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 Razeev 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 SEML 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

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"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."

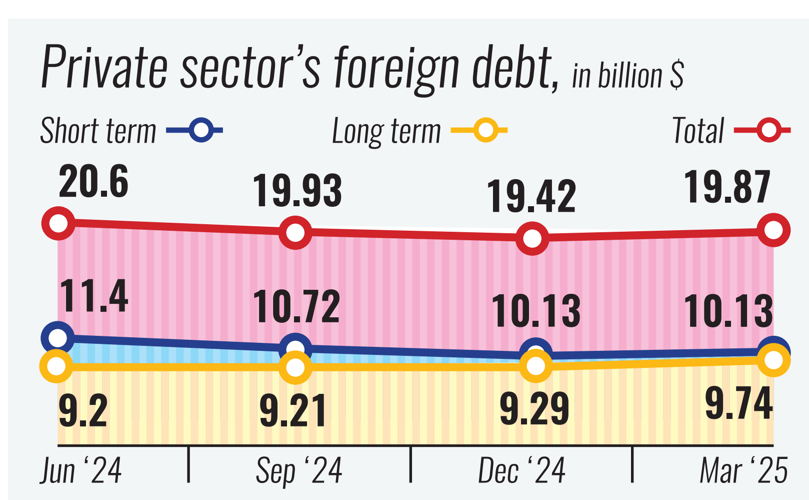
Prof Abu Eusuf, executive director of local think tank Research and Policy Integration for Development (RAPID), highlighted another key issue, which is the mismatch between what academic institutions teach and what industries need.

"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."



SOURCE: BB

Private firms' foreign loans

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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.

Brokers call for overhaul

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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.