



Clients struggle to retrieve funds from Moshihor Securities

AHSAN HABIB

Hundreds of small stock market investors are suffering for being unable to get back their money, which was embezzled by a brokerage house months back.

The embezzlement took place at Moshihor Securities last year and many investors, for example Boni Amin and Sher Ali, fell into trouble.

Ali, a retired service holder, opened a beneficiary owner's (BO) account with Moshihor Securities around 15 years back and invested around Tk 20 lakh in several stocks.

Initially, he incurred losses which eroded his capital.

Later, he decided to invest a big amount of money in the Dhaka Electric Supply Company Limited (DESCO) to avail good dividends each year. So, he bought around 14,000 shares of the company.

Last November, he went to the brokerage house to transfer his shares after hearing news reports that the Dhaka Stock Exchange (DSE) had found shortfalls in the brokerage's customer accounts.

It was then that he came to know that all of his shares had been sold off.

"I lost my savings initially by investing in several stocks. Now the brokerage house has eaten my full investment," he said while talking to The Daily Star recently.

The brokerage house gave Sher Ali a cheque worth Tk 5 lakh, although it was not clear how it arrived at the amount against the share sale proceedings.

Even then, the cheque bounced. Now, Sher Ali cannot reach anyone. "I am very upset and cursing my luck for even investing in the stock market," he said.

READ MORE ON B3



Waning foreign investment a wake-up call for policymakers

KEY REASONS FOR LOW FDI IN BANGLADESH

Bribery and corruption

Political instability

Inflation, currency volatility

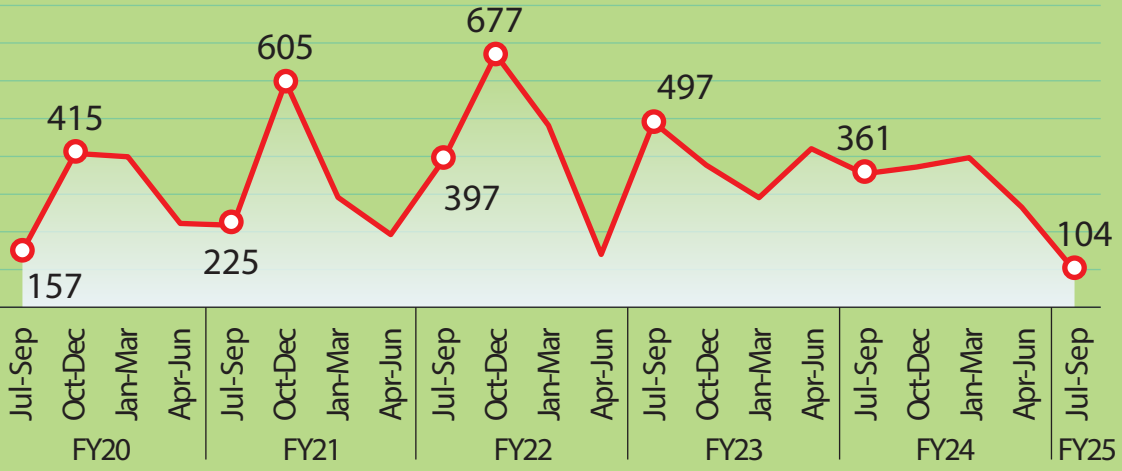
Bureaucratic inefficiencies

Lack of consistency in govt policies

Sudden changes of rules and policies

Quarterly FDI inflow to Bangladesh

In million \$; SOURCE: BB



JAGARAN CHAKMA

The inflow of foreign direct investment (FDI) into Bangladesh is facing critical challenges as a plethora of factors have caused it to stagnate to a mere 0.5 percent of the country's gross domestic product in recent years.

In the July-September quarter of FY25, the South Asian country received 71 percent less foreign investment year-on-year, down from \$360.5 million in the July-September period of FY24, according to Bangladesh Bank data.

Even more concerning is the fact that a recent report by the Bangladesh Investment Development Authority (BIDA), styled 'The FDI Heatmap', emphasised the significant lack of structured investment promotion campaigns for domestic industries.

According to the report, only 45 percent of all foreign investments in Bangladesh qualify as actual FDI. The majority consists of intercompany loans or reinvestments.

This is an alarming development, especially as economists have cited the need to increase the amount of foreign investment in order to create jobs, spur business activities and put

the economy back on track for years now.

This raises the question of why FDI has continued on a downward trend despite numerous authorities advocating measures to enhance inflows.

