

# Star BUSINESS

Bangladesh's high youth unemployment rate necessitates specific remedial steps, which the national budget lacks

Story on B4



## BSEC suspends several BO accounts of RACE

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) suspended several beneficiary owners (BO) accounts of Bangladesh RACE Asset Management to protect the interest of unitholders of the mutual funds and shield them from mismanagement of assets.

RACE manages 10 closed-end mutual funds with holdings totalling approximately Tk 3,000 crore.

In an order issued yesterday, the stock market regulator said the asset manager opened and maintained BO accounts in different brokerage houses, namely Multi Securities, Smart Traders, and Trust Bank Securities for the mutual funds under its management.

This is a breach of rules as securities under mutual funds are supposed to be kept under the safe custody of the approved custodian of the respective mutual fund.

The rules were made to protect the interests of unitholders of mutual funds and shield them from mismanagement of assets and securities by the asset manager.

It is urgently required to review the role of the parties concerned with mutual funds, including trustees, custodians and asset managers, and see whether they were negligent in ensuring the safe custody of securities of the mutual funds, the BSEC said in the order.

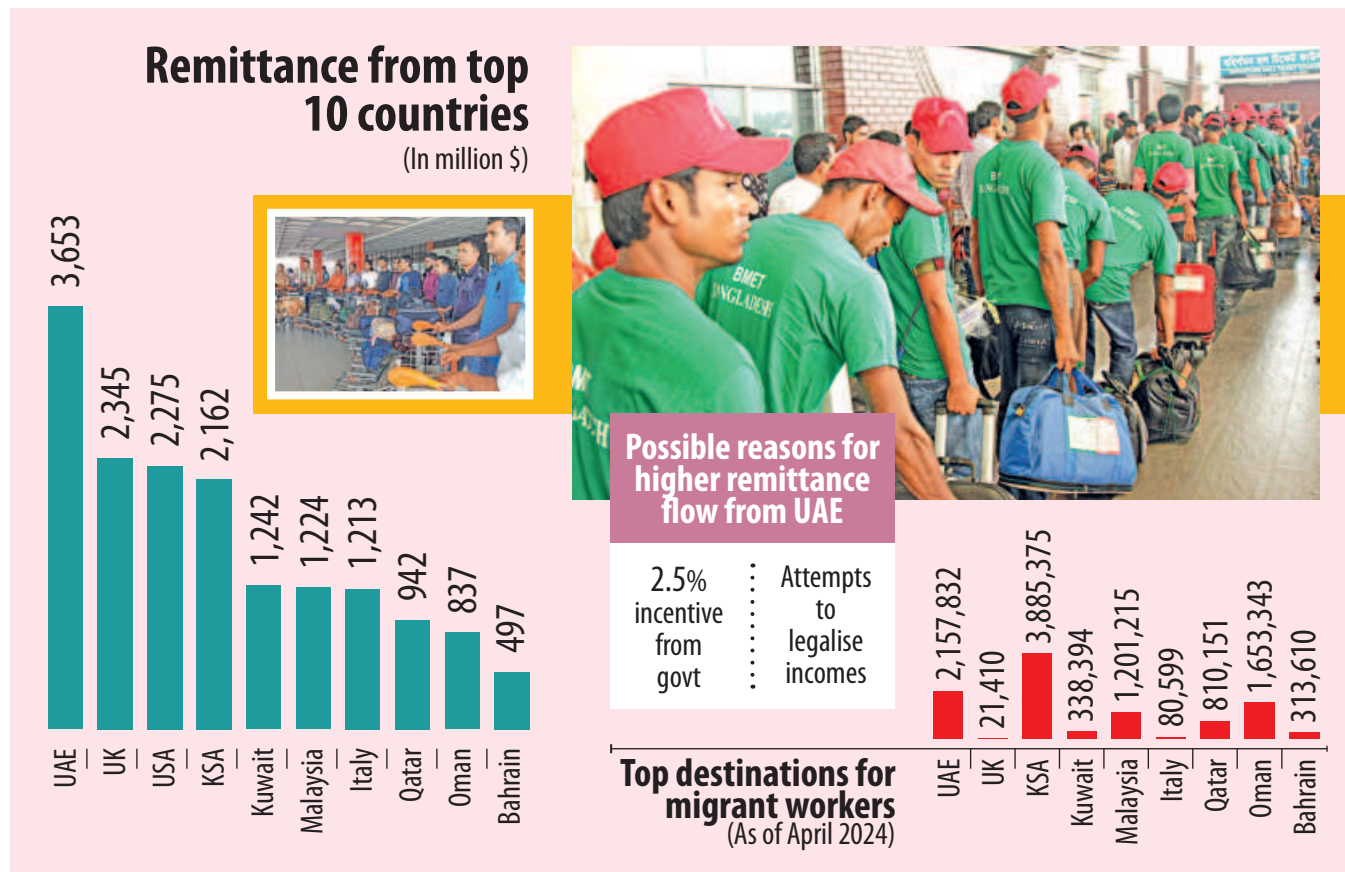
In this regard, the regulator instructed the Central Depository Bangladesh Ltd, exchanges, trustees, custodians and asset managers to suspend those BO accounts which are not maintained with approved custodians of the respective mutual funds.

