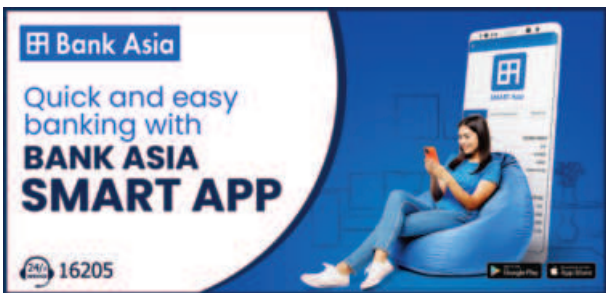


# star BUSINESS



## Industrial output soars, but where are the jobs?

Factory jobs fell to 1.20cr in 2024 from 1.21cr in 2013

MD ASADUZ ZAMAN

Over the past decade, more and more industries have sprung up across the country, steadily increasing production. But while output rose, factories did not open their doors to more workers.

Between 2013 and 2024, this disconnect played out clearly. Economists describe it as a case of the “jobless growth” puzzle.

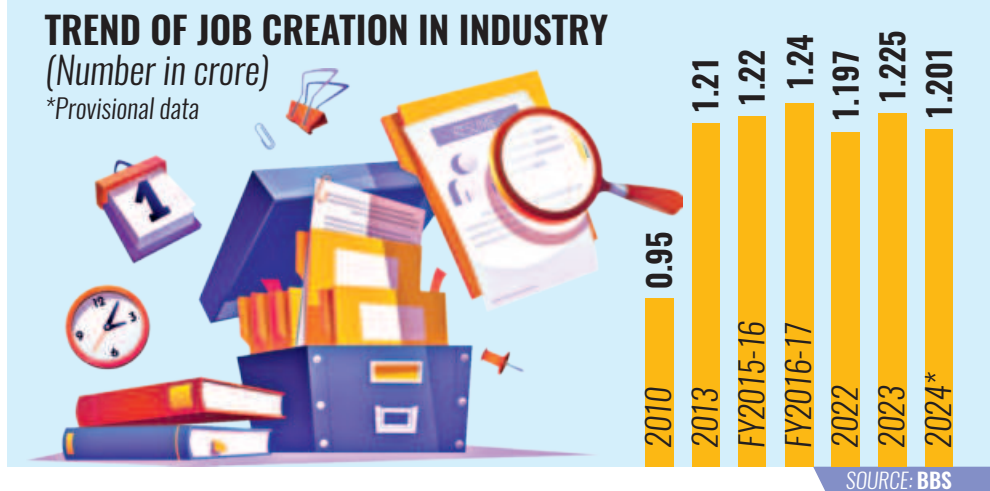
In 2025, industry accounted for 34.81 percent of Bangladesh's gross domestic product (GDP), up from 27.55 percent in fiscal year (FY) 2009-10. Factory output expanded by 10 to 20 percent over the years.

Yet, the number of workers in production units fell — from 1.21 crore in 2013 to 1.20 crore in 2024.

Economists say the driving force behind this industrial growth was large-scale factories equipped with modern and automated technologies. These production lines needed fewer hands on deck.

Some of these high-performing industries, though employing relatively few workers, produced more value-added goods. That, in turn, meant a bigger share of GDP without creating more jobs.

Other factors also contributed, but experts warn that unless the country invests in workforce training, technology upgrades, and better planning, it risks missing out on the employment benefits that usually come with



industrial growth.

“The declining trend in manufacturing jobs runs counter to expectations,” said Rizwanul Islam, former special adviser at the International Labour Organization’s (ILO) Geneva office. “This is a reversal in the structural transformation of employment.”

He said that instead of a rising share of manufacturing jobs, there has been a fall, even as agricultural employment has increased.

Islam said this trend is disappointing because it is occurring despite growth in industrial output and exports. “It reflects a situation of jobless growth.”

KAS Murshid, former director general of the Bangladesh Institute of Development Studies (BIDS), echoed similar views.

He said industrial growth is occurring, but labour demand is not keeping up.

According to him, jobs are rising in services, non-farm rural activities, and the informal economy, yet formal industry remains a barrier.

Murshid, who led the interim

government’s taskforce on Economic Strategy Redesign, said the problem lies partly with automation and partly with the mismatch between labour demand and supply.

“You cannot create employment just by having a large population anymore. Unskilled labour is not in demand like before. We need semi-skilled, skilled, and technically trained people, and that is where we are falling short,” he said.

The former BIDS DG said there is a severe shortage of skilled labour in the country. “We have found it in BIDS research and other studies. Although there are some projects funded by lenders and run by the government, they are not enough. Much more needs to be done.”

“If we look at emerging economies worldwide, including Bangladesh, the direction is clearly toward AI-driven technology. And we are simply not ready for that.”

Asked about the consequences of this “jobless growth”, Murshid said, “If we want to move forward, we need policies that strengthen the supply side. Our core focus has to be on building a skilled labour force.”

READ MORE ON B3

## Brokers call for overhaul of DSE board structure

STAR BUSINESS REPORT

Stockbrokers have called for a reduction in the number of independent directors on the board of the Dhaka Stock Exchange (DSE), arguing that many such appointees lack relevant experience and are politically biased.

On July 17, the DSE Brokers Association of Bangladesh (DBA) sent a letter in this regard to Anisuzzaman Chowdhury, special assistant to the chief adviser and chair of the committee tasked with strengthening the Bangladesh Securities and Exchange Commission (BSEC).

The letter, seen by The Daily Star, calls for a revision of the 2013 Demutualisation Scheme, which was introduced to enhance transparency and accountability at the country’s stock exchanges.



Under the scheme, the DSE board comprises 13 members: seven independent directors, four shareholder directors, one nominee from the strategic investor, and one ex-officio managing director. The chairperson must be chosen exclusively from the independent directors.

The DBA argues that this structure is unbalanced.

