

Stocks

DGEN ▼ 2.84%
2,982.68

CSCX ▼ 0.23%
6,679.71
(Week-on-week)

Asian Markets

MUMBAI ▼ 1.84%
13,504.22

TOKYO ▼ 0.04%
9,287.28

SINGAPORE ▲ 0.02%
2,307.98

SHANGHAI ▼ 0.29%
3,113.93
(Friday closings)

Commodities

Gold ▼
\$913.35
(per ounce)

Oil ▼
\$59.16
(per barrel)

SOURCE: AFP
(As of Friday)

More News

BKB returns from two decades of loss

Bangladesh Krishi Bank (BKB) has made a net profit of Tk 12.19 crore in fiscal 2008-09 -- spurred by loan interests and recovery of bad debt -- after two decades of losses, the bank said in a statement yesterday. "The bank has earned a huge amount of interest due to significant enhancement of loan disbursement and recovery of classified loans," BKB said.

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International

Is G8 taking a back seat?



The G8's days as the world's top economic policy forum appeared numbered on Friday as leaders, including US President Barack Obama, endorsed moves towards a more inclusive system. The eight big industrialised democracies still plan to meet in a year's time in the wild Canadian region of Muskoka, 90 minutes outside Toronto, but by then the grouping could well have taken a back seat to other bodies.

India will clock high growth despite recession: PM

Indian Prime Minister Manmohan Singh has defended his government's economic growth target of between eight and nine percent, despite the global recession, a report said Saturday. Singh, on his way back from a meeting of the Group of Eight (G8) industrialised nations in Italy, said the world economy would take more time to recover.

AIG seeks US govt nod for bonuses

Insurance giant AIG is to pay millions of dollars more in executive bonuses, despite a firestorm earlier this year over the issue, and is seeking government blessing to deflect public wrath, The Washington Post said Friday.

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Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Herbal medicines get new lease of life

SOHEL PARVEZ

Herbal medicines are set to witness an investment boost as over 20 companies have lined up for licences from the drug administration to manufacture such medicines to exploit business potentials in the sector, still almost untapped, industry people said.

"A new avenue for herbal medicine has opened up as many investors are looking for venturing in making such medicines," a senior official of Directorate of Drug Administration told The Daily Star.

Officials said the drug regulator has received nearly two dozens of applications seeking approval to make herbal medicine. Of the applicants, four got licences and around 20 companies are awaiting approval.

"So far we have cleared four applications. We are also in process of giving approval to some more companies," the official added.

The latest approval was given to Radiant Nutraceuticals Ltd, which is set to join the foray with three existing operators -- Square, ACME and Modern -- with Square Herbal and Nutraceuticals being the pioneer in the segment.

"We have opted for herbal medicine making with an aim to tap the export potential. The global market for herbal medicine is huge and many people in the West are showing growing interests," said MM Asad Ullah, in-charge of Square Herbal and Nutraceuticals Ltd, a concern of Square Group.

According to World Health Organisation (WHO), as many as 80 percent of world's people rely on tradi-



Herbal medicines are increasingly popular in local and global markets. More than 20 firms seek licences to come into the sector.

tional medicines for their primary healthcare and remedies, and the use of traditional medicines is rising in the developed economies such as Europe and America.

Industry people said the global market for medicinal plant products is estimated to be more than \$60 billion a year.

At present, China and India supply bulk of the plant drugs demand to the global market.

In Bangladesh, demand for herbal medicine is also on the rise.

Industry insiders said allopathic pharma market in Bangladesh is worth around Tk 4,000 crore, while the market size for herbal medicines including Ayurvedic and Unani stands at more than Tk 1,000 crore.

Industry people observed that scopes to exploit the untapped herbal medicine now lure investors to the segment with majority of applications coming from new investors along with allopathic drugmakers.

Stakeholders said some of the well-known allopathic drug makers are gearing up for establishing herbal medicine



units.

