flags? We cannot help but wonder what kind of monitoring systems are in place in the customs department to ensure that dishonest exporters are not regularly and easily swindling them.

The more alarming assumption would be that insiders within the customs department assisted the criminals in carrying out the long con. The CIID – and if needed, external investigators from law enforcement agencies – must investigate the serious possibility of the involvement of customs officials in the scam. Furthermore, moving forward, it must be ensured that the investigators can carry out their work without undue pressure from high-ups. According to a CIID official, many powerful organisations and individuals at home and abroad are involved in the crime, and they must be named and brought to book, no matter how high-profile they are or how much money they have.

The export forgery should come as a wake-up call for the authorities to bolster their inspection and monitoring and to weed out dishonest collaborators within their fold. The Tk 821 crore forgery may only be the tip of the iceberg.

## Stop constant onslaught on our rivers

How did Harihar River get grabbed and turned into small ponds?

It is deeply disturbing to see the fate of most of our rivers – they are continuously being grabbed, polluted or filled up by powerful quarters while the relevant authorities do nothing to protect them. We were dumbfounded to see the picture of one such river published in this daily yesterday, which shows a stretch of the Harihar River at Swaranpur village in Jashore’s Manirampur upazila that local influentials have occupied and divided into at least 50 small ponds by building dams for fish farming. The 45km river, which was once a source of livelihood to the local people, now only serves the interest of a few who have reportedly grabbed most of it – for fish and paddy farming, sand lifting or other purposes. Sadly, according to news reports, the local authorities are doing nothing to recover the river from these grabbers.

Reportedly, the Bangladesh Water Development Board (BWDB) undertook a project in 2021, under which it only excavated a 15km stretch of the river. It now says that the remaining 30km would be excavated once another project is approved by the government. The BWDB also says that they will evict all the encroachers once the project work starts. However, it all seems like routine statements from the authorities, who always talk about protecting our rivers but hardly walk the walk.

In the last couple of years alone, we have seen many of our rivers getting grabbed by not only influential people, but also by the authorities who are empowered to protect them. We have seen how a road has been built through a river by brick kiln owners, how another river has been destroyed to build a highway, or how rivers in general have been used as waste-dumping grounds. And all this has been done despite there being specific High Court directives to protect them, and despite the court’s declaration in 2019 that rivers are “living entities.”

In the case of Harihar River, the BWDB should immediately identify the grabbers and evict them. If needed, the National River Conservation Commission (NRCC) should also step in so that this once flowing river can be a source of living for all the local residents.

## LETTERS TO THE EDITOR

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### Focus on smart education

If we want to fulfil the dream of Smart Bangladesh, we need innovative education. The modern world is adapting to new technologies and educational methodologies. To keep up, we need a transition from certificate-based education to competency and holistic-based learning. Students need to emphasise acquiring practical skills and knowledge directly pertinent to real world circumstances. If we offer students a smart education system and provide access to current events and in-demand knowledge, they will be able to maintain their competitive edge in the national and global labour markets. I urge a greater emphasis on technical and practical education so we can transform unproductive graduates into human capital.

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# Everything that’s wrong with our stock market right now



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Last month, the HSBC Global Research stated that the floor price put on the Bangladesh stock market is making it an “unimpressive equity market,” as the restriction has turned the market illiquid and left a dent in the investors’ confidence. To stop the free fall of market indices amid global economic uncertainties, the Bangladesh Securities and Exchange Commission (BSEC) set the floor price of every stock at the end of July last year. Stock prices are not allowed to fall below that.

Two years back, the HSBC Global Research termed our stock market a “hidden gem,” considering its huge potential to grow according to the earning projections of listed companies. The multinational bank’s research wing had expected more foreign investors to enter the market. Then what problems are plaguing the stock market now? Is the floor price the only reason for putting a dent in people’s confidence? Is the confidence crisis a recent event for the market?

Firstly, there are a number of reasons for the confidence crisis, including long-term issues that are increasingly more evident nowadays. Foreign portfolio investors realised the situation earlier, so they started to sell off their stakes in 2018. Over the last five years, they have gradually shrunk their investment in Bangladesh.

The prime reason for this phenomenon is that the central bank did not allow devaluation of the local currency against the US dollar. At the same time, foreign exchange reserves were shown artificially high. The foreign portfolio investors realised that any artificial influence in foreign exchange is not sustainable and hurts investors’ confidence. Moreover, investors prefer market-based and gradual adjustment policies.

Another reason for this lack of confidence is sudden change in policies. There are a number of instances where the government intervened in the matters of listed firms, so foreign investments were impacted along with local ones.

Take the case of Titas Gas, for example. Without any prior notice, in 2015, the Bangladesh Energy



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Regulatory Commission (BERC) cut the fee Titas charges to distribute lines. As a result, the utility company lost more than Tk 3,000 crore in market value over a period of five months. The foreign investors saw huge erosion of their funds and sold their shares. The same kind of intervention was seen in the then largest listed company, Grameenphone, in 2018. The list goes on.

