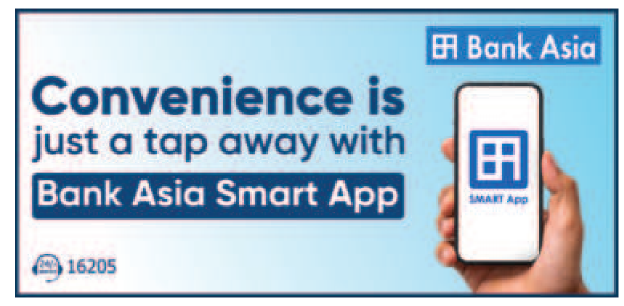
Star BUSINESS



Sergel nearing Tk 1,000cr annual sales

AHSAN HABIB

Sergel is heading towards generating Tk 1,000 crore in annual sales as over Tk 900 crore worth of the gastrological medicine was sold in the first nine months of this year, according to information technology company IMS Health.

This is one of the largest selling products in the country.

Md Halimuzzaman, CEO of Healthcare Pharmaceuticals Ltd, said he was proud of this single brand of the company reaching such high sales, although it had not reached Tk 1,000 crore yet.

Since the customer base is high, the sales growth now appears low compared to previous years but there is potential for further growth, he said.

Top selling drugs
In Jan-Sep; SOURCE: IMS HEALTH

Sergel	Tk 918cr
Maxpro	[illegible]
Pantonix	Tk 376cr
Napa	Tk 338cr
Cef-3	Tk 274cr

The second and third-highest selling medicine brands are also from the same gastrological generic. Sales of Maxpro and Pantonix have reached Tk 486 crore and Tk 376 crore respectively.

In the pharmaceuticals market, the market share of gastrologic products is the highest and Sergel has earned the highest market share over the years for its acceptance among doctors and patients, said Halimuzzaman.

Among the 10 top-selling drug brands, five are gastrological medicines.

Sergel holds a 2.67 percent market share, with sales worth Tk 918 crore in the nine-month period.

Maxpro holds a 1.41 percent market share and the market share of Pantonix is 1.10 percent, the data showed.

Apart from Sergel, some other brands have become popular over the years, said Halimuzzaman.

The fourth-highest selling drug in the nine months period was Napa, with sales reaching Tk 338 crore.

Sales of Cef-3, Monas, Exium, Seclo and Bizoran are also above Tk 200 crore.

Almost all the drug companies have their own brands of these drugs, which bear the READ MORE ON B3

STOCKS

DSEX ▲	CASPI ▲
0.39%	0.25%
5,204.97	14,471.60

COMMODITIES AS OF FRIDAY

Gold ▼	Oil ▲
$2,622.18 (per ounce)	$70.27 (per barrel)

ASIAN MARKETS FRIDAY CLOSINGS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.29%	▲ 1.80%	▲ 0.27%	▲ 0.06%
78,699.07	40,281.16	3,771.63	3,400.14

Foreign fund flow, new pledges dwindle as debt servicing surges

MD ASADUZ ZAMAN

Bangladesh's foreign debt servicing surged 28 percent year-on-year in the first five months of fiscal year 2024-25 owing to the country's expanded foreign loan portfolio and a rise in global interest rates.