In the past, it says that the board chairs and independent directors were frequently appointed on political grounds, often without sufficient knowledge of the capital market.

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## ICDs to deliver 15 more items

STAFF CORRESPONDENT, Ctg

The National Board of Revenue (NBR) has authorised private inland container depots (ICDs) to handle and deliver 15 more types of imported goods arriving via Chattogram port.

READ MORE ON B3

## Private firms’ foreign loans rise again

STAR BUSINESS REPORT

Private sector’s foreign loans started rising again as firms are showing interest in borrowing from the international market to benefit from the falling interest rate.

Data released by the Bangladesh Bank (BB) shows that the outstanding debt of the private sector rose to \$19.87 billion at the end of March this year, registering a 2 percent spike in the

previous three months owing to a rise in buyer’s credit, a type of loan issued by an exporter to fund a purchase by an importer.

Buyer’s credit obtained by local firms from their suppliers abroad stood at \$5.39 billion at the end of March this year, up 3 percent from \$5.22 billion in December 2024.

READ MORE ON B3

## IPDC ডিপোজিট | ১৬৫১৯



## ডিবিএইচ ফাইন্যান্স পিএলসি

কেন আপনার আমানত ডিবিএইচ-এ সুরক্ষিত?

- ডিবিএইচ মূলত গৃহস্থায়ী দিয়ে থাকে, তাই আপনার আমানতের বিনিয়োগ ঝুঁকি এখানে সবচেয়ে কম।
- ডিবিএইচ-এর খেলাপি ঋণ কখনোই ১% অতিক্রম করেনি, যা দেশের আর্থিক খাতে সর্বনিম্ন এবং অনন্য অর্জন।
- ডিবিএইচ-এর ডিপোজিট পোর্টফলিও ৪,৮০০ কোটি টাকার বেশি।
- সাধারণ ফিক্সড ডিপোজিট স্কিমের পাশাপাশি ডিবিএইচ-এ আছে ডিপিএস এবং ইসলামিক ডিপোজিটস।
- সার্বিক উৎকর্ষতার জন্য ডিবিএইচ গত ২০ বছর ধরে সর্বোচ্চ ক্রেডিট রেটিং ‘ট্রিপল এ’ (AAA) অর্জন করেছে, যা নির্দেশ করে আমাদের গ্রাহকদের সর্বোচ্চ আর্থিক নিরাপত্তার নিশ্চয়তা।

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# Mastercard launches ‘Dine. Delight. Depart for Thailand’ campaign

STAR BUSINESS DESK

Mastercard, a global digital payment solutions provider, has recently launched a campaign, titled “Dine. Delight. Depart for Thailand 2025”, in collaboration with Chef’s Table, a prominent multi-cuisine dining destination and food court in Bangladesh.

Under this campaign, Mastercard cardholders have the chance to win exclusive rewards simply by using their Mastercard debit, credit or prepaid cards at any Chef’s Table outlet nationwide.

According to a press release, the campaign will run from July 15 to August 31, 2025.

Syed Mohammad Kamal, country manager for Bangladesh at Mastercard, inaugurated the campaign as the chief guest at the Chef’s Table outlet in the capital’s Gulshan-1.

The top 10 cardholders with the highest cumulative spending during the campaign period will receive exciting prizes, including a 3-day, 2-night couple’s trip to Thailand, inclusive of return airfare and hotel accommodation.

An additional nine winners will be awarded Unimart shopping vouchers worth up to Tk 20,000.

Winners will be determined based on their total qualifying expenditure throughout the campaign duration.

Jubaer Hossain, lead of merchant and commerce at Mastercard Bangladesh, attended the event alongside senior representatives from Chef’s Table, Mastercard, and its partner banks.



Syed Mohammad Kamal, country manager for Bangladesh at Mastercard, inaugurates the campaign, titled “Dine. Delight. Depart for Thailand 2025”, jointly organised by Mastercard and Chef’s Table, at the latter’s Table outlet in Gulshan-1, Dhaka recently.

PHOTO: MASTERCARD

## Dollar maintains weekly gains

REUTERS, New York

The US dollar slipped against the euro on Friday but held on to weekly gains, as investors weighed expected Federal Reserve policy amid signs that tariffs may be starting to increase some inflation pressures and as US President Donald Trump continued to criticise Chair Jerome Powell.

Data on Tuesday showed that consumer prices rose in June, though the increase was seen as moderate. Wednesday’s producer price inflation report showed that prices were steady last month.

Powell has said he expects inflation to rise this summer as a result of Trump’s tariff policies. His comments have pushed out expectations of when the US central bank is likely to cut interest rates.

But the labor market is showing signs of weakness even as headline job gains and the unemployment rate remain relatively solid.

“We’re waiting on the tariffs to become real and not just a negotiating ploy and waiting on the labor market to reveal itself,” said Lou Brien, strategist at DRW Trading in Chicago.

“Layoffs are at a lower level than they were pre-pandemic, but the hiring is terrible. And if, all of a sudden, the layoffs come up, we’re going to get a significant increase in the unemployment rate very quickly,” Brien said.



Md Mohiuddin Khan, executive chairman of National Pension Authority, and Md Habibur Rahman, managing director and chief executive officer of Standard Bank PLC, shake hands and exchange signed documents of the MoU at the Bangladesh Secretariat in Dhaka recently.

PHOTO: STANDARD BANK

## Standard Bank signs MoU with National Pension Authority

STAR BUSINESS DESK

Standard Bank PLC has recently entered into a memorandum of understanding (MoU) with the National Pension Authority (NPA).

Md Habibur Rahman, managing director and chief executive officer of the bank, and Md Mohiuddin Khan, executive chairman of the NPA, signed the MoU at the conference room of the Finance Division at the Bangladesh Secretariat in Dhaka, according to a press release.