The sector started pulling attention after the government had endorsed herbal medicine in the drug policy along with two other traditional branches of medicine -- Ayurvedic and Unani.

Later the sector received a further boost as the government termed herbs and herbal medicine as one of the five priority sectors to diversify the country's export basket.

Industry people observed that Bangladesh has prospect in making footsteps on the global market for medicinal plant and products as nearly 650 medicinal plant species have been identified to be in use in Bangladesh with around 25 plants having high value.

Sector people said herbal medicine differs from Ayurvedic and Unani medicines due to its unique manufacturing process, although all the three branches of medicine depend mainly on medicinal plants.

"Our manufacturing process is different from Ayurvedic and Unani. We also use modern technology," said Asad of



Square Herbal, which has so far launched 8 medicinal products.

He also said businesses of Ayurvedic and Unani medicines would not be hurt by the growth of herbal medicines. "Rather a new market will be created," he added.

To push the sector forward, the drug administrator has recently set a definition for herbal medicine and selected a set of reference books for manufacturers to follow while making herbal medicines.

The regulator has also finalised testing criteria to boost the sector and expedite the process of giving approval to the prospective licence seekers.

The licence awarding process was slow earlier in absence of a definition, testing criteria and reference, industry people said.

"Finalisation of these criteria will assist us to clear the applications faster to help grow the sector in a disciplined manner," said the official of the Drug Administration. sohel@thedailystar.net

KEY FACTS

● More than 20 companies seek licence for herbal medicines

● Four get approval and some in process

● 80 percent of world population relies on traditional medicines: WHO

● Huge scope to tap more than \$60 billion world market for medicinal plants

● The size of local market including Ayurvedic and Unani is Tk 1,000 crore

● 650 medicinal plant species are in use in Bangladesh

More apparel buyers look to Bangladesh



EPIYLLION GROUP

A worker is seen at a garment factory in Dhaka. Foreign buyers are now shifting orders to Bangladesh for readymade products as the global financial meltdown shows some signs of recovery.

REFAYET ULLAH MIRDHA

With the signs of economic recovery in the western world, foreign buyers now lean towards Bangladesh's readymade (RMG) products, placing orders at an enhanced rate.

Major companies say they are now busy with making sweaters, as buyers are increasingly placing orders for the item in the upcoming winter season.

The country is in an advantageous position with cheap and quality apparels because its competitors like China, Pakistan and India are losing out their market share for their higher cost of production, said Nazrul Islam Swapan, managing director of Nassa Group, an apparel manufacturing giant.

"If the current improvement in the global financial crisis continues, it will be a boon for Bangladesh's apparel makers next June," Swapan said with conviction.

Higher cost of production and shifting to high-end products have driven China out of the apparel market, while Pakistan lost its reputation because it has long been a trouble-torn country, the Nassa Group boss pointed out.

India is also struggling to sustain competition, as its cost of production remains high, Swapan thinks.

"All of my units are pre-occupied with an increased number of international buying orders," he said. Nassa has more than 36 production units right now.

Chairman of SQ Group Ghulam Faruque said he has also received significant number of orders from renowned western retailers, as the global financial meltdown shows signs of recovery by a certain degree.

Faruque is happy with the increased

volume of export orders for sweater, but not with the price the buyers now offer for the item. "The problem lies with the price. It's too low to sustain, but we continue production to stay on competition," the chief of the SQ Group, another leading apparel maker, lamented, pointing to the fact that the UK buyers are still offering the previous price. "We want higher price to be more competitive," he added.

Managing Director of DEKKO Group Shahadat Hossain Kiron's view on the increased buying orders is similar to others.

"The quantity of orders is higher than it was last year," Kiron told The Daily Star over phone from Canada, the country he is touring now.

"The quantity is satisfactory, but the problem is price. The western buyers are not paying us a reasonable price," he said. However, he pointed out that Bangladesh's low-priced but quality products attract international buyers.