The BSEC itself started to intervene in the market by extending the tenure of mutual funds. When investors were waiting to get their money from the funds, the regulator’s decision forced them to wait for another decade. Another example of the BSEC’s intervention is setting the floor price.

To keep the stock market artificially high, the BSEC intervened in the price discovery mechanism by setting the floor price for the first time in 2020. Following that, people’s investments were stuck in the market till the floor

price removal in 2021. The regulator lifted it due to huge criticism from local and foreign investors. People thought that the BSEC had realised this was a wrong move, but the regulator reintroduced the floor price again in 2022, blaming the Russia-Ukraine war for its decision. Meanwhile, rampant manipulation in the market is also eroding confidence. It is a common scenario in

the stock market that low performing or junk stocks are being placed in the top gainers’ list or top turnover list. This makes it seem like the junk stocks are promising, and so people rush to buy them despite the high risk, which ultimately makes the market drier for well-performing stocks. The BSEC looks into manipulations but gives light punishment to wrongdoers. As a result, those with ulterior motives are encouraged to game the system. Lack of good governance is quite common in the listed firms, which is another reason for people losing their faith in the market. Most of the listed firms are run by directors and influence the activities of the companies massively. Many treat the companies as family-run businesses. HSBC called the market a hidden gem mainly based on earning estimates of the listed companies. However, investors do not trust the companies’ financials, and therefore the

from the equity market. Are they doing so?

They are not, because an abundant number of banks are ready to provide adequate finance at very easy conditions. Rather, listing with the bourse will bind the entrepreneurs to come under specific rules and regulations. As bank loans are easier, they have few reasons to go public.

All in all, good governance in all the financial markets is key to restoring confidence. Until that faith returns, our stock market will have trouble raising funds. The central bank will have to force all the banks not to provide long-term loans, so that all the conglomerates come to the market to raise funds. And the stock market regulator has to minimise manipulation by giving exemplary punishment to wrongdoers. Finally, any intervention in the stock and foreign exchange market may not be beneficial.

# The algorithmic trap of short videos on social media

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Almost one-fourth of Bangladesh’s population use social media and is now exposed to a new and addictive form of entertainment: short-form videos. Once you are hooked, it is hard to overcome this addiction, and brushing this problem aside may prove to be a disaster for the youth of our nation.

From Instagram Reels to YouTube Shorts, social media platforms have evolved so much in recent years that they are a new beast. Behind the alluring interfaces and endless feeds lie complex algorithms that have altered the way we engage with video content. These algorithms aim to maximise user interaction and ad revenue, and have given rise to what experts now call the “algorithmic trap.” This terminology defines circumstances in which users get repeatedly drawn into a loop of content that aligns with their pre-existing preferences. For example, after searching for a particular show, the platforms continue to push similar content into our feed, regardless of whether we wish to see it or not. To maximise user engagement and profits, platforms like Facebook and Youtube are now pushing short videos to the users, while the algorithmic trap waits for its preys.

Short-form videos have the potential to cause harm to the viewers, especially the young people, due to their addictive quality. A reason why people are engaging more with short videos is because of their “completeness.” Finishing one such video takes less than a minute, which

viewing.

If a user becomes addicted, they may not be able to get out of the content loop and focus on what actually matters to them, like work. Such an intensity of pleasure pushes many to watch videos while working or studying, resulting in less efficiency



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PHOTO: REUTERS

highly stimulates the human brain, making us think that these types of videos are more interesting. And with the help of the nebulous algorithms, users get bombarded with the content that is based on their consumption pattern. The end result: users can always come back to the videos that excite their brains. This whole process may push them into a loop of endless

and distraction.

A recent study, published in the journal *Frontiers in Public Health*, found that addiction to short videos has a negative impact on learning motivation and well-being. It also adds that although these types of videos have some positive effects, they are a catalyst to video addiction. A concerning statement was made

in another study published in the *International Journal of Contents*, “Although short video users are aware of their addiction to short videos and consciously stop watching short videos or even uninstall the application, suddenly stopping short video viewing can cause anxiety and depression.”

This does not bode well for those who enjoy such content, as earlier research showed that addiction to relatively longer videos can be overcome. The study also stated that this type of video addiction negatively impacts the psychological well-being of students, whom we consider to be the foundation of the nation’s future. If we overlook these phenomena, it may bring detrimental effects for society.

Considering Bangladesh’s huge population and its young and energetic minds, we must not ignore the consequences of these platforms. According to Meta, the company that owns Facebook, our country ranked third in terms of monthly active users in the globe in 2022. In early 2023, there were 43.25 million and 34.40 million active Facebook and Youtube users, respectively, in the country, a large number of whom were aged between 13 and 34. People in this age range are the most productive members of society. Our youngsters may not even understand that they are in an algorithmic trap, but it is the duty of parents and educational institutions to counsel them. Otherwise, Bangladesh may end up with countless victims of short-form video addiction.