Md Khairuzzaman Mojumder, secretary of the Ministry of Finance, attended the signing ceremony as the chief guest. Senior officials from Standard Bank, the NPA, and the Ministry of Finance were also present.



Ali Reza Iftekhar, managing director of Eastern Bank PLC; Sabbir Ahmed, country manager for Bangladesh, Nepal and Bhutan at Visa, and M Jahangir Alam, chairman of The Yours Truly Limited, inaugurate the “SkyFlex Visa Prepaid Card”, jointly launched by the bank, Visa and The Yours Truly, at Le Méridien Dhaka yesterday.

PHOTO: EASTERN BANK

## Mercantile Bank inks deal with National Pension Authority

STAR BUSINESS DESK

Mercantile Bank PLC has entered into a memorandum of understanding (MoU) with the National Pension Authority (NPA) to facilitate and accelerate the implementation of various schemes under the Universal Pension Scheme (UPS).

Matiul Hasan, managing director of the bank, and Md Mohiuddin Khan, executive chairman of the NPA, signed the MoU at the conference room of the finance division at the Bangladesh Secretariat in Dhaka recently, according to a press release.

Under the terms of the agreement, Mercantile Bank will support the collection of pension instalments for the NPA’s UPS schemes through a wide range of digital and physical banking channels.

These include the bank’s online banking platform, mobile banking service MyCash, digital banking app MBL Rainbow, agent banking outlets, internet banking, and other authorised service channels.

The signing ceremony was attended by the managing directors of 17 banks, along with senior officials from participating banks and the Ministry of Finance.



Md Mohiuddin Khan, executive chairman of the National Pension Authority, and Matiul Hasan, managing director of Mercantile Bank PLC, shake hands and exchange signed documents of the memorandum of understanding at the Bangladesh Secretariat in Dhaka recently.

PHOTO: MERCANTILE BANK

## Eastern Bank brings social currency card for youth

STAR BUSINESS DESK

Eastern Bank PLC (EBL), in strategic collaboration with The Yours Truly Limited and global digital payment solutions provider Visa, has launched “SkyFlex Visa Prepaid Card”, a product tailored specifically for digitally savvy youth.

Linked to the Flex app, this prepaid card offers dual-currency functionality, contactless payment capability, e-commerce compatibility, and a distinctive rewards system named FlexScore, which enables cardholders to earn cashback at select merchants.

Ali Reza Iftekhar, managing director of the bank; Sabbir Ahmed, country manager for Bangladesh, Nepal and Bhutan at Visa; and M Jahangir Alam, chairman of The Yours Truly Limited, jointly unveiled the card at a ceremony held at Le Méridien Dhaka yesterday, according to a press release.

Commenting on the launch, Iftekhar

stated, “This innovation reflects EBL’s commitment to developing secure, digital-first financial solutions that foster inclusion and empower the next generation.”

Ahmed added, “This launch underscores Visa’s continued dedication to equipping young people with secure, flexible, and technologically advanced payment tools.”

“We believe SkyFlex will not only promote financial inclusion but also transform the way young Bangladeshis engage with digital financial services, making daily transactions more seamless and rewarding,” he continued.

Alam commented, “With the launch of this social currency-based card, in partnership with EBL and Visa, we aim to strengthen the creator economy by equipping aspiring and established creators with the financial tools necessary to grow and monetise their talents effectively.”

## Drug-making

FROM PAGE B4

“There was a time when medical representatives gave doctors a pen or a leaflet. Over time, gifts have increased. Some are so expensive that they make me furious. These gifts account for about 3 percent of sales,” he said.

“Financially, it may not make a major impact, but it is a bad practice and should be addressed,” he admitted.

One proposed solution has been to make doctors write prescriptions using only generic names, rather than specific brands. But

Kabir said Bangladesh is not yet ready for that step.

“In developed countries, doctors write generics as there are chemists in their pharmacies. But in middle-income countries like ours, we do not have skilled pharmacists, let alone chemists at drug stores. Besides, our regulatory oversight is also weak.”

He said that if generic-only prescriptions are enforced without the required infrastructure, patients may end up with poor-quality medicines despite paying higher prices.

## IMF warns

FROM PAGE B4

Gopinath said capital uncertainty remains high,” she said, in a text of her remarks.

She urged countries to resolve trade tensions and implement policy changes to address underlying domestic imbalances, including scaling back fiscal outlays and putting debt on a sustainable path.

Gopinath also underscored the need for monetary policy officials to carefully calibrate their decisions to specific circumstances in their countries, and stressed the need to protect central bank independence. This was a key theme in the G20 communiqué released by finance officials.

flows to emerging markets and developing economies remained sluggish, but resilient, in the face of increased policy uncertainty and market volatility. For many borrowers, financing conditions remained tight.

For countries with unsustainable debt, proactive moves were essential, Gopinath said, repeating the IMF’s call for timely and efficient debt restructuring mechanisms.

More work was needed on that issue, including allowing middle-income countries to access the G20’s Common Framework for Debt Restructuring, she said.

## BRAC Bank opens ‘Digital First’ branch in Gulshan

STAR BUSINESS DESK

BRAC Bank PLC yesterday launched a new “Digital First” branch on North Gulshan Avenue in the capital’s Gulshan area.

Designed to provide unparalleled convenience and cutting-edge services, the branch redefines a customer-centric approach by combining personalised service with modern technology.

Meheriar M Hasan, chairperson of the bank, inaugurated the branch as the chief guest, according to a press release issued by the bank.

Commenting on the launch, Hasan said, “We are expanding our branch network across the country as part of our strategic initiative to offer customers more convenient banking solutions.”

“With an extensive physical branch presence alongside robust digital

banking capabilities, we aim to deliver superior services to our valued clients,” he added.

The branch is equipped with advanced digital solutions to enhance efficiency and speed in banking services.

Key features include the “DIGI Box” — a 24/7 digital delivery system for the secure collection of cheques and cards — as well as a digital file-sharing service to facilitate seamless document transfers.