Chairman and Managing Director of Viyellatex Group K M Rezaul Hasanat, who is very upbeat on the country's future prospects for RMG exports, points to the fact that Bangladesh is now on top priority list of Japan, one of the largest clothing markets.

Hasanat said a good number of Japanese are coming to Bangladesh as the Tokyo government advised the buyers to relocate 30 percent of their businesses to other countries than China.

"As a result, Bangladesh, Thailand, Vietnam and Cambodia are on the priority list of Japanese buyers," he said. He expects a further rise in orders in 15 days from now, as international buyers are coming here for winter collection.

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Bulls on a leash

STAR BUSINESS REPORT

A long bullish spell in the Dhaka market fizzled out last week with most stocks going down.

The benchmark index of Dhaka Stock Exchange, DSE General Index, fell 87.03 points, or 2.84 percent, to 2,982.68 week-on-week. The DSE All Share Price Index declined 74.87 points, or 2.91 percent, to 2,493.91 on Thursday, the week's last trade day.

After an increase of about 6 percent in the previous week, the opening trade day of last week recorded a fall of over 3 percent in the general index. The market crept slowly up for the rest of the week.

The general index fall can be mostly attributed to a dramatic decline in bank shares, analysts said.

"The fall in the banking shares started just after reports came out that Bangladesh Bank decided to check all the banks for irregularities. This led to a panic situation with investors dumping the banking sector stocks," Equity Partners Limited (EPL), an investment

firm, said in its weekly market analysis.

On the other hand, it said, a large number of investors were undecided on what direction the market was going to take and were adopting a wait-and-see approach.

It also led the daily average turnover on a path to a downtrend, the EPL analysis said.

Daily average turnover on the premier bourse fell 18.17 percent to Tk 726.01 crore.

But total turnover increased 2.29 percent to Tk 3,630.06 crore last week, as the bourse operated a day less in the previous week because of bank holiday.

Like banks, the pharmaceuticals sector also saw a price decline. A dividend declaration by Square Pharmaceuticals, a large cap stock, did not live up to investor expectations, which led to a massive slump in prices putting squeezes on the pharmaceuticals sector.

Square Pharma announced 40 percent cash and 25 percent stock dividend last week.

Other sectors also posted slight price declines.

With the general index hanging in the range of the 3,000 points mark, the direction of the market seems currently unpredictable, EPL said.

"However, since no adverse news in the real economy is in sight we don't see any reason for the market to fall from the current level," it said.

