

star

BUSINESS



Inflation high  
as oligarchic  
grip still haunts  
economy

Says economist Hossain  
Zillur Rahman

STAR BUSINESS REPORT

Even after the political  
changeover in early  
August, the domestic  
market has been reeling  
under the influence of  
oligarchs, according to  
economist Hossain Zillur  
Rahman.

He labelled this as a  
major economic challenge the  
interim government will have to  
overcome, linking it to the brutal  
price pressures that have been rampaging for around two  
years.

At a programme at the CIRDAP International  
Conference Center yesterday, the economist identified  
bringing discipline to the financial sector and achieving  
macroeconomic stability as two other key economic  
challenges, and said the interim government has made  
some progress in these areas.

However, oligarchic market powers still prevail  
despite several visible initiatives, he said at the launching  
ceremony of the 6th edition of the Banking Almanac.

After the previous Awami League government was  
ousted by a mass uprising in August, leading to the  
formation of the interim government, READ MORE ON B3



Penalty less than  
illegal gains fuels stock  
manipulation

Minimum fine remains static for 30 years

AHSAN HABIB

While fines are intended to deter future  
offences, questions remain over their  
effectiveness if the amount is lower than the  
illegal gain.

This is particularly evident when it comes  
to the Bangladesh Securities and Exchange  
Commission (BSEC), which continually sees  
repeat offenders on its penalty lists.

Market experts say that penalties  
handed down by the BSEC over share price  
manipulation are tellingly lower than the  
global practice of the fines being two to three  
times higher than the illegal gains.

This discrepancy, they argue, enables some  
individuals to engage in the malpractice year  
after year even after facing punitive measures.

Unlike other countries, Bangladesh's  
securities rules do not specify a ratio between  
the fine and the gains from a contravention.

As a result, the BSEC often imposes lower  
penalties, enabling manipulators to retain a  
portion of their illicit gains even if they pay  
the fine.

The provision for the minimum fine for  
share price manipulation has remained the  
same for over 30 years, even as the market saw  
massive crashes in 1996 and 2010. In 1993, the  
regulator last increased the minimum fine  
from Tk 10,000 to Tk 1 lakh.

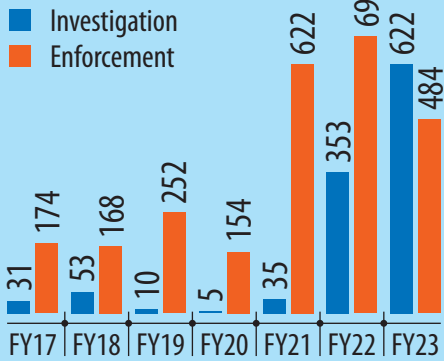
According to official data, the commission  
took up punitive measures over 174 cases in  
fiscal year 2016-17. It rose to 622, 692 and 484  
in FY 21, FY 22 and FY 23, respectively.

However, certain individuals who made

COUNTRY	PUNISHMENT FOR MANIPULATION
USA	Repayment of all gains plus jail up to 20 years
Singapore	Financial penalties up to 3 times of the gain
India	Fines three times higher than the gain, or at least Rs 25cr
Bangladesh	Minimum Tk 1 lakh fine for manipulation, Tk 5 lakh for fraud

INVESTIGATION AND  
ENFORCEMENT BY BSEC

In numbers; SOURCE: BSEC



the headlines over stock manipulation time  
and again, such as Abul Khayer Hiru  
and his associates, continued to be involved in  
multiple share manipulation schemes.

For comments, The Daily Star approached  
Hiru over the phone, but he was not available.

STRINGENT PUNISHMENTS IN OTHER  
COUNTRIES

The severity of fines for share manipulation  
varies across different countries. In the United  
States, individuals who profit from insider  
trading can face up to 20 years in prison  
per violation while their ill-gotten gains are

seized.

When determining penalties, the US  
Securities and Exchange Commission  
considers factors like the amount of illegal  
gain and the offender's criminal records.

The Monetary Authority of Singapore  
(MAS) can impose civil penalties of up to  
three times the gains or loss avoided from  
rule violations. The minimum penalty is  
\$50,000 for individuals and \$100,000 for  
corporations.

The Securities and Exchange Board of India  
(SEBI) can slap penalties of up to ₹25 crore or  
three times the gains made from fraudulent  
and unfair trade practices, whichever is  
higher.

'TK1-TK2 LAKH NO LONGER EFFECTIVE'  
Saiful Islam, president of the DSE Brokers  
Association (DBA), said higher penalties can  
help reduce market manipulation schemes in  
Bangladesh.

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Drug sales growth slows  
amid high inflation

AHSAN HABIB

Sales growth of drugs slowed down  
in fiscal year 2023-24 ending last  
June, which could be an effect of high  
inflationary pressure prevailing in the  
country over the last two years.

Meanwhile, prices of drug products of  
several companies have increased.