To further elevate the customer experience, the branch employs a matrix of QR codes, enabling users to lodge complaints and provide feedback effortlessly.

A Queue Management System has been implemented to minimise waiting times, while a dedicated Digital Corner — supported by a digital ambassador — assists customers in navigating and utilising the bank’s digital platforms.



Meheriar M Hasan, chairperson of BRAC Bank PLC, inaugurates the new “Digital First” branch on North Gulshan Avenue in Gulshan, Dhaka yesterday.

PHOTO: BRAC BANK



Tarek Reaz Khan, managing director and CEO of NRB Bank PLC, and Md Mohiuddin Khan, executive chairman of the National Pension Authority, shake hands and exchange signed documents of the memorandum of understanding at the Bangladesh Secretariat in Dhaka recently.

PHOTO: NRB BANK

## NRB Bank signs MoU with National Pension Authority

STAR BUSINESS DESK

NRB Bank PLC has signed a memorandum of understanding (MoU) with the National Pension Authority (NPA) to facilitate and accelerate the implementation of various schemes under the Universal Pension Scheme (UPS).

Md Mohiuddin Khan, executive chairman of the NPA, and Tarek Reaz Khan, managing director and CEO of the bank, signed the MoU at the conference room of the finance division at the Bangladesh Secretariat in the capital recently, according to a press release.

Md Khairuzzaman Mojumder, secretary of the finance division at the

Ministry of Finance, attended the signing ceremony as the chief guest.

The Universal Pension Scheme, administered by the National Pension Authority, comprises four distinct programmes: Probas, Pragati, Suraksha and Samata. Each enrollee is issued a unique pension ID, allowing them to monitor their contributions and accrued returns in real time through an online platform.

Beyond ensuring financial security post-retirement, the scheme offers a range of additional benefits, including income tax concessions, access to loans, and government co-partnership for economically disadvantaged groups.





A man scatters feed for hundreds of ducks at a farm in Rayapur area of Nalchity upazila in Jhalakathi. Local small-scale duck farmers like him are selling a pair of ducks to wholesalers and retailers for Tk 500-Tk 600. The region has seen a rise in such farming as it offers a quick return on investment and supports livelihoods in rural communities.

PHOTO: TITU DAS

# Poor market monitoring drives up commodity prices: experts

## STAR BUSINESS REPORT

Consumers as well as businesses are suffering from a sudden hike in essential commodity prices due to the absence of effective market supervision, artificial crises, extortion, a lack of security in goods transportation, and complexities in the import process, analysts said yesterday.

A dearth of storage facilities, distrust between traders and consumers, and a lack of fair competition in the market are other contributing factors, they said.

They made the comments at a multi-stakeholder dialogue on consumer and business protection through market monitoring, organised by the Dhaka Chamber of Commerce and Industry (DCCI) at its office in the capital.

Despite the country's growing economic activities, consumers—especially small enterprises—are facing constant challenges, said Razeed H Chowdhury, acting president of the DCCI.

Price manipulation, artificial crises, poor product quality, regulatory complexities, and market harassment are eroding consumer confidence and hurting ethical businesses, he said.

To deal with the prevailing situation, he emphasised the formulation and effective implementation of an integrated framework for market supervision and the creation of an accountable and competitive market monitoring system.

Mohammed Alim Akhter Khan, director general of the Directorate of National Consumers' Rights Protection (DNCRP), said effective market supervision is very important.

The DNCRP covers all 64 districts of the country, but there are no officers in 19 of the offices, he said.

The market is witnessing high prices, especially for essential commodities, due to the presence of middlemen in the transportation of goods and market management, said Md Shahjahan Mia, administrator of Dhaka South City

Corporation.

The reputation of ethical businesses is sometimes harmed due to a fraction of dishonest ones, he said.

Professor Mohammad Shoeb, member of the Bangladesh Food Safety Authority, said the market monitoring mechanism should adopt state-of-the-art technologies and use updated data for better results.

**Price manipulation, artificial crises, poor product quality, and regulatory complexities are eroding consumer confidence, says an expert**

Once there were 18 government sugar mills, but now most of them are no longer operational, said Mohammad Golam Mowla, general secretary of the Moulvibazar Traders' Association.

The number of edible oil refineries

is gradually decreasing, resulting in uneven competition in essential products due to increasing dependence on a few importers, he added.

Khandaker Monir Ahmed, senior vice-president of the Bangladesh Poultry Industries Association, suggested establishing storage facilities for eggs in the country so they can be consumed at lower prices during the peak season.

Abul Hashem, president of the Sugar and Oil Traders' Association, urged the government to reopen the closed sugar mills, either under a government initiative or in collaboration with the private sector.

The reopening of the sugar mills will help reduce import dependence, ensure fair competition in the market, and create employment opportunities, he said.

Imposing fines is not enough to curb unethical activities in the market; rather, exemplary punishments are needed to bring discipline, said Kazi Mohammad Bashir Uddin, president of the Moulvibazar Traders' Association.

## WEEKLY STOCKS Indices climb amid rising investor participation

### STAR BUSINESS REPORT

Dhaka stocks extended their upward momentum last week, buoyed by growing investor participation, which also boosted turnover.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), surged 64.44 points, or 1.27 percent, to close the week at 5,132.48.

The DS30, which tracks blue-chip stocks, advanced 1.47 percent to 1,936.66, while the DSES, representing Shariah compliant companies, gained 1.71 percent to 1,119.80, according to DSE data.

The indices' rally was reflected in last week's turnover, which stood at Tk 3,408.1 crore, up from Tk 2,544.85 crore the previous week. On a daily basis, average turnover climbed to Tk 681.62 crore last week, up from Tk 636 crore in the earlier week.

Investors appeared to favour banks, which accounted for 13.56 percent of the average daily turnover, while pharmaceuticals and textiles followed with 12.60 percent and 11.03 percent, respectively.