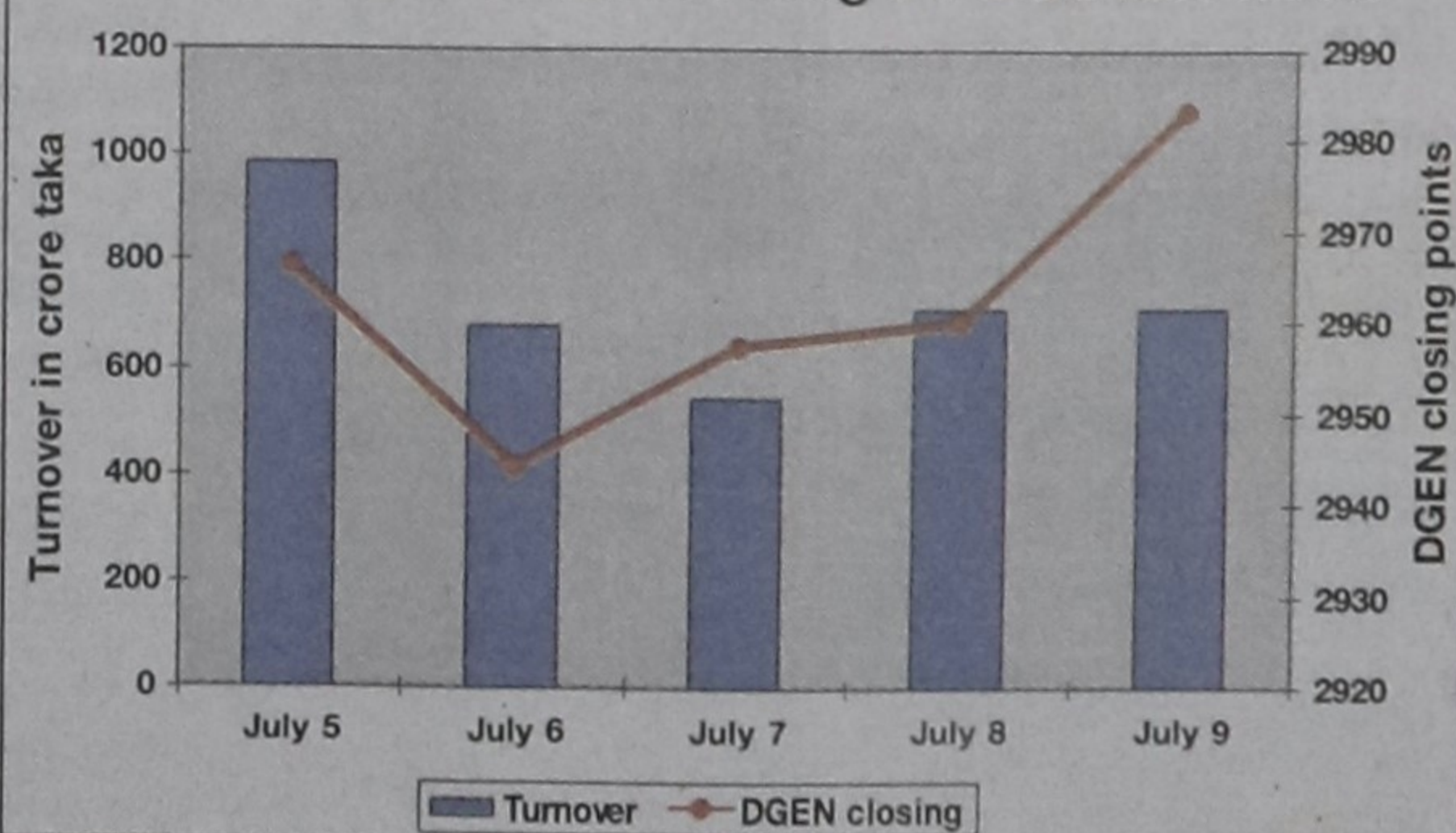
Previously, the continuous upward movement in the stock prices was leading to an overheated market condition. "However with the price correction, the possibility of stock mispricing now seems to be averted," EPL added.

The losers beat the losers 155 to 83. Three securities remained unchanged. A total of 18,17,15,497 shares traded on the DSE, marking a 5.27 percent rise.

Market capitalisation fell 0.13 percent to Tk 1,26,718.74 crore.

Beximco topped the turnover leaders with 1,05,61,200 shares worth Tk 310.81 crore being traded, which was 8.56 percent of total turnover. The other turnover leaders were Titas Gas, Beximco Pharma, AB Bank, Bextex, Square Pharma, Summit Power, Grameen Mutual Fund

Turnover and DGEN closing on DSE last week



One: Scheme Two, Prime Finance and LankaBangla Finance.

Chittagong stocks also declined. The CSE Selective Categories Index slipped 0.23 percent to 6,679.71 points. The CSE All Share Price Index slid 0.34 percent to 10,312.97 points.

A total of 2,98,71,486 shares worth Tk 469.01 crore changed hands on the Chittagong Stock Exchange. Of the traded securities, 89 advanced, 80

declined and nine remained unchanged.

AB Bank topped the turnover leaders on the port city bourse with 6,09,011 shares worth Tk 60.91 crore being traded. Other turnover leaders were Beximco, Bextex, Beximco Pharma, Titas Gas, Square Pharma, Grameen Mutual Fund One: Scheme Two, Shinepukur Ceramics, Islami Bank and Union Capital.