Each respective trustee of the mutual funds under the management of RACE shall take control of all the BO accounts opened and maintained with any stock broker in the name of the respective mutual funds under its trusteeship, the regulator said.

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## UAE emerges as top remittance source for Bangladesh

Experts cite incentives and money whitening attempts for the change



AM JAHID

Bangladesh received the highest remittance from the United Arab Emirates in the first 10 months of the outgoing fiscal year, well ahead of traditional powerhouses such as Saudi Arabia and the United States, central bank figures showed.

The second-highest volume came from the United Kingdom, with the US was at third and Saudi Arabia at fourth.

The spike in the funds remitted from the UAE has been good news for Bangladesh since it gave a much needed fillip to an economy reeling under the foreign currency reserves crisis for the past two years.

Experts, however, have raised questions about whether the smuggled money is returning in the form of remittance to enjoy incentives and legalise it.

UAE-based remitters sent \$3.65 billion in July-April of 2023-24, which was 52 percent higher than the receipts of \$2.41 billion in the same period of the previous fiscal year. It was third-placed in July-April of 2022-23.

The flow from the UAE constituted 19 percent of the \$19.11 billion migrant workers transferred during the period, according to Bangladesh Bank data.

It comes as the Gulf nation has become a major hub for investments for Bangladeshis although how the financing could not be known immediately since only a handful of companies have received permission from the BB to invest abroad.

Many Bangladeshis have allegedly laundered money to the UAE illegally and invested there, according to media reports.

Dubai, the most populous city in the

UAE, and the capital of the Emirate of Dubai, is currently one of the favourite destinations among the wealthy population in the world to siphon money, according to experts.

The fact that the UAE is not the largest destination for Bangladeshi expatriates has also deepened the suspicion.

Bureau of Manpower, Employment and Training (BMET) data showed 21.58 lakh people have gone to the country in search of jobs since 2004, which is 44.5 percent lower than the 38.85 lakh people who departed for Saudi Arabia, home to the largest number of migrant workers from the South Asian nation.

However, remittance receipts from the UAE were 40.8 percent higher than that of Saudi Arabia in the first 10 months of FY24. In July-April, \$2.16 billion came from Saudi Arabia, down from \$3.04 billion a year ago.

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## Matiur's stock scandal just the tip of the iceberg

AHSAN HABIB



Md Matiur Rahman, the disgraced senior official of the National Board of Revenue (NBR), opened a Pandora's Box when he claimed during an interview with a local television station that he received placement shares of a company below the face value.

Placement refers to the sale of securities to a group of investors, either on a public or private level.

Companies can't sell their shares at a discount without getting any special approval from the High Court. Therefore, how the influential tax man got the share of Fortune Shoes at Tk 8 instead of the face value of Tk 10 before it went public in 2016 raised questions.



Analysts have long alleged that most of companies are compelled to give shares to the influentials sometimes at a price that is lower than the face value and sometimes free. And without issuing shares to powerful people, companies will face difficulties in getting listed and running their business, they said.

Furthermore, some companies gift placement shares to the vested quarters to avail illegal benefits from authorities and regulators.

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STOCKS	
DSEX ▼	CASPI ▼
0.51%	0.64%
5,220.18	14,726.14

COMMODITIES	
Gold ▲	Oil ▲
\$2,325.55	\$81.01
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.17%	▲ 0.54%	▲ 0.25%	▼ 1.17%
77,341.08	38,804.65	3,314.14	2,963.10

## Two Indian SEZs saw no visible progress in over two years. Here's why

JAGARAN CHAKMA

India's Prime Minister Narendra Modi emphasised the need for initiating operations fast at two special economic zones (SEZs) meant for Indian companies on meeting with his Bangladeshi counterpart Sheikh Hasina in Delhi on June 22.