Sector wise, paper and printing stocks led the charge with a gain of 6.27 percent. Financial institutions, jute, and a few other sectors also posted healthy returns.

Market breadth remained positive, as 290 scrips advanced, 24 declined, and 80 remained unchanged.

Among individual stocks, Rahim Textile Mills was the highest gainer with a 23.89 percent jump, while SEMI Lecture Equity Management Fund suffered the worst drop, losing 11.54 percent over the week.

## Renata's Mirpur factory gets EU approval

### STAR BUSINESS REPORT

Renata PLC, one of the leading pharmaceutical companies in Bangladesh, has secured European Union Good Manufacturing Practice (EU GMP) approval for its Mirpur potent product facility.

In a press release issued yesterday, Renata said this is the first EU GMP-approved potent product facility in Bangladesh.

In the pharmaceutical industry, a potent product facility is a specialised plant designed for the safe manufacturing of highly potent drugs, which require exceptional precision due to their high potency and low dosage requirements.

These products demand stringent cleaning validation protocols, advanced containment systems, and specialised handling procedures to prevent cross contamination.

The approval was granted following an inspection by the German regulatory authority (Competent Authority of Saxony-Anhalt, or Landesverwaltungsamt Sachsen-Anhalt).

The full certification details are available on the Eudra GMP website.

This recognition adds to Renata's existing portfolio of approvals from stringent regulatory authorities, including the UK MHRA, US FDA, PIC/S, WHO PQ, Health Canada, TGA, and ANVISA.

## Industrial output soars

FROM PAGE B1

"The gap is not just in schools or colleges; we must incentivise industries to fund large-scale training and prioritise quality over quantity in skilled manpower."

He said this growing skills gap needs a multi-pronged and well-coordinated strategy. "It is not something we can fix by piecemeal efforts."

Khondaker Golam Moazzem, research director at local think tank Centre for Policy Dialogue (CPD), said that most industrial growth during the past decade came from large enterprises, not small or medium-sized ones.

"These large industries have developed their supply chains and adopted more technology-driven production systems, many of which are labour-displacing," said the industrial economist.

According to Moazzem, production has surged not because of more workers, but because productivity has increased.

For instance, he said Bangladesh is now exporting garments worth more than \$40 billion with fewer workers than when the country exported just \$10 billion.

"That means we have become more reliant on hi-tech machinery, and the skill levels have improved," said the economist. "We are also producing higher value-added items, which increases output without more workers."

In agriculture, he said, there has been little value addition. As a result, its share of GDP has fallen, though employment levels remain largely unchanged.

"By contrast, industry's share has grown, but employment has remained almost static."

"Much of the recent growth has not come from manufacturing alone. It is increasingly in service-linked areas like warehousing, transport, insurance, and supply chain services — sectors that tend to be less labour-intensive," he said.

"Our export structure has also become more concentrated in garments. It was 75 percent earlier, and now it is close to 85 percent. We have not seen diversification into other industries."

"So, while industrial GDP is rising, employment is not growing in parallel.

Productivity and efficiency gains are real, but they have not yet translated into greater labour absorption," he added. Labour economist Nazmul Hossain Avi sees this as an early sign of "de-industrialisation" and "economic divergence."

While automation and emerging technologies may be part of the story, he said the lack of a diverse manufacturing base is holding back job creation. The country is focusing only on the easiest options.

"Skills development and training," he said, "is where we must begin."

"Bangladesh needs to review and update the National Employment Policy (NEP) 2022, which was hastily made and weakly structured, merely aiming for a checkbox," Avi added.

"The NEP also needs a rigorous implementation plan that involves more ministries beyond the Ministry of Labour and Employment. Employment should not be the sole responsibility of one ministry; it involves many, if not all, government sectors."

"Unless we create more formal jobs in industries, the country will continue to face an increasing deficit in decent work."

Prof Abu Eusuf, executive director of local think tank Research and Policy Integration for Development (RAPID), highlighted another key issue, which is the mismatch between what academic institutions teach and what industries need.

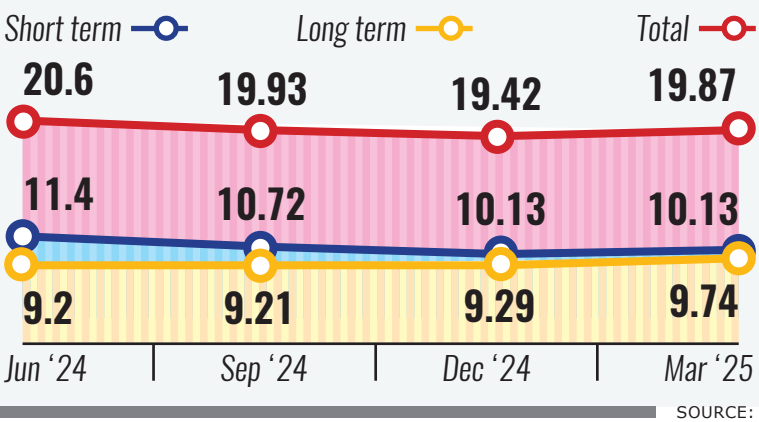
"We are seeing skilled professionals from neighbouring countries filling key roles in our industries, roles that Bangladeshi graduates could have filled if academic institutions were aligned with real market demand," he said.

Recent factory closures and layoffs, both in Bangladesh and abroad, have made matters worse.

"Many workers are still struggling to recover their livelihoods, and the industrial job market remains fragile," he added. He called for science and technology universities to focus on their original mission.

"Instead of producing general graduates, they should focus on market-relevant STEM degrees in engineering, statistics, and mathematics, aligned with current and future labour market demand."

### Private sector's foreign debt, in billion \$



SOURCE: BB

## Private firms' foreign loans

FROM PAGE B1

year, up 3 percent from \$5.22 billion in December 2024.