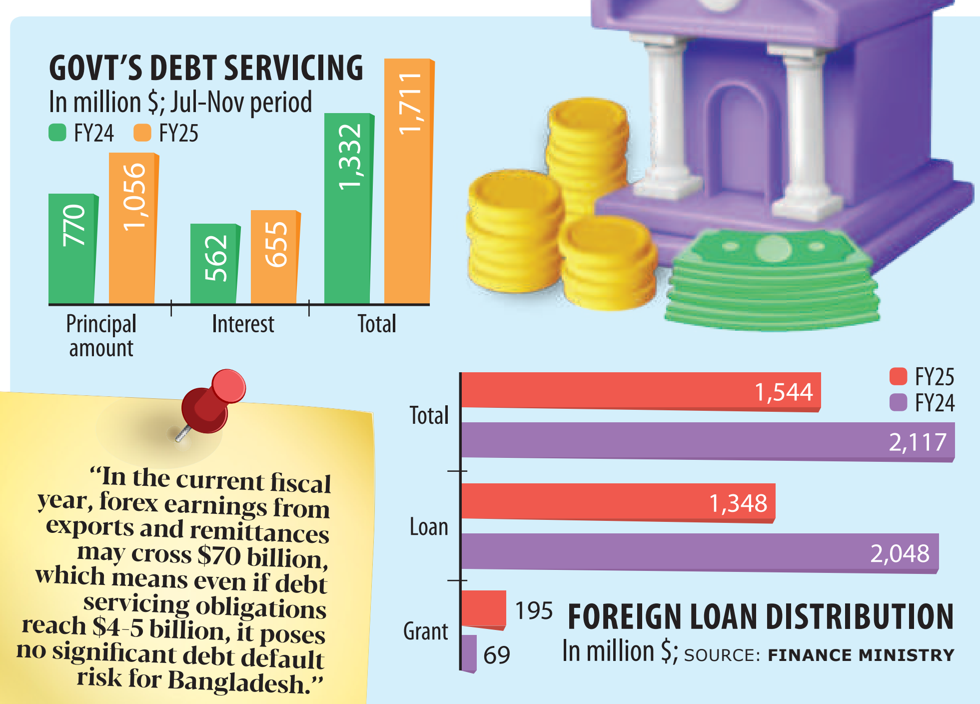
In the same period, foreign loan disbursement fell by 27 percent year-on-year while commitments for new loans dropped by 91 percent, according to data released by the finance ministry yesterday.

With the obligations mounting and foreign funds diminishing, economists called for rejuvenating development spending as they argue this would streamline the foreign loan pipeline.

During the July-November period of FY25, the country returned $1.71 billion in principal and interest payments on foreign loans, up from $1.33 billion during the same period of FY24, according to finance ministry data.

According to the breakdown, the value of principal payments climbed by 37 percent to $1.05 billion while interest payments rose by 17 percent to $655 million.

Adding to the fiscal pressures, foreign assistance commitments have fallen precipitously.



"In the current fiscal year, forex earnings from exports and remittances may cross $70 billion, which means even if debt servicing obligations reach $4-5 billion, it poses no significant debt default risk for Bangladesh."
Ashikur Rahman
Principal economist at PRI

With the obligations mounting and foreign funds diminishing, economists called for rejuvenating development spending as they argue this would streamline the foreign loan pipeline

In the first five months of FY25, total commitments for grants and loans stood at just $522.68 million -- a sharp drop from $5.86 billion in the previous year.

Loan commitments fell from $5.57 billion to $248.88 million while grant commitments remained relatively flat.

Disbursements also declined in the July-November period, with total project-related disbursements amounting to $1.54 billion, down from $2.11 billion during the same period last year.

This decrease reflects a slowdown in project loan inflows at a time when Bangladesh relies heavily on external financing for infrastructure and development initiatives.

The combination of rising debt obligations and declining foreign assistance is presenting a huge challenge for Bangladesh's fiscal management.

To cushion the increasing burden, economists suggested that the government should set priorities for annual development programme (ADP) implementation, stabilise the exchange rate and enhance domestic revenue mobilisation.

"The debt-servicing cost was supposed to surge as we have already seen the uptrend in the last couple of years," said MA Razzaque, chairman of Research and Policy Integration for Development (RAPID), a local think-tank.

Razzaque said higher interest rates and shorter grace and maturity periods for foreign loans are contributing to the debt burden.

However, the fall in foreign loan disbursement is a matter of fresh concern, he said.

"A lower government expenditure, including development spending, has contributed to the slow disbursement," he said, referring to a large chunk of foreign loans stuck in the pipeline.

"But the interim government is yet to streamline the loan pipeline as ADP spending slowed after the political changeover."

In the first five months of FY25, public agencies managed to spend Tk 34,214 crore or 12.29 percent from the overall development fund, as per the Implementation Monitoring and Evaluation Division (IMED) data.

The economist suggested trimming the ADP allocation and prioritising foreign funded projects.

In a recent report, titled "Medium-Term Macroeconomic Policy Statement (MTMPS)", the finance ministry said interest payments would continue to rise gradually in the coming years.

The proportion of external interest payments as a percentage of the national budget will rise to 2.6 percent in FY27 from 0.9 percent in FY22, reflecting the growing impact of external debt, the report said.

However, Ashikur Rahman, principal economist at the Policy Research Institute (PRI) of Bangladesh, does not believe the debt servicing would pose any risk for the country.

