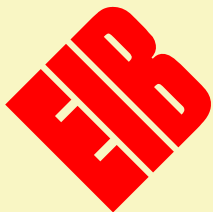





# Unrest or reform, businesses must go on

7th ISSUE



Economic  
Intelligence  
Bangladesh

A Research Initiative Of **TBS** &  **DataSense™**  
Decisions Made Easy

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**CONTENTS**

Turbulent Q1 FY25 (Jul-Sep) .....	<b>03</b>
What are the business leaders demanding since regime change?.....	<b>04</b>
Promising Q2 FY25 (Oct-Dec) .....	<b>05</b>
Businesses expect strong growth in Q2 FY25 production levels .....	<b>05</b>
<b>Bangladesh Industry Survey</b>	
11 business leaders from 9 sectors including: .....	<b>06</b>
Production Levels Decline for Nearly Half of the Surveyed Firms in Q1 FY25 ...	<b>07</b>
Businesses Expect Strong Growth in Q2 FY25 Production Levels .....	<b>08</b>
Factors affecting production .....	<b>09</b>
Employment Trends .....	<b>09</b>



# After a gloomy Q1, Businesses foresee strong Q2

✓ Mohsin Bhuiyan, M. Samin Sajid Nahr, Nadeem Razzaque Rommo

With the abrupt regime change through a student-led mass uprising on 5 August, Bangladesh's economy finds itself at a critical juncture – torn between the hope for reform and the weight of political turbulence. Businesses are feeling the pressure, with worker protests, disrupted supply chains, and soaring costs creating a challenging landscape. The question is not just about surviving but regaining the pace on the back of some positive signs from a slew of quick steps taken by the interim government in banking, forex market and trade bodies.

To assess current business performance, forecasts, and employment trends, Economic Intelligence Bangladesh – a joint research publication by The Business Standard and DataSense – conducted a short survey titled “Bangladesh Industry Survey.” Based on data from 11 companies across nine sectors, the survey offers a snapshot of how businesses are navigating the different time and looking forward.

## Turbulent Q1 FY25 (Jul-Sep)



**The findings** from the first quarter of FY25 (July – September) revealed that nearly half of the surveyed firms experienced a drop in production, with 46% citing setbacks, most commonly a modest 5% decline (27%).

**The leaders** pointed to foreign exchange crisis as the top challenge affecting production, with 46% of respondents citing it as the biggest concern. Other major issues include a cash crisis, labor unrest, lower consumer demand, and supply chain disruptions (36%). Energy shortages (27%) and loan shortages (18%) also hinder operations.

**On the positive side**, 36% of firms saw growth during the quarter. Among them, 18% reported production increases ranging between 5–20%, while a smaller proportion (9%) achieved a modest 5% increase. Interestingly, another 9% recorded substantial growth of more than 100%. Meanwhile, 18% of respondents reported no change in production levels.

**Businesses are prioritising workforce stability** in FY25, with 64% maintaining staffing levels in Jul-Sep and this figure expected to rise to 73% in Oct-Dec. Hiring is slowing, dropping from 27% to 18%, while layoffs remain low at 9%.



**Since the interim government took office**, business leaders from various sectors united to present a comprehensive agenda, demanding reforms ranging from enhanced policy support and bureaucratic efficiency to improved governance. These demands were widely reported by media outlets across the country.

## What are the business leaders demanding since regime change?



## Promising Q2 FY25 (Oct-Dec)



### Businesses expect strong growth in Q2 FY25 production levels

The outlook for production in the second quarter of FY25 (October–December) is overwhelmingly positive, with 64% of firms expecting growth. According to the survey, a majority (55%) anticipate a 5–20% increase in production, while 9% project a smaller 5% increase.

Stability is also a key theme, with 27% of respondents expecting no change in their production levels. Meanwhile, only 9% foresee a decline, and all of these anticipate a 5% decrease, indicating minimal concern over significant production losses.

This optimistic forecast comes in stark contrast to the challenges faced in Q1, where 46% of respondents reported declines in production. The marked improvement suggests growing confidence in market conditions and operational stability for the upcoming quarter.

Business leaders are optimistic about this trend, suggesting that favourable policies, easing economic pressures, or stronger market demand might be fuelling this positive outlook.



