

Star BUSINESS

Plastic product exports grew 17 percent year-on-year to \$162 million in the first eight months of the current fiscal year



Story on B4

US trade body urges govt to end detention of RMG workers

REFAYET ULLAH MIRDHA

The American Apparel and Footwear Association (AAFA) has urged Bangladesh to end the detention of the workers who were involved in the labour movement demanding a minimum wage hike last year.

Stephen Lamar, president and CEO of the largest trade body in garment and shoe segments in the US, made the demands in separate letters to Prime Minister Sheikh Hasina as well as Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Before the minimum wage was raised to Tk 12,500 in December, thousands of workers took to the streets to press home their demand for a minimum salary between Tk 23,000 and Tk 25,000.

Lamar said he is repeatedly calling to end the ongoing detention, and the continued threat of workers related to the protests over the minimum wage.

Previously, he also urged the BGMEA to request that the Bangladesh government investigate, and hold accountable, those responsible for the violence that led to the deaths and injuries of workers during the protests, said the letters dated March 18.

"However, it is with deep concern that I must urge BGMEA to join our calls for the Bangladesh government to release all those arrested during the protests over the minimum wage and to withdraw all criminal charges against those arrested," Lamar said.

"We are concerned over criminal charges brought against labour organisers, such as Jewel Miya, who was arrested for advocating for higher wages."

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Drug sales grow at slowest pace in five years

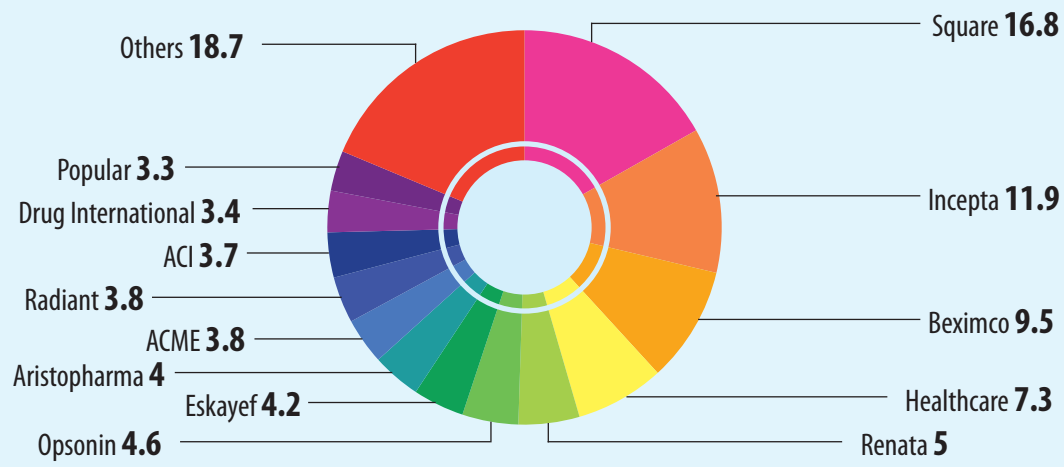
BY THE NUMBERS

- Medicine sales in 2023 were Tk 30,059cr
- Sales were Tk 29,459cr in 2022
- Sales grew by 2% in 2023
- Compound annual growth rate for four years: 6.7%

REASONS BEHIND SLOW GROWTH

- Lower sales of medicines other than the life-saving ones
- Price hike of drugs
- Lower purchasing power of people

Market share of top drug producers (In %)



SOURCE: IQVIA

AHSAN HABIB

Despite the price hike, sales of medicines in Bangladesh grew at the slowest pace in at least five years in 2023 driven by a lower purchase of non-life-saving drugs and vitamins.

Last year, drug sales grew 2 percent to Tk 30,059 crore, far lower than the four-year average of 8.5 percent in 2022, according to a report of IQVIA, a global provider of advanced analytics, technology solutions, and clinical research services to the life sciences industry.

Experts and industry people blame higher inflationary pressure confronting a larger section of the population, especially low-income households, since May 2022, for the slower growth since their purchasing power has eroded significantly.

Shahidul Islam, chief executive officer of VIPB Asset Management Company, which invests in listed and non-listed companies, argues that since the prices of almost all types of medicines rose, the sales growth was supposed to be higher even if consumption remained the same.

"But that did not happen. It indicates sales volume or consumption dropped mainly due to the reduced purchasing power amid higher inflation."

Islam says the demand for non-life-saving medicines usually remains elastic when people face tight financial conditions and are forced to put food expenditures over everything else.

Since the buying capacity of many households has been squeezed, many have

delayed treatment for non-fatal illnesses, thereby taking in fewer medicines, he said.