Ahmed Shaheen, additional managing director of Eastern Bank PLC, said Bangladesh's corporates had earlier been hesitant to take loans in foreign currencies amid rising interest rates globally.

Volatility in the exchange rate was another factor.

"Now, as interest rates are falling and the risk of large exchange rate shocks has declined, firms are showing eagerness to borrow. The gap in the interest rate between the domestic and international markets also offsets the perceived risk," he said.

"So, there are mixed reasons," he added.

The Secured Overnight Financing Rate (SOFR), used as a benchmark for various financial products, has been falling steadily.

The BB says long-term borrowing by private enterprises has grown since December 2024.

At the end of March this year, the private sector's outstanding long-term loan was \$8.83 billion, up 3.5 percent from three months ago.

Accordingly, overall outstanding foreign loans taken by the private

sector, including commercial banks, rose to \$9.7 billion as of March this year, up nearly 5 percent from \$9.29 billion three months ago.

During the period, the public sector's foreign loans rose too.

Overall, the outstanding debt of the public and private sectors grew to \$104.76 billion in the three months to the end of March this year, from \$103.73 billion before.

The NBR issued the directive on July 17 through a circular signed by its second secretary, Md Al Amin. The circular permits the transfer of laden containers to ICDs for unstuffing and final delivery to consignees.

As per the circular, seen by The Daily Star, the expansion comes with three conditions: each container must be scanned before transfer; the port authority will oversee the transfer; and the commissioner of Chattogram Customs House will retain the discretion to allow dual delivery—either from the port or

## Brokers call for overhaul

FROM PAGE B1

As a result, such directors struggled to make informed decisions or support market development, the association notes.

"Furthermore, the dominance of independent directors without ownership stakes created opportunities for decisions that conflicted with the interests of market stakeholders," reads the letter.

The DBA contends that these provisions have facilitated the politicisation of the DSE board, allowing past governments to exert undue influence. This, in turn, has undermined market discipline, caused losses to investors, and weakened the exchange's institutional integrity.

"The DBA expressed concern that similar scenarios could recur under future political administrations," states the letter.

To address these issues, the DBA has proposed a restructured board comprising 11 members: five independent directors, four shareholder directors, one strategic investor nominee, and one ex-officio managing director.

It also recommends that the role of chairperson be open to all board members, excluding only the ex-officio director.

This revised structure, the DBA

believes, would ensure a better balance of power and increase transparency in board decision-making, contributing to the sustainable development of the capital market.

It also recommends that the managing director be designated as the reporting authority for the chief regulatory officer (CRO) regarding all regulatory matters. At the same time, the CRO would continue reporting to the Regulatory Affairs Committee (RAC).

At present, the CRO reports solely to the RAC, bypassing the MD or CEO.

This arrangement, the letter notes, has created a communication gap, limiting the MD's awareness of regulatory issues and weakening trust between market intermediaries and DSE leadership.

In addition, the DBA recommended that the authority to revise the DSE's organisational structure should rest with the board, rather than being bound by the fixed organogram laid out in the original Demutualisation Scheme.

Therefore, the DBA proposes the removal of this clause from the Demutualisation Scheme.

At present, the scheme includes a fixed and detailed organisational organogram for the DSE, which restricts flexibility in updating the organisational structure and positions as needed.

## ICDs to deliver 15 more items

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The move brings the total number of product categories eligible for off-port delivery through private ICDs to 65.

The NBR issued the directive on July 17 through a circular signed by its second secretary, Md Al Amin. The circular permits the transfer of laden containers to ICDs for unstuffing and final delivery to consignees.

As per the circular, seen by The Daily Star, the expansion comes with three conditions: each container must be scanned before transfer; the port authority will oversee the transfer; and the commissioner of Chattogram Customs House will retain the discretion to allow dual delivery—either from the port or

ICDs—in special circumstances.

The revenue board said the decision was aimed at streamlining operations and easing congestion at Chattogram port, the country's principal maritime trade gateway.

Welcoming the move, Bangladesh Inland Container Depots Association (BICDA) Secretary General Md Ruhul Amin Sikder said the move would play an important role in reducing congestion at Chattogram port and in transforming the port into a modern one.

He also underscored the need for continuation of the move in gradually shifting import delivery activities out of the port.

For years, private ICDs were allowed to handle only 38 types of imported cargo. In April this year, the

NBR added 12 more categories. The latest update significantly broadens the scope of private depot operations.

There are 21 privately operated ICDs in and around Chattogram, 19 of which are actively engaged in processing both export and import containers, as well as handling empty containers.

The new list includes various food products such as milk and cream, coconuts, Brazil nuts and cashew nuts; several types of chemical items, such as sulphur, sulphates, carbonates, and insecticides, including rodenticides, fungicides, and herbicides.

It also includes chemical substances used in garment and textile factories like polymers of ethylene, polymers of propylene, and others.





Syed S Kaiser Kabir

# Drug-making not viable without price adjustment

Renata CEO tells The Daily Star

AHSAN HABIB

Renata PLC, one of the country's leading pharmaceutical companies, discontinued nearly 30 percent of its product line in the last fiscal year after production costs outpaced selling prices, according to the company's chief executive officer (CEO).

In an interview with The Daily Star, Syed S Kaiser Kabir, CEO and managing director of Renata, said many other companies are taking similar steps, as they are unable to adjust prices despite spiralling costs.

He blamed the authorities for not allowing price revisions, even though a 1994 government circular permits companies to set the prices of non-essential drugs.

While the circular fixes the prices of 117 essential medicines, it gives manufacturers the freedom to set prices for other drugs.

Kabir said despite this provision, the authorities have blocked price adjustments across the board, even as the taka has lost about 43 percent of its value against the dollar after the Covid pandemic.

"If production becomes unprofitable, companies will stop making those medicines. Then we will have to depend on imports, which come at a far higher cost," he said.