# Bangladesh Industry Survey

For the seventh issue of Economic Intelligence Bangladesh, The Business Standard conducted a short survey in October 2024 to gather data on **industry performance, forecasts, and employment trends** in Bangladesh, bringing insights

from 11 business leaders of 9 sectors, helping us understand the performance of various sectors in the first quarter of FY25, identify emerging challenges, and their views for business in the next quarter.

11 business  
leaders from  
**9** sectors including:



Pharmaceuticals



Food



Steel



Home Appliances



Clothing  
(RMG)



Chemical




Footwear



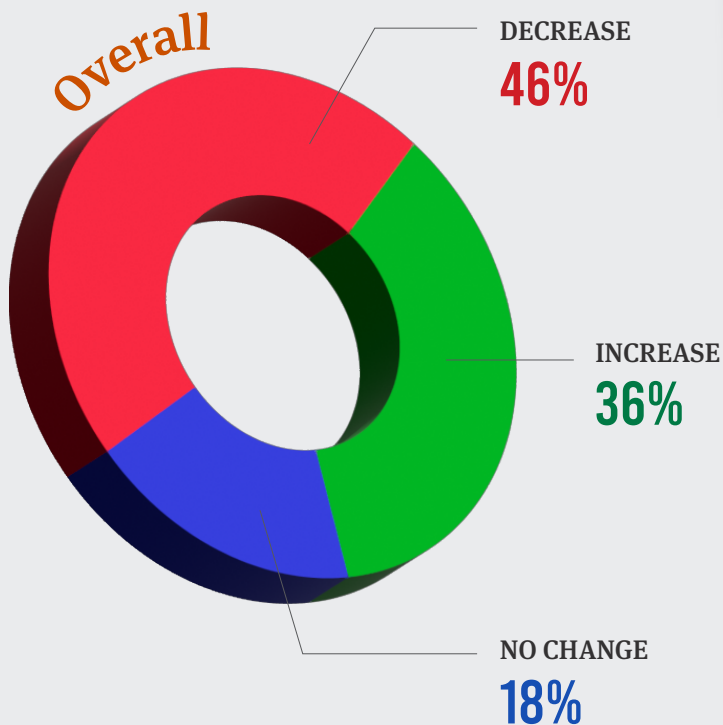
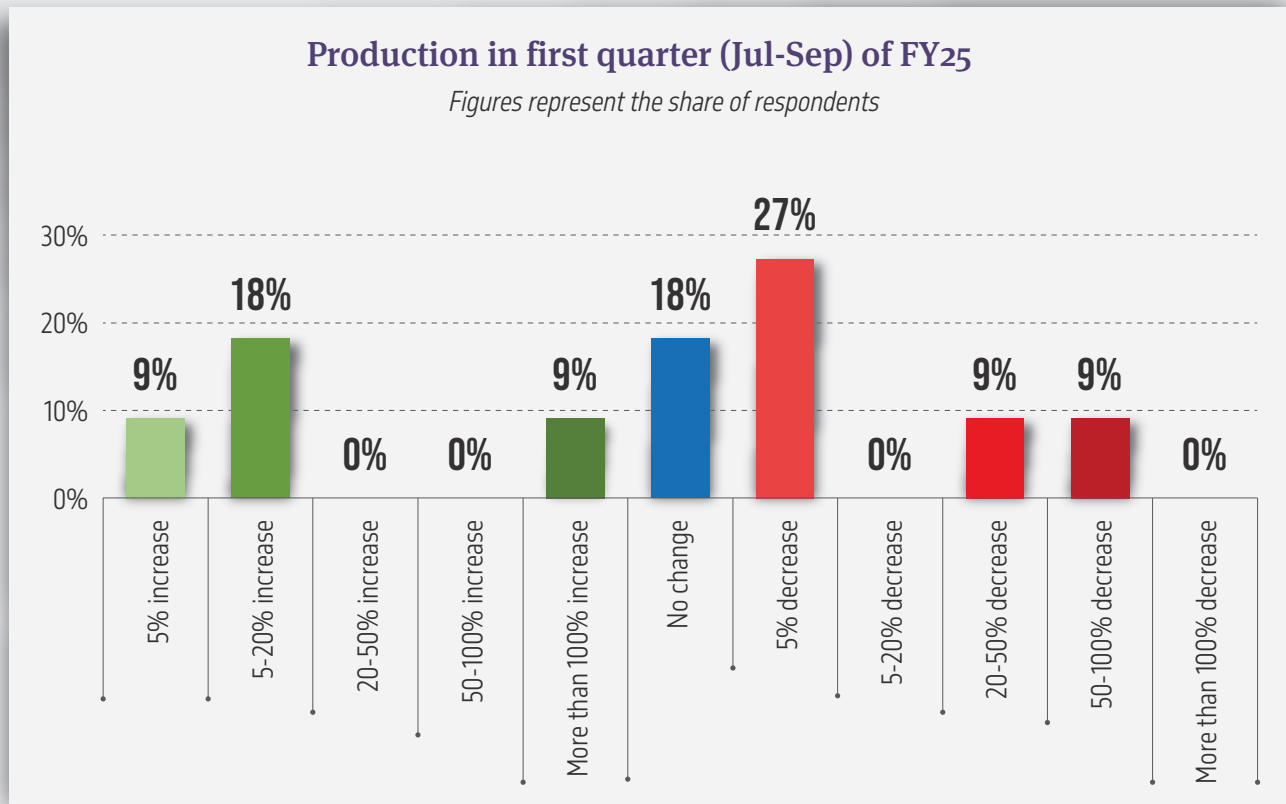
Motorcycle  
Manufacturing  
and Sales