"Despite the rise in debt servicing, it does not pose any major risk even in absence of new loan commitments as exports and remittances offer a reasonable cushion that can help the treasury meet its immediate international debt obligations," he told The Daily Star.

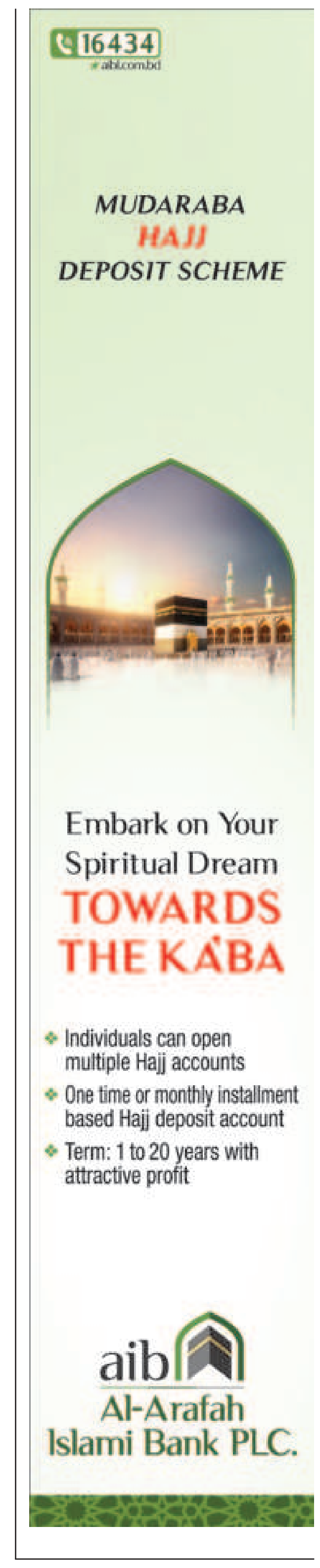
"In the current fiscal year, foreign exchange earnings from exports and remittances are likely to cross $70 billion, which means even if debt obligations reach $4-5 billion, it poses no significant default risk for Bangladesh."

Nonetheless, given the local currency Taka is likely to further lose its value against the US dollar, the domestic fiscal burden of additional international debt servicing is going to intensify, he said.

"It necessitates that the Ministry of Finance keeps committing to streamlining domestic resource mobilisation initiatives that can offer the treasury more fiscal space to manage this additional pressure," Rahman added.

However, domestic revenue mobilisation does not offer much hope.

During the July-November period of FY25, revenue collection logged nearly a 2.5 percent negative growth year-on-year, according to national revenue board sources.



Financial services sector yet to reach full potential

Governor says

STAR BUSINESS REPORT

The financial services sector of Bangladesh is yet to reach its full potential despite the significant advancements seen so far, according to Ahsan H Mansur, governor of the Bangladesh Bank.

"There is no single entity behind this failure. Maybe we could have worked with more dedication. Maybe there was a deviation. But nonetheless, we should self-analyse our failures," he said.

"There is no single entity behind this failure. Maybe we could have worked with more dedication. Maybe there was a deviation."

Mansur was speaking as chief guest at the golden jubilee of the Bangladesh Institute of Bank Management (BIBM) in the Mirpur area of Dhaka yesterday.

The event, presided over by BIBM Director General Md Akhtaruzzaman, opened with a discussion on the challenges and potential for financial services in the country.

The inaugural session was moderated by Shah Md Ahsan Habib, a professor at the BIBM.

Mansur said no institution can stand alone and must cooperate with others in order to succeed, with the same being applicable for financial service providers.

He also said the financial services sector is by no means small, as subsets like the banking industry are a major part of it.

