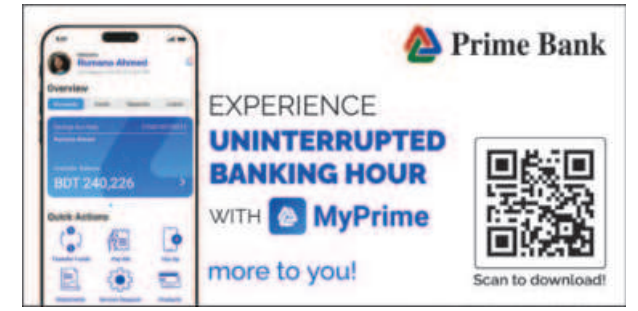


Star BUSINESS



15 banks account for two-thirds of total CSR spending

STAR BUSINESS REPORT

One-fourth of the 61 banks in Bangladesh accounted for 72 per cent of the total Tk 1,129 crore spending on Corporate Social Responsibilities (CSR) in 2022, according to a Bangladesh Bank report released last week.

The remaining banks spent the rest 28 per cent, the data showed.

Bankers say they spent most of the money for education, health and disaster management and climate change adaptation as per the guideline.

As per the rule, banks have to invest 30 per cent of their CSR fund in education, 30 per cent in health and 20 per cent in disaster management and climate change adaptation.

Additionally, they have to send 5 per cent of their

Bankers say they spent most of the money for education, health and disaster management and climate change adaptation as per the guideline.

CSR funds to the Prime Minister's Education Assistance Trust, according to the central bank's directive.

"Our spending for education under CSR is increasing. A portion of our CSR funds also goes to the Prime Minister's Relief and Welfare Fund. We participate whenever there is a national call like natural disaster," said M Reazul Karim, managing director and CEO of The Premier Bank.

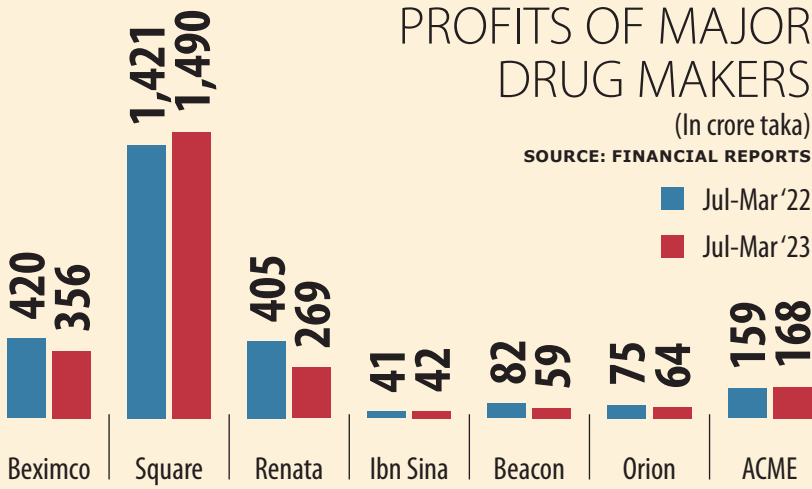
The private bank spent Tk 49.5 crore for CSR initiatives in 2022 and was the fourth largest spender in this area after Islami Bank Bangladesh Ltd (IBBL), Dutch-Bangla Bank Ltd (DBBL) and Exim Bank.

"Our CSR activities mainly cover humanitarian and disaster relief, education, health, environment as well as arts, literature, culture and sports. During 2022, we spent Tk 327 crore for covering 632,674 beneficiaries," said

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PHOTO: RAJIB RAIHAN



TAKEAWAYS

- Profits of listed drug makers dropped 10% to Tk 2,881cr in Jul-Mar
- Among 25 drug and chemical companies, 8 saw profits rise
- 13 posted lower profits and 4 others incurred higher loss

WHY PROFITS FELL...

- Price hike of raw materials
- Depreciation of local currency
- Higher borrowing costs
- Lower income from investments
- Higher costs of energy



Higher costs, volatile dollar hit drug makers' profits

AHSAN HABIB

Most of the listed pharmaceutical companies in Bangladesh logged lower profits despite higher sales in July-March of the current financial year owing to a spike in the cost of production.

Of the 25 drug makers and chemical companies listed with the Dhaka Stock Exchange, eight witnessed higher profits, 13 registered lower profits, and four incurred losses in the first nine months of 2022-23.

The profit situation worsened in the third quarter as the earnings of 22 listed drug makers dropped compared to the identical period a year earlier.

Leading drug maker Square Pharmaceuticals' profits rose 5 per cent year-on-year to Tk 1,344 crore in the first three quarters of FY23. However, its profits dropped 5.6 per cent to Tk 383 crore in January to March.

Another top drug maker Renata Ltd's profits dipped 33 per cent to Tk 269 crore between July and March.

"Though Renata witnessed higher sales, its profits dropped mainly due to higher raw material prices and other costs," said Jubayer Alam, company secretary of Renata.

Raw material prices rose due to the global inflation driven by the Russia-Ukraine war and increased shipping costs.

"The cost of production also rose through the higher energy bills and borrowing costs," Alam said.

In order to prevent the fast depletion of the foreign currency reserves, the government increased diesel prices by 36.25 per cent and furnace oil prices by 37 per cent in August before cutting it by Tk 5 per litre.

Electricity prices rose 15.71 per cent alone between January and March. In January, gas prices were raised by 150 per cent for large industries and 154.7 per cent for medium industries.