Medical  
Equipment



# Production Levels Decline for Nearly Half of the Surveyed Firms in Q1 FY25



### Decline in Production

46% of respondents reported a decline in production

27% experienced a 5% decline

9% reported a 5-20% decline

9% faced a 20-50% decline

### Increase in Production

36% of respondents saw growth in production

18% experienced a 5-20% increase

9% reported a 5% increase

9% saw a 100%+ increase

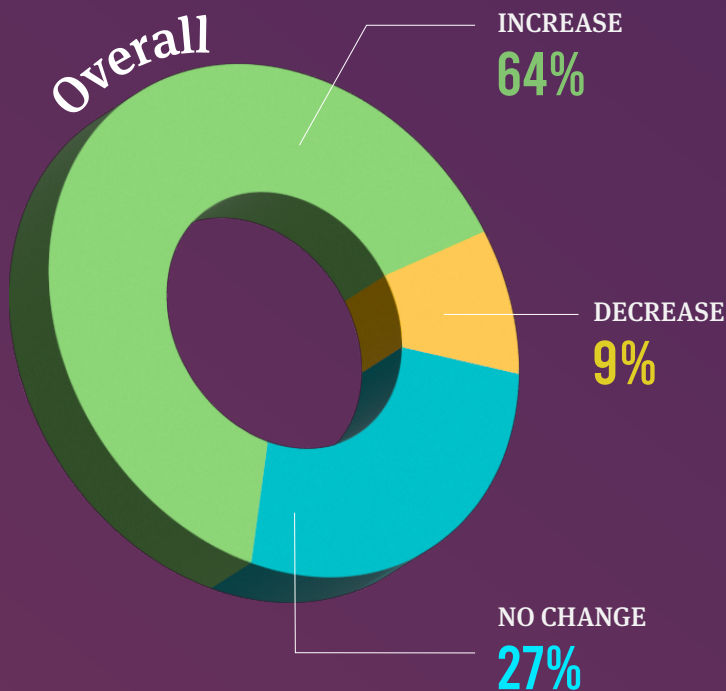
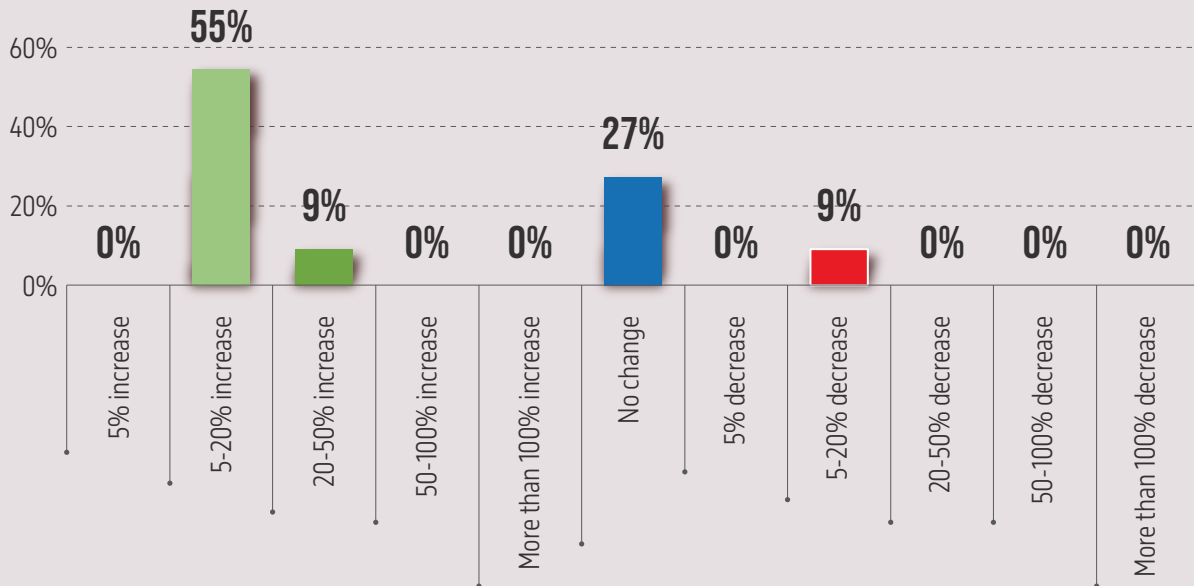
### Stagnation