Against this backdrop, he warned that the READ MORE ON B3

Can apparel industry weather any storm? 2024 offers clues

REFAYET ULLAH MIRDHA

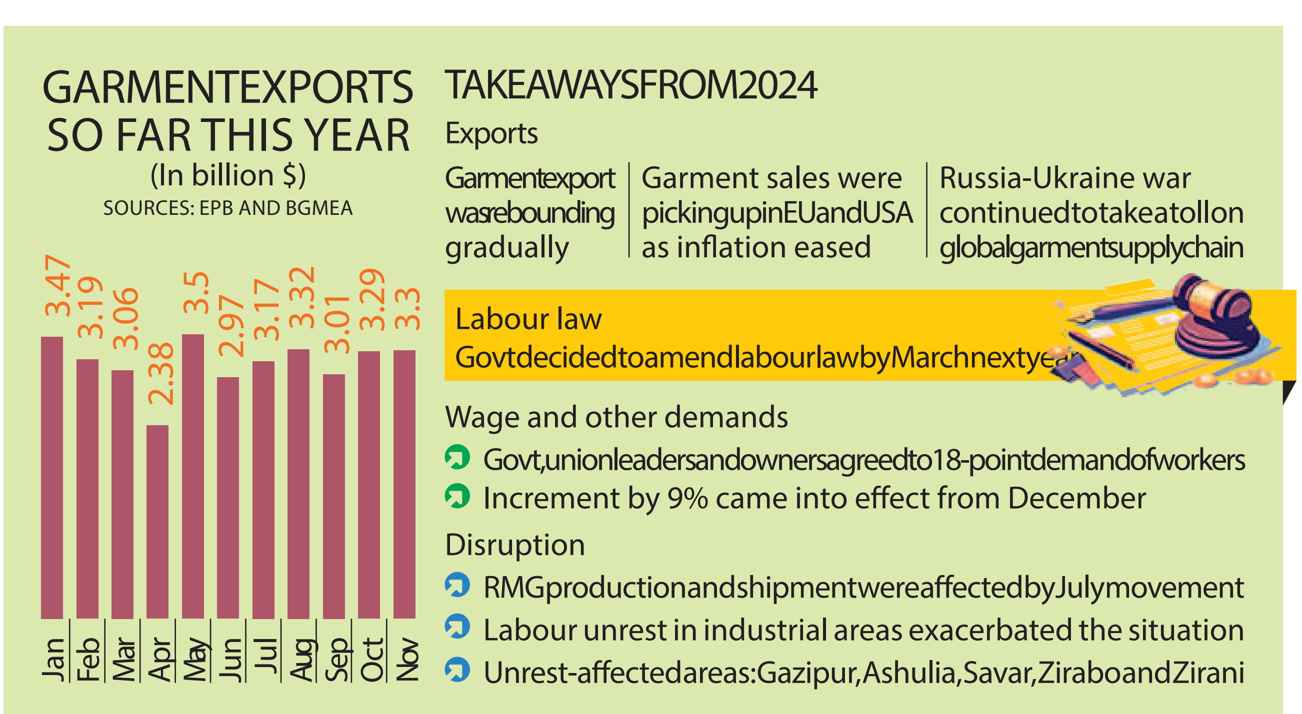
2024
THE YEAR THAT WAS

For the local apparel industry, 2024 was a year marked by challenges, recoveries and a renewed sense of hope as the global market began to brighten -- proving once again the resilience of Bangladesh's apparel might.

Energy crises, dollar shortages, supply chain disruptions, labour unrest centring pay hikes, political uncertainty and a slack law and order situation: the list of domestic challenges for apparel-makers in 2024 was extensive.

In a positive development, Western buyers began returning to Bangladesh following the fierce nationwide movement and political changeover, as inflationary pressures eased and the world recovered from the pandemic and war fallout.

Consequently, Bangladesh's apparel shipments to major export markets like the EU and the USA rebounded. In the July-November period, the country's shipments grew by 16.25 percent year-over-year to $16.11 billion.



"This indicates that the future is brighter now than a few months ago," said MA Jabbar, managing director of DBL Group, whose top clients include Walmart-George, Puma, Esprit, and G-Star.

"I can see a very positive outlook for garment exports," Jabbar added.

The local apparel industry, which fetches the lion's share of the country's export earnings, began 2024 just after emerging from pay hike movements and with increased wages.

Amid the Covid recovery, global markets were then reeling from inflationary woes and the Russia-Ukraine war. There was also the Red Sea crisis and conflict in the Middle East.

Then, in June, the quota reform movement began, blocking apparel shipments to foreign markets.

In July and August, government-imposed internet blackouts and curfews intensified the situation, culminating in a violent political changeover.

This caused deadline delays for apparel-makers, many of whom had to offer discounts to compensate for late shipments.

Amid this struggle, massive labour unrest erupted in major industrial belts on the outskirts of Dhaka in July and continued until October, affecting both production and shipments following the nationwide student movement.

Labourers left production lines, blocked roads and streets and chanted READ MORE ON B3