"The income from the investments in fixed deposits also fell. Moreover, the costs of borrowing increased while the foreign exchange losses increased," Alam added.

The situation is almost the same for all of the pharmaceutical companies and the profit of most companies declined, said a top official of a pharmaceuticals

company, preferring anonymity. The fall in exports also pushed down the profits.

Pharma exports have witnessed a downward trend recently due to the global economic crisis as consumers in the western nations tightened their belts for the higher cost of living.

Shipment dropped 9.19 per

cent to \$84 million. Even when they are importing, companies are being compelled to pay more for the higher input prices globally and shipping costs and for the weaker taka. The local currency has lost its value by about 25 per cent against the US dollar in the past one year and 15 per cent between July and March.

Bangladesh needs to import \$1.3 billion worth of raw materials annually for the burgeoning pharmaceuticals sector since local firms can at best meet 10 to 15 per cent of the demand for inputs.

The sector meets 98 per cent of the local consumption and also ships products to around 150 countries, including several developed nations. Drug maker Beximco Pharmaceuticals also logged lower profits. Its profits declined 15 per cent year-on-year to Tk 356 crore in the three quarters.

The pharmaceutical giant blamed the increased cost of production for the decrease in profits. Beximco Pharmaceuticals earned a net amount of Tk 61.9 crore by distributing Covid-19 vaccines in July-March of 2021-22, under a tripartite agreement with the Serum Institute of India and the government of Bangladesh.

Likewise, the LC opening for capital machinery used in the

pharmaceuticals sector declined 40 per cent to \$84 million. Even when they are importing, companies are being compelled to pay more for the higher input prices globally and shipping costs and for the weaker taka. The local currency has lost its value by about 25 per cent against the US dollar in the past one year and 15 per cent between July and March.

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Reinvestment of earnings pushed FDI up in 2022

AKM ZAMIR UDDIN

Foreign direct investment (FDI) in the country increased 20 per cent year-on-year to \$3.48 billion in 2022 for a surge in reinvestment of earnings by foreign companies.

Analysts say the increase in FDI would not have any significant impact on the economy since there was a remarkable decline in the inflow of equity capital and intra-company loans, two major components of the inflow.

Net FDI inflows are the value of equity capital of non-resident investors, including reinvested earnings and intra-company loans. This excludes the amount that goes out of a country through the repatriation of capital and repayment of loans.

Reinvested earnings stood at \$2.51 billion last year, up 61 per cent year-on-year, showed data from Bangladesh Bank. Foreign investors usually invest such types of funds from their earnings generated by companies located in Bangladesh.

Equity capital, which is brought from abroad to set up new industries or expand the existing ones, declined to \$1.02 billion in 2022, down 10.2 per cent from that the year before.

There is also a negative development in the field of intra-company loans, the funds of which are borrowed by foreign firms from parent entities, as it registered an outflow of \$57 million in contrast to an inflow of \$194 million in 2021.

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As the purchasing capacity of low-paid skilled and unskilled workers is falling, they are compromising on food and non-food expenditures, said an expert.

PHOTO: SHEIKH NASIR

National BUDGET FY2023-24

Govt plans smaller rise in next ADP

REJAUL KARIM BYRON and MD ASADUZ ZAMAN

The government plans to increase its development spending slightly in the upcoming fiscal year due to the narrow fiscal space, the dollar crisis, the conditions attached to the IMF's loan programme, and higher expenses on subsidies and interest payments.

The government is going to unveil a Tk 263,000 crore annual development programme (ADP) for 2023-24, beginning on July 1, an increase of 6.8 per cent from the original allocation in the current fiscal year of 2022-23.

If the funds to be set aside for the state-owned enterprises are included, the size of the development budget will be Tk 274,000 crore, which is 7 per cent bigger than the current ADP.

Last week, the planning commission, at a meeting chaired by state minister for planning Prof Shamsul Alam, finalised the proposed ADP. It may be placed at the next meeting of the National Economic Council on May 11 for final approval.

Prime Minister Sheikh Hasina is expected to chair the meeting, said a top official of the planning commission.

Except for the pandemic-hit 2020-21, the ADP size has seen an increase of at least 9 per cent in every financial year from the preceding year.

In FY21, the size of the ADP rose 1.19 per cent to Tk 205,145 crore. But if the development budget for the SoEs was taken into account, the ADP stood at Tk 214,611 crore in FY21, down from Tk 215,113 crore in FY20, the first decline in terms of allocation in the country's history.

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STOCKS		AS ON WEDNESDAY
DSEX	▼	0.02%
CASPI	▲	0.05%
		6,269.16
		18,481.52

COMMODITIES	
Gold	▼
Oil	▲

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.91%	▲ 0.12%	▲ 0.22%	▲ 0.82%
61,749.25	29,157.95	3,269.18	3,350.46

Growth in monthly wages still below inflation

MAHMUDUL HASAN

Monthly wage growth for workers in Bangladesh has remained below the inflation rate for 15 months consecutively, suggesting that many people are having to reduce consumption to cope with increased financial stress.

In April, wages of low paid skilled and unskilled workers grew 7.23 per cent, which was 2.01 percentage points below the inflation rate of 9.24 per cent that month, shows the Wage Rate Index (WRI) of the Bangladesh Bureau of Statistics.

The case was similar in March, when the wages of those workers grew 7.18 per cent, which was 2.15 percentage points below the inflation rate of 9.33 per cent that month.

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