Experts identified several barriers, including political instability, economic uncertainty, bureaucratic inefficiencies, and inconsistent policies.



They also pointed to high inflation, currency volatility, and inter-agency misalignment, which collectively undermine investor confidence and hinder economic growth.

Bangladesh's political landscape took a tense turn in mid-2024 when months-long protests against the then Awami League government culminated in a mass uprising that saw its ouster.

This shift disrupted the economy and

created doubts about stability and governance -- key factors in attracting FDI.

The political unrest was further compounded by a deteriorating law-and-order situation, leaving investors in a "wait-and-see" mode.

Additionally, economic problems, including rising prices, an unstable local currency, and a lack of US dollars, continue to make it harder for foreigners to invest. Policy inconsistency is another major concern.

"Bangladesh is grappling with fundamental economic issues that significantly deter investment decisions," observed M Masrur Reaz, chairman of Policy Exchange Bangladesh.

According to him, restoring macroeconomic stability is essential for meaningful improvement in FDI inflow.

Over the last 15 years, corruption extended beyond bribery, hitting new heights, including manipulation during policy formulation, Reaz observed, adding that this rise in corruption significantly discouraged FDI.

Economic experts also point to deep-

READ MORE ON B3

Defer LDC graduation by 3 years: BCI

STAR BUSINESS REPORT

The government should take steps to defer Bangladesh's United Nations status graduation from a least developed country (LDC) to a developing one by at least three years, said the Bangladesh Chamber of Industries (BCI) yesterday.

"We are not ready for LDC graduation right now. Why should we consciously commit suicide?" said BCI President Anwar-ul Alam Chowdhury at a press briefing organised by the BCI in the capital.

He also shared his concerns over the country's economic challenges and business climate.

Chowdhury alleged that the previous Awami League government pursued the LDC graduation based on inflated economic figures in order to portray an achievement.

"If the graduation is not deferred, the economy will face a massive collapse," he said.

The garment and textile sector, which accounts for 40 percent of manufacturing employment and contributes roughly 85 percent of exports, will bear the brunt of the challenges, he added.

Chowdhury said Vietnam would enjoy zero-tariff access to the European Union from 2027, while European importers of Bangladeshi garments would face a 12 percent duty from 2029.

"We strongly believe that the graduation period should be deferred by at least three more years," he said.

Other business platform earlier also recommended the deferment.

But Education and Planning Adviser Wahiduddin Mahmud had pointed out that Bangladesh had no option to adopt the deferment.

Members of a committee which prepared a white paper on the state of Bangladesh's economy also advised the government not to defer the LDC graduation.

About the current economic situation, Chowdhury alleged that the incumbent government was trying to steer the country



BCI President Anwar-ul Alam Chowdhury alleged that the previous Awami League government pursued the LDC graduation based on inflated economic figures in order to portray an achievement

based on the International Monetary Fund's (IMF) prescriptions.

"It will not suit the nation's existing economic conditions," he said.

Bangladesh Bank has adopted contractionary policies, reduced liquidity, and taken "unfavourable" steps for the economy, industries, and businesses, he said.

"While partial adherence to IMF prescriptions can help meet compliance requirements, full implementation will adversely impact the economy," said Chowdhury.

The BCI president criticised the government for "not prioritising economic reforms".

"High-interest rates, contractionary monetary policies, unresolved energy crises, and potential fuel price hikes clearly show the government's approach is not supportive of industrial growth," Chowdhury said.

He warned that such policies would not only deter new investments but also make survival difficult for existing industries.

READ MORE ON B3

Fragrant rice production nearly doubles in seven years

BAHARAM KHAN and SUKANTA HALDER

The production of aromatic rice has nearly doubled in Bangladesh over the past seven years, with farmers showing interest in growing the grain in order to profit from its higher prices compared to traditional parboiled rice.

Farmers produced 5.79 lakh tonnes of aromatic rice in the fiscal year 2017-18, while the amount produced in the fiscal year 2023-24 was 10.23 lakh tonnes, according to a food ministry document.

Mohammad Khalequzzaman, director general of the Bangladesh Rice Research Institute (BRRI), said exports are the main reason for increased cultivation.

The government allowed exports of premium quality rice a few years ago.

As a result, many farmers focused on producing aromatic rice, which led to a significant rise in production, he added.

Khalequzzaman further stated that another reason for the expansion of aromatic rice

cultivation is that this variety of grain provides better yields and is tastier compared to local varieties.

Aromatic rice is cultivated in various districts of the country, with the same variety often being referred to by different names depending on the region. This type of rice is grown during the Aman season.