Square Pharmaceuticals retained its position as the largest seller although turnover dropped 8.5 percent year-on-year to Tk 5,039 crore in 2023, according to IQVIA. It holds a 16.8 percent share of the market.

Zahangir Alam, chief financial officer of Square Pharmaceuticals, however, contradicted the findings.

"We have not seen any negative growth yet," he said, adding that their sales grew around 10 percent in 2022-23.



People only go to doctors when it is urgent."

Prof Rahman says the presence of patients who have no serious symptoms but try to find out the disease through diagnosis, is now rare.

"Doctors are cautious as well in prescribing not-so-important medicines."

Some people may strike off one or two medicines from the prescriptions without consulting with doctors in order to cut costs. This is being seen in the rural areas, the noted physician added.

Sales of Healthcare, Renata and Opsonin stood at Tk 2,181 crore, Tk 1,504 crore, and Tk 1,391 crore, respectively.

"The consumption of medicines has slowed due mainly to higher inflationary pressure," said M Mohibuz Zaman, chief operating officer of ACI Health Care Division.

The overall inflation in Bangladesh was 9.67 percent in February and it has been above 9 percent since March last year, according to the Bangladesh Bureau of Statistics.

"This is a bitter example that if inflation rises, people can even cut back on their medicine intake. Last year, people's pockets were tight," Zaman said.

Two companies - Eskayef Pharmaceuticals and ACME Laboratories - moved up in the list of the top drug sellers.

Owned by Transcom Group, Eskayef is now the seventh-largest drug manufacturer in Bangladesh. Its sales rose 7.8 percent to Tk 1,265 crore in 2023. Eighth-placed Aristopharma posted sales of Tk 1,211 crore.

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Bangladesh's exports to keep boosting economic growth: BMI

STAR BUSINESS REPORT

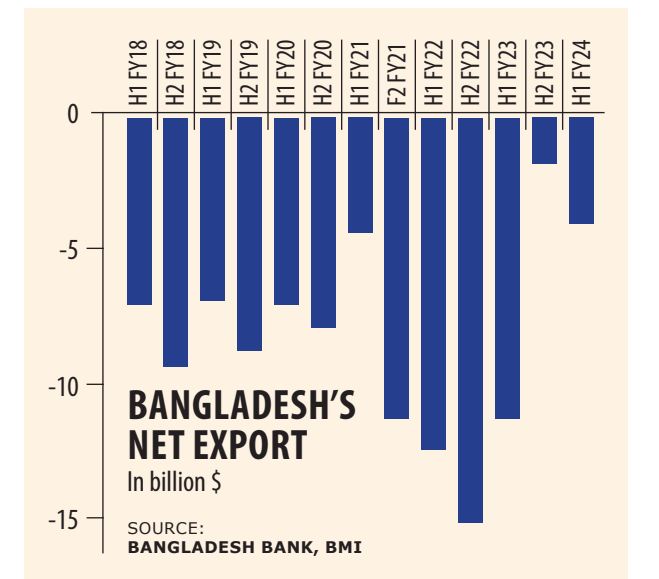
Bangladesh's exports will continue to contribute to its economic growth in the short term although high inflation, a weaker taka, and restrictions on imports will weigh down consumption and private investment, according to a new report.

The report, prepared by BMI, a provider of insights, data and analytics owned by Fitch Solutions, said a weak macroeconomic environment and lower purchasing power had caused consumers to shift spending away from mid-priced clothing towards low-priced items, benefitting low-wage producers such as Bangladesh. The report was released last week.

"We expect that Bangladesh's exports will be bolstered by the growth of low-priced clothing sales across key destinations."

According to BMI, Bangladesh's net exports, which have historically been in the negative, improved to \$3.9 billion in the negative, significantly higher than the average net exports of negative \$8.1 billion since FY2017-18.

"Net exports are a bright spot as Bangladesh's trade deficit has decreased over recent months and stands at a



SOURCE: BANGLADESH BANK, BMI

low, even compared to pre-pandemic levels."

Net exports bottomed out at negative \$15.1 billion in the second half of 2021-22, it said.

"The devaluation of the Bangladeshi taka will sustain the country's export competitiveness and keep net export growth elevated."

BMI said Bangladesh's economy is projected to grow 5.4 percent year on year in 2023-24, which is lower than the Bangladesh Bureau of Statistics (BBS) estimate of 5.78 percent.

BMI's prediction is also lower than the forecasts made by the World Bank and the International Monetary Fund.

In January, the World Bank projected that Bangladesh's gross domestic product would slow to 5.6 percent in FY24. The IMF forecast a GDP growth of 6 percent.

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Key stock index drops to 35-month low

STAR BUSINESS REPORT

The prime index of Dhaka Stock Exchange (DSE) fell for a seventh consecutive trading day yesterday to close at a 35-month low amidst sparse participation of investors.