However, the Adani Ports and Special Economic Zone (APSEZ), the company contracted to develop one of them in Mirsharai, has taken a go-slow policy due to global economic crisis.

Bangladesh Economic Zones Authority (Beza) signed a memorandum of understanding with APSEZ in October 2019 for the SEZ's development on 900 acres of land inside Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram's Mirsharai.

In April 2022, they signed another deal on the terms of forming a joint venture (JV) for the purpose.

"We sent a draft (on how the JV would be run) to the APSEZ. But we are yet to receive final feedback from them," said Shaikh Yusuf Harun, executive chairman of Beza.

Besides, two Indian companies selected by the Indian government to place bids for the SEZ's earth filling project informed of their withdrawal just a day before the February 29 tender submission deadline this year, he said.

As such, Beza wrote to the Exim Bank of India and Indian authorities to allow Bangladeshi firms to participate in the bidding process, an option unavailable under

### AT A GLANCE

- Work on special economic zones (SEZ) for India stagnant for over two years
- India to provide \$115m under its LoC for the Mirsharai project
- Negotiation on SEZ in Mongla is about to complete
- India to provide \$15m for the SEZ in Mongla

### TIMELINE: Indian SEZ in Mirsharai

**February 2019**

Ecneec gives nod for a project worth Tk 845cr for Indian special economic zone in Mirsharai

**April 2019**

Beza teamed up with Adani Ports and Special Economic Zone (APSEZ) to run the SEZ

**April 2022**

Terms sheet was signed between Beza and APSEZ to form a joint venture

**July 2022**

Beza sent a draft to APSEZ to form JV

an Indian line of credit (LoC) for implementing the project, he said.

Another condition stipulates that 65 percent of components must be purchased from India during the implementation of any project under the Indian LoC, which is another obstacle to implementing the Indian SEZ, he noted.

Against this backdrop, the progress of the Indian SEZs has stagnated over the past two years, the Beza executive chairman said.

However, officials of APSEZ, preferring anonymity, told The Daily Star that they were following a go-slow strategy due to the

ongoing global economic crises.

"If APSEZ was to implement the project at this moment, there is no possibility of getting investment from Indian companies due to the impacts of the ongoing global economic crises," an official said.

The official added that they would stick to their plans even though they were being delayed by present realities.

Harun said they are ready to implement the project at Mirsharai as they have already received approval for \$115 million in financing support under a third Indian LoC, amounting to \$4.5 billion.

### Why the delay

APSEZ is following go-slow policy due to global economic crisis

APSEZ is yet to send any final feedback to form JV to run the SEZ

Two Indian firms refused to join bidding on February 28, 2024

He added that Beza was ready to hand over the land to APSEZ so that it could begin relevant construction work.

In February 2019, the Executive Committee of the National Economic Council approved a project worth Tk 845 crore, including the acquisition of 1,000 acres of land in Chattogram's Mirsharai for Indian investors.

The implementation of the SEZ would bring down the trade gap between Bangladesh and India, which is currently heavily tilted towards the latter, Harun said.

The purpose of this project is to establish a

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## South Korea offers \$100m in budget support

STAR BUSINESS REPORT

The government is going to get \$100 million in budgetary support from South Korea to fund a "Second Strengthening Social Resilience Program, Subprogram-1".

The annual interest rate for the loan will be 1 percent and it will have a maturity period of 25 years, which includes a grace period of a total of seven years, according to a statement of the Economic Relations Division (ERD).

Mirana Mahrukh, additional secretary to the ERD, signed a deal in this regard with Hwang Kiyeon, executive director of the Export-Import Bank of Korea (Korean Eximbank), at a programme, read the statement.

The deal aims at bolstering social resilience and improving the inclusiveness and responsiveness of social protection systems in the country, the ERD said.

The policy reform programme crafted by the Finance Division in collaboration with other relevant ministries outlines measures to enhance social resilience.

The loan agreement underscores the ongoing partnership between Bangladesh and Korea.

Korea Eximbank has extended soft loans to various key development projects in Bangladesh since 1993.



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