BRRI data shows that 33 types of aromatic rice are currently being cultivated in Bangladesh.

An official of the food ministry said rising demand in both local and international markets, coupled with attractive prices for aromatic rice, motivated farmers to expand cultivation in recent years.

As such, traditional indigenous varieties are being overshadowed as farmers shift to those offering double the yield and higher profitability.

While local varieties typically produce 187 to 299 kilograms (kgs) of rice per bigha, high-yielding varieties can produce between 448

and 821 kgs per bigha.

The Department of Agricultural Extension (DAE) reports that the country's climate and soil conditions are well-suited for cultivating aromatic rice.

Naogaon, Rajshahi, Panchagarh, Rangpur, Mymensingh, Dinajpur, Sherpur, and Thakurgaon are major hubs for the commercial production of aromatic rice in Bangladesh.

Another official of the food ministry said the demand for aromatic rice is rising due to improvements in the socioeconomic conditions of the country's population.

Due to this, farmers are becoming increasingly attracted to crops that offer good prices, leading to a near doubling of aromatic rice production in recent years.

Besides, even major corporate groups have entered the aromatic rice market.

But while production has grown rapidly, consumer demand has not kept pace, prompting many traders to urge the government to facilitate exports, the official added.

He also said the price difference between high-quality parboiled rice and aromatic rice is only Tk 10 per kilogramme, which is not favourable for farmers.

So, allowing limited exports could benefit farmers by providing them with higher returns, he added.

On the other hand, officials of the Food Planning and Monitoring Unit have cautioned against the potential downsides of exports.

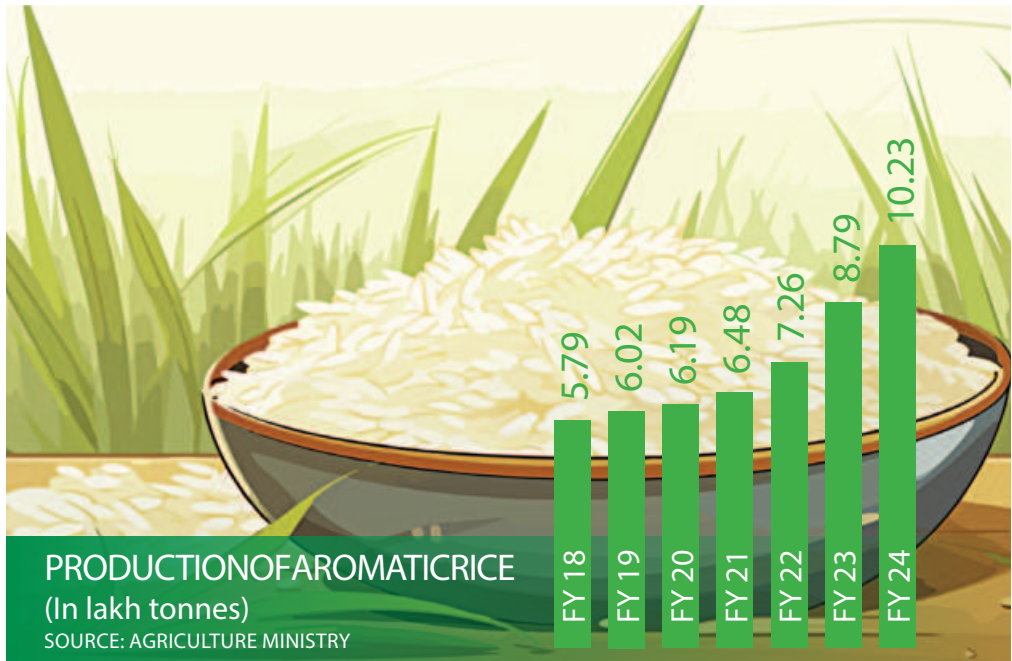
One noted that as the availability of agricultural land in the country is shrinking, an increase in aromatic rice cultivation could lead to a decline in coarse rice production, negatively impacting the primary food supply.

"Therefore, a careful balance must be maintained," he added.

Food Adviser Ali Imam Majumder said: "We are currently importing a significant amount of rice; now is not the right time to export aromatic rice."

"If allowing limited exports benefits farmers, it would require approval from the

READ MORE ON B3



PRODUCTION OF AROMATIC RICE

(In lakh tonnes)

SOURCE: AGRICULTURE MINISTRY

MyPrime SIGN-UP NOW

GET 300 TK CASHBACK

*Conditions Apply