Citing rising import costs of raw materials and the impact of a weaker taka, Kabir said Renata had 626 products, of which 194 had been pulled from the market in recent years.

"Various companies are also discontinuing roughly 25 to 30 percent of their medicine portfolio," he added.

Kabir said both the previous Awami League and the current interim government have resisted price increases due to political sensitivities.

"The AL government did not allow price increases because it was politically unpopular. Similarly, the current government has flatly refused to allow any price hikes, citing public impact," he said.

He mentioned that if the government believes higher prices will make medicines unaffordable, it should consider subsidies. "But private companies won't make medicines at a loss."

Although some of the drugs are loss-incurring, drugmakers are making a profit overall—so why would the government allow a higher price? The CEO was asked this question.

## TAKEAWAYS FROM INTERVIEW

### HOW PHARMA INDUSTRY FLOURISHED

The 1982 drug policy protected local companies and restricted imports

The 1994 circular allowed companies to set prices for most medicines

Massive investment and skilled workforce entered the sector due to policy support

Fierce local competition drove prices down and improved quality

Industry leaders were ambitious to become world-class, boosting quality and exports



He said survival and innovation require a reasonable level of profit.

Just a few years ago, Renata made a post-tax profit of Tk 18 for every Tk 100 in sales. The average stood at Tk 15. That figure has now dropped to just 5 percent, according to the company's financial statements.

"With this profit margin, there would not be investment or quality improvement," he said. "So, this is unsustainable."

In the first nine months of FY 2024-25, Renata's net profit fell by 35 percent to Tk 168 crore. Sales stood at Tk 3,132 crore during the period, resulting in a profit-to-sales ratio of 5.37 percent.

"We were hit hard because our biggest investment came just before the taka devaluation," Kabir said. "Other companies are now beginning to feel the impact. If this continues, companies will start shutting down—not suddenly, but gradually."

Kabir commented that medicine prices are globally determined by the market, with a few countries offering subsidies to balance between affordability and sustainability.

"In the UK, prices change daily, like in the stock market. In India, Pakistan, and Singapore, it is company-driven. If there is competition, profits are limited," he said.

"But what concerns me more is that the government is not allowing price increases for ideological reasons. Policymakers do not believe pharma should make profits or grow big."

Referring to long term investments, the CEO said, "Thousands of crores were invested based on the 1994 circular. Thousands of university graduates are studying pharma. What will happen to them?"

Bangladesh currently manufactures around 98 percent of its required medicines locally.

Kabir said wouldn't be possible without the 1994 circular. He also credited the 1982 Drug Policy for laying the groundwork.

"The policy protected and promoted local companies against the multinational firms."

For years, Bangladesh restricted imports unless they were original drugs, a move that helped local companies flourish.

### CRISIS IN MEDICINE SECTOR

Many essential medicines are being discontinued due to high production costs

Drug companies' profits dropped after the sharp devaluation of the taka

Govt's refusal to adjust prices will force small companies to shut down gradually

If prices can't be raised, some medicines will disappear or be imported at 4-5 times the cost

The 1994 circular, Kabir said, took the industry further. "It completely transformed the industry, taking it from import-dependent and multinational-dependent to now a fully sufficient and exporting one."

Asked whether letting companies set prices would hurt consumers, the CEO's answer was firmly no.

"When companies are allowed to set prices of any commodity, prices usually go up and quality goes down. But in pharmaceuticals, it is just the opposite. Because the competition and ambition of being quality drug producers is the core of our industry," he said.

Citing data from IQVIA, a global health information firm, Kabir claimed that Bangladesh's medicine prices are lower than those in India. "You do not have to take my word for it. Ask any of your relatives living abroad how much they pay for medicines compared to Bangladesh."

On whether companies could trim their own costs to keep prices affordable, Kabir pointed to the long-standing issue of sending gifts to doctors.

READ MORE ON B2

## Did tight monetary policy help?

MAMUN RASHID

With support from the World Bank and more importantly the IMF, the Bangladesh Bank (BB) has largely improved its policy analysis capability. The regulator has been announcing the half-yearly monetary policy statement (MPS) since 2007.

Monetary policy is generally either expansionary or contractionary. When the total supply of money is increased, it is expansionary, and when cumulative money supply is decreased, it is contractionary. An expansionary policy is usually adopted in a situation where employment generation is a priority by lowering interest rates. Conversely, a contractionary policy is followed to stabilise inflationary pressure through increasing interest rates.

There's also an "accommodative" stance—a balancing act between curbing inflation and supporting growth, marked by relatively swift shifts in policy direction.

Since its inception, monetary policy in Bangladesh was conducted with full direct control on interest rates and exchange rates, also on the volumes and directions of credit flows. But today, direct lending (other than loans at times directed by the state-owned bank's board) has mostly been abolished, and gradual liberalisation of interest rates has taken place.

The exchange rate has become floating, with BB buying or selling currencies to keep liquidity at the desired level, though we heard about "managed float" or "moral-suasion" at frequent intervals.

BB's recent MPs have focused on identifying and neutralising inflationary pressures arising from growth-supportive policies, while still targeting priority sectors like agriculture, SMEs, renewable energy, and green finance. At the same time, it has discouraged lending to unproductive or consumption-heavy sectors.

Though BB has often framed its strategy as accommodative, in practice, it leaned towards contractionary, mopping up excess liquidity by raising the cash reserve ratio (CRR) and policy rates. Liquidity was occasionally injected through repurchase agreements (Repo) to ease the market.

BB aimed to shield the banking sector from shocks like a stock market crash. But political instability and policy contradictions, such as legalising black money in real estate, capital market, or extending support to struggling apparel firms, undermined its efforts. These moves increased pressure on the central bank's policy credibility.

Adding to the strain were rising loan defaults in state-owned banks and poor supervision of classified loans, including pressure to release reserves made against classified loans. This impacted the liquidity situation.