The Bangladesh pharmaceutical  
market recorded a moderate sales growth  
of 7.2 percent in the fiscal year.

It was an exceptional 15.3 percent in  
the preceding fiscal year.

Last fiscal year's growth rate is lower  
than the average of 9 percent recorded by  
the industry in the past four years.

The market sales amounted to Tk  
32,870 crore in the year ending on  
June 30 this year, according to IQVIA,  
a leading global provider of advanced  
analytics, technology solutions, and  
clinical research services to the life  
sciences industry.

It was Tk 30,660 crore in the preceding  
fiscal year.

Sales growth of drugs dropped mainly  
due to a reduction in the purchasing  
capacity of people amid high inflation for  
more than two years, said Jubayer Alam,  
company secretary at Renata PLC.

Inflation rose to 11.38 percent in  
November, the highest in four months,  
owing to the soaring prices of food,  
especially the staple rice and vegetables,  
according to the state-run Bangladesh  
Bureau of Statistics.

It has remained over 9 percent since  
March 2023.

Due to ongoing inflationary pressure,  
real income reductions have pushed  
at least 78 lakh people into poverty,  
according to a study of the Research  
and Policy Integration for Development  
(RAPID).

This includes 38 lakh people who have  
become extremely poor.



PHARMA SALES

FY23:	FY24:
Tk30,660cr	Tk32,870cr
(15.3%growth)	(7.2%growth)

Besides, around 1 crore more are at  
risk of slipping below the poverty line  
due to continued inflationary pressures,  
the private research firm said.

If people, especially lower middle  
income and financially insolvent people,  
do not feel an extreme need for medicine,  
they avoid going to pharmacies, said  
Alam.

They prioritise other basic needs, such  
as food, over medication, he said.

Among the different drug groups,  
antibiotics witnessed a 10.16 percent  
growth. It was 11.20 percent in the  
previous fiscal year.

Rising awareness of self-care has  
driven the growth of certain medicines  
that currently require prescriptions but  
have the potential to become over-the-  
counter drugs.

These include antihistamines and  
expectorants, which saw sales growths  
of 16.23 percent and 12.92 percent  
respectively.

A few therapeutic class drugs like  
proton-pump inhibitors (PPIs), calcium  
and vitamins saw minimum growths  
of 5.72 percent, 6.63 percent and 4.89  
percent respectively.

PPIs represent a class of drugs most  
prominently known for their use in acid-  
related disorders.

The pharmaceutical sector usually  
grows at a handsome rate every year, but  
the growth might not be high, especially  
when the country's GDP growth rate  
is projected to fall, said MA Razzaque,  
chairman of the RAPID.

On the other hand, there is  
persistent inflationary pressure, for  
which people's purchasing power has  
dropped, he said.

So, there is a possibility that people  
reduced their consumption of drugs. It is  
true that prices of drugs rose, so people  
are facing difficulties to afford medicine,  
he added.

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Iwama Kiminori

Japan for  
reforms  
to combat  
corruption

Envoy says

PORIMOL PALMA

Japan is eager to see reforms that  
eliminate corruption and improve  
governance, which are key factors  
for Japanese companies to invest in  
Bangladesh, said Japanese Ambassador  
to Bangladesh Iwama Kiminori.

"The interim government's top  
priority is eliminating corruption and  
reducing bureaucratic redundancy. This  
is a key element for Japanese companies  
to invest here," he told The Daily Star in a  
recent interview.

Kiminori is leaving Dhaka after a two-  
year tenure and will assume a new post as  
ambassador to a European country.

He informed that Japan has been  
closely observing the condition of law and  
order, peace and stability in Bangladesh  
since the political changeover in August.

"I believe the internal security  
situation is stabilising. While there have  
been some incidents, I believe the interim  
government will tackle the issue in a  
positive way," Kiminori said, stressing on  
improvement of law and order.

Over the past 50 years, Japan has been  
Bangladesh's largest bilateral donor,  
providing about \$27 billion since 1972.

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BTRC blocks call  
services of three  
IGW operators

MAHMUDUL HASAN

The Bangladesh Telecommunication Regulatory  
Commission (BTRC) recently ordered the suspension  
of all voice call services provided by three International  
Gateway (IGW) operators for breaching rules.

The three operators -- Global Voice Telecom Limited,  
Roots Communication Limited and First Communication  
Limited -- will face this action for violating IGW licensing  
guidelines.

This includes failure to evenly distribute  
international calls among inter-operator schedulers  
and interconnection exchange (ICX) providers, and non-  
payment of dues in revenue-sharing with the BTRC.

They also failed to settle their outstanding debts with  
mobile network operators, according to a statement from  
the telecom regulator. The BTRC licences IGW operators  
to facilitate international voice traffic to and from the  
country.

The BTRC has mandated an immediate block on all  
call capacities of these IGW operators, with relevant  
parties having been instructed to implement the decision  
without delay, it said.

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