18% of respondents reported no change in production levels

# Businesses Expect Strong Growth in Q2 FY25 Production Levels

## Expectation for Production in second quarter (Oct-Dec) of FY25

Figures represent the share of respondents



### Positive Outlook

64% of firms expect production to increase

55% anticipate a 5–20% increase

9% foresee a 5% increase

### Decline in Production

Only 9% expect a 5-20% decline

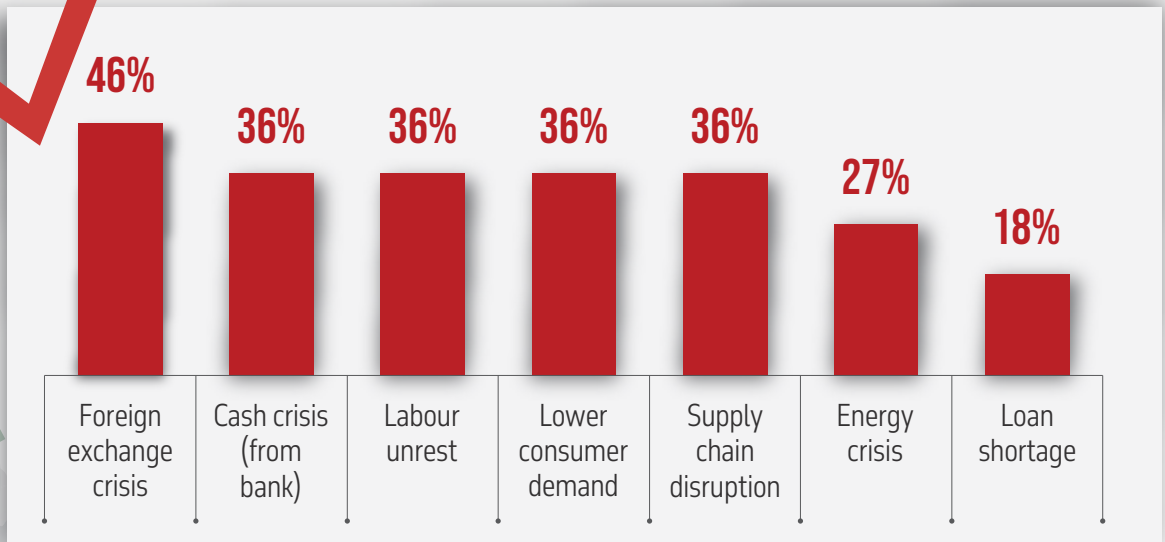
No respondents anticipate a decline greater than 20%

### Stability

27% expect no change in production levels.



## Factors affecting production



**46%** of respondents reflected that *foreign exchange crisis* is the major factor that hinders production levels. Following this, *cash crisis, labour unrest, lower demand, and supply chain disruption* are all chosen equally as negative factors.

## Employment Trends

In Jul-Sep FY25, most businesses (**64%**) have kept their workforce **unchanged**. This trend is expected to continue into the second quarter, with only **18%** planning to hire more workers.