At its core, BB is more responsible for real sector growth while maintaining banking sector stability. But a shallow capital market, with only about 300 traded issues, not depicting the real fundamentals, cannot ensure inclusive and equitably distributed growth.

In a labour-surplus economy like Bangladesh, job creation, with an increasing rise in investments, is crucial. Only real sector investment can make it happen.

Managing the trade-off between controlling inflation and supporting growth is a tough balancing act. BB must remain cautious about private sector credit growth and avoid extending credit to unproductive sectors. Equally critical is addressing rising debt default and maintaining exchange rate stability.

That said, in a country with weak governance, tackling inflation is more about enforcing rule of law than monetary tools alone. Excessive focus on lowering inflation can choke off investment and stall national wealth creation. Interest rate management is vital in this context.

Our economy is offering policymakers all the challenges of "managing growth in a transition economy" with an apparently weak regulatory framework and pressure on capacity. Even if we perform above average, striving continuously to maintain a balance with fiscal measures, the country does not have a high risk of slipping from the growth track. If we err, let us err with investment and employment generation.

The writer is an economic analyst and chairman at Financial Excellence Ltd

## IMF warns trade tensions cloud outlook

REUTERS, Washington

The International Monetary Fund warned on Friday that risks related to trade tensions continue to cloud the global economic outlook and uncertainty remains high despite some increased trade and improved financial conditions.

IMF First Deputy Managing Director Gita Gopinath said the fund would update its global forecast later in July given "front-loading ahead of tariff increases and some trade diversion," along with improved financial conditions and signs of continued declines in inflation.

In April the IMF slashed its growth forecasts for the United States, China and most countries, citing the impact of US tariffs on imports now at 100-year highs and warning that rising trade tensions would further slow growth.

At the time, it cut its forecast for global growth by 0.5 percentage points to 2.8 percent for 2025, and by 0.3 percentage points to 3 percent. Economists expect a slight upward revision when the IMF releases an updated forecast in late July.

Gopinath told finance officials from the Group of 20 major economies who met this week in South Africa that trade tensions continued to complicate the economic outlook.

"While we will update our global forecast at the end of July, downside risks continue to dominate the outlook and

READ MORE ON B2

## China mulls measures to boost economy

AFP, Beijing

China has a "plentiful" toolbox to avoid an economic slump in the second half of the year, its commerce minister said Friday as he admitted it faced a "very severe and complex situation".

Growth hit 5.2 percent in the second quarter, official data showed Tuesday, but analysts have warned that more must be done to boost sluggish domestic consumption as exports face the knock-on effects of global trade turmoil.

Retail sales rose far less than expected last month and were much weaker than May, suggesting efforts to kickstart consumption have fallen flat.

"We are still facing a very severe and complex situation. Global changes are unstable and uncertain. Some of our policies will provide some new responses according to the times and circumstances," Wang Wentao told journalists at a news briefing.

"Our toolbox is plentiful, and we will be fully prepared."

Asked specifically about China's reliance on exports, Wang suggested the government was preparing policies to "further stimulate the momentum of our consumption development".

"China's economy is improving, and the long term fundamentals have not changed, the consumption market's characteristics of great potential, strong resilience and vitality have not changed," he said.

Wang also namechecked Beijing-based toymaker Pop Mart, whose Labubu monster dolls have become a must-have item internationally, adorning the handbags of celebrities such as Rihanna and Dua Lipa.

"We are also promoting new forms of consumption... for example Pop Mart, these kinds of new trends, new fashions and styles... the Labubu phenomenon has swept



People visit the Grand Pacific shopping mall in Beijing on July 2. China's retail sales rose far less than expected last month and were much weaker than May, suggesting efforts to kickstart consumption have fallen flat.

PHOTO: AFP

the world," he said.

Beijing is battling to shift towards a growth model propelled more by domestic demand than the traditional key drivers of infrastructure investment, manufacturing and exports.

That desired transformation has become more urgent since Donald Trump came to office.

The US president has imposed tolls on China and most other major trading partners, upending trade norms and endangering Beijing's exports at a time it needs them more than ever to stimulate economic activity.

The two superpowers have sought to

de-escalate their row after reaching a framework for a deal at talks in London last month, but observers warn of lingering uncertainty. Wang said Friday that despite "storms and rain", Washington remained an important trading partner.

Even though China-US trade has declined proportionally for each country, overall bilateral trade has remained stable, Wang said.

In a sign of progress, US tech giant Nvidia said this week that it would resume sales of its H20 artificial intelligence chips to China after Washington pledged to remove licensing restrictions that had halted exports.

## US treasury secretary says Japan trade deal 'remains possible'

AFP, Tokyo

US Treasury Secretary Scott Bessent said Friday that a trade deal with Japan remained possible, following talks in Tokyo ahead of the looming August 1 imposition of new tariffs.

"A good deal is more important than a rushed deal, and a mutually beneficial trade agreement between the United States and Japan remains within the realm of possibility," Bessent said on X.

"I look forward to continuing formal talks in the future," Bessent said following discussions with Japanese Prime Minister Shigeru Ishiba and trade envoy Ryosei Akazawa.

US President Donald Trump imposed tariffs on imports of Japanese cars, steel and aluminium earlier this year.

Trump sent letters to Japan and a string of other countries earlier this month informing them that higher import tariffs will kick in on August 1 unless they reach a deal with the United States.

For Japanese imports, the additional tariff was set at 25 percent. It was the second time the US president has set a deadline after he postponed tariffs on almost all countries in April for 90 days.

Recent weak export data, including a sharp drop in vehicle exports to the United States, raised fears that Japan, the world's fourth-largest economy, could tip into a technical recession.

Trump this week poured cold water on the prospects of an agreement, saying Japan won't "open up their country".

Earlier this month, Ishiba, who faces tough upper house elections on Sunday that could end his premiership, said: "We will not easily compromise."