The DSEX lost 69.81 points, or 1.16 percent, from that on the day before to close at 5,898 points.

The last time it was this low was on May 25 of 2021 when it had reached 5,880 points.

Meanwhile, the DSES, which represents Shariah-compliant firms, dropped 13.55 points, or 1.04 percent, to 1,286.

Similarly, the DS30, which comprises blue-chip stocks, shed 8.96 points, or 0.43 percent, to 2,042.

The prime index has been falling for the last couple of days due to the sale of shares by foreign investors, which was in turn causing mostly large companies to drop, said a top official of a leading brokerage firm, preferring anonymity.

For instance, British American Tobacco Bangladesh dragged down the DSEX by 5 points as it dropped to Tk 422 from Tk 430 while Renata slashed 3.6 points off the index falling to Tk 863 from Tk 877.

The foreigners are expecting the local currency to be devalued even further, for which they are in the mood to sell shares, he said.

On the other hand, the yield rate of treasury bonds is now closed to 12 percent and it may rise even further. So, institutional investors are also not investing in the stock market as treasury bonds are much more lucrative now, the broker added.

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Farmers face moderate to severe food insecurity: BBS

MID ASADUZ ZAMAN

Households in Bangladesh that depend on agriculture as their main source of income face moderate to severe risk of food insecurity despite being directly involved in food production, according to a recent survey.

One in every four households, or 26.13 percent, that rely on agriculture for their income face food insecurity, showed the latest report of the Bangladesh Bureau of Statistics (BBS).

The "Food Security Statistics 2023" survey, which was the first of its kind in Bangladesh, was conducted among 29,760 homes across the country in June last year.

The high prevalence of food insecurity at moderate levels can be considered a predictor of various forms of diet-related health conditions resulting from micronutrient deficiencies, as defined by the BBS.

Additionally, about 0.95 percent of the farming families are in extreme food crisis or acute insecurity.

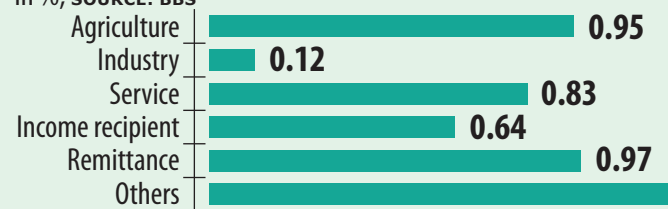
It also found that food insecurity was lower among those that received remittance from family members.

Overall, 19.09 percent of those employed by the industrial sector endured moderate to severe food insecurity while 20.32 percent of service sector workers

Household food insecurity (severe)

Sector-wise main source of income

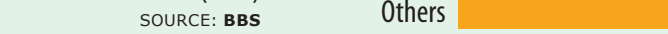
In %; SOURCE: BBS



Household food insecurity (moderate)

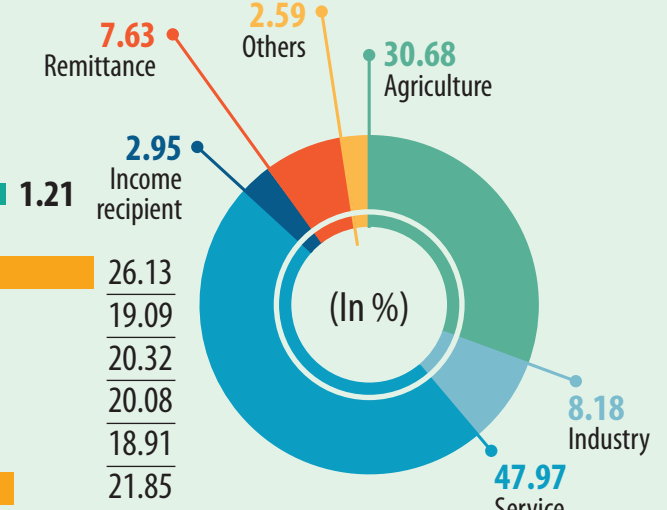
Sector-wise main source of income (In %)

SOURCE: BBS



HOUSEHOLDS' MAIN SOURCE OF INCOME

(In %)



faced the same.

The survey comes at a time when inflation remains elevated, leaving low-income and limited income groups to struggle to make ends meet.

The state-run statistical agency measured the varying degrees of food

security across Bangladesh based on the answers to eight types of questions in the survey.

The questions were regarding whether participants went without eating for a whole day, skipped a meal, ran out of food at home, ate less than they should, ate healthy

and nutritious food, or were worried about not having enough food to eat.

"Access to food for agricultural labour is very limited even though they are involved in producing food," said Md Asaduzzaman, former research director of

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