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BSEC urges bankers to help develop bond market

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has asked banks in the country to help develop the local bond market by increasing their participation in buying and selling the debt securities.

The BSEC made this request during a meeting with various bankers and institutional investors at its office in Dhaka yesterday.

"The bond market is an important source of long-term financing and it has huge potential in Bangladesh," said Shaikh Shamsuddin Ahmed, a commissioner of the BSEC.

As such, the BSEC is giving full effort to make the bond market more sustainable and useful for entrepreneurs in the country, he added while chairing the meeting.

With this backdrop, he requested all institutional investors to actively

AT A GLANCE

APPROVED Nearly 800 companies got approval for manufacturing herbal medicines

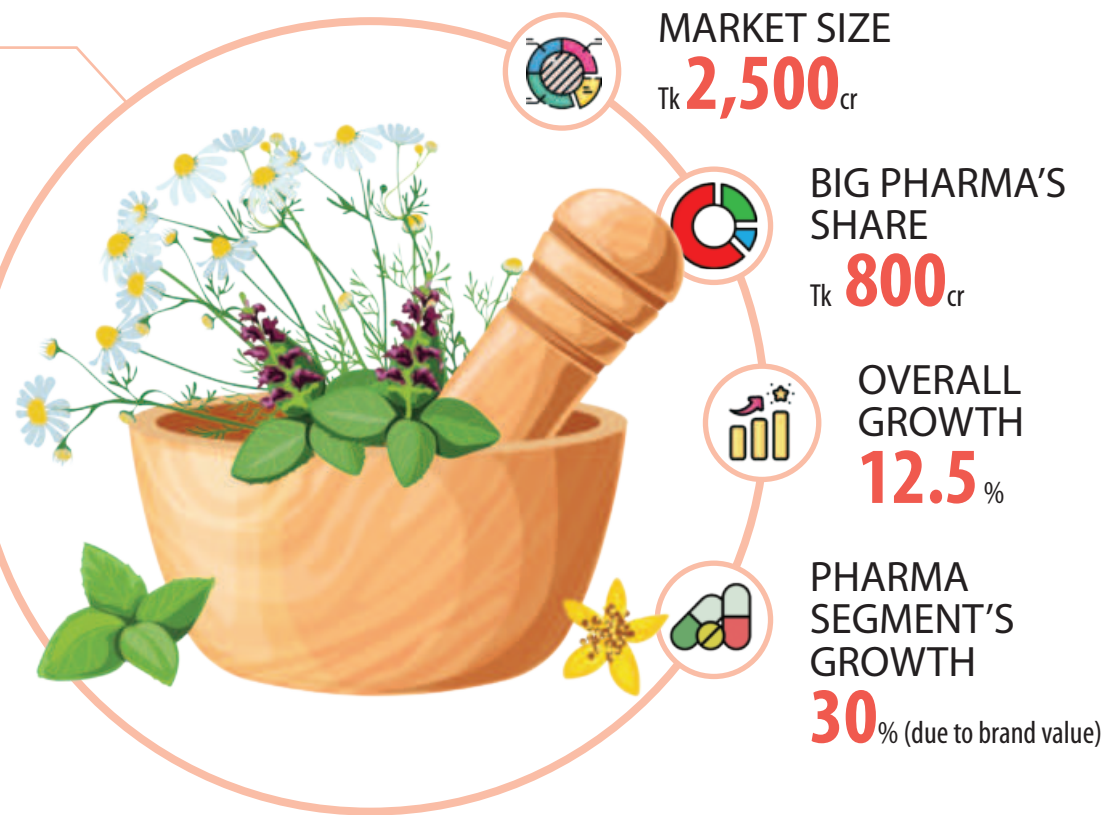
POTENTIAL Big companies entering herbal medicine market

POTENTIAL

- Herbal medicines can often be more affordable
- The products have demand in local and global markets
- Raw materials can be collected from local sources

CHALLENGES

CHALLENGES Manufacturers often face challenges in ensuring compliance



CHALLENGES Ensuring consistent quality and standardisation is a hard task

CHALLENGES Sourcing authentic and high-quality herbs can be challenging

CHALLENGES Investment in research and development is low

Big pharmas taking hold of herbal medicine market

JAGARAN CHAKMA

Big pharmaceutical companies in Bangladesh are gradually taking hold of the country's growing market for herbal medicines as people are opting for higher quality natural remedies with recognisable brand value.

The demand for herbal medicine is expanding fast as they have no side effects and are clinically proven to be effective in treating various ailments, according to industry insiders.

And although there is no reliable data, the market for herbal medicine generates annual revenue of about Tk 2,500 crore, which is one-tenth of that earned by the overall pharmaceutical sector, they said.

At present, leading drug makers such as Square, Beximco, Incepta and Acme cater to 30 percent of the country's demand for herbal medicine, earning them a combined Tk 800 crore each year.

Habibur Rahman, general manager of marketing at Incepta Pharmaceuticals, said the demand for herbal medicine of pharmaceutical companies has been growing by 30 percent annually for the past decade.

Rahman pointed out that a major benefit of producing herbal medicine is that all the required raw materials can be

sourced locally.

And while the number of herbal medicines provided by pharmaceutical companies may be low, the demand is high as customers are more trusting of the natural remedies offered by renowned brands.

This is because like allopathic

new formulas from the industry's once traditional past.

"We have plans to soon set up a separate plant for herbal medicine," he said.

"People are gradually becoming more accepting of herbal medicine, which is why pharmaceutical companies are

abroad as many natural remedies are now globally recognised.

Sayed Ahmed Siddiqui, president of the Bangladesh Unani Aushad Shilpa Samity, an association of herbal medicine makers, said annual sales of herbal medicine hit a record high of Tk 1,000 crore in 2010.

Overall, the market has grown by about 12 percent annually during the past 12 years, he added. According to him, both Ayurvedic and Unani medicines are types of herbal medicines made of all-natural materials.

Siddiqui, also managing director of Neptune Laboratories, said there are at least 320 Unani medicine manufacturers in the country while around 220 others produce Ayurvedic remedies.

Unani medicine is a type of Perso-Arabic traditional medicine practised in Muslim culture while Ayurvedic treatments have their roots in the Indian subcontinent.

Siddiqui said big pharmaceutical companies are becoming increasingly interested in producing herbal medicine considering the sizeable market for such products.

However, traditional producers are unable to keep up in the competition as they often lack access to bank finance even if licences are granted by the DGDA, he added.

now investing in the segment," Zaman added.

Md Hasibur Rahman, additional deputy managing director of Acme Laboratories, said the herbal medicines of pharmaceutical companies are getting popular due to their brand value and superior product quality.

"We follow the formulas of western herbal medicines and use technology to ensure quality," he added.

Hasibur believes Bangladesh has huge potential in the herbal medicine market at home and



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participate in the bond market.

Bankers at the meeting said the high cost of secondary trading, lengthy approval process, artificial interest rates and current bond yield system were the main reasons for the present status of the bond market.

The BSEC had launched the secondary market for trading bonds on October 11, 2022. However, overall trading in the market still amounts to less than Tk 15 crore, as per data of the Dhaka Stock Exchange.

Selim R F Hussain, president of the Association of Bankers, Bangladesh, and representative of Standard Chartered Bank and Citibank was present at the event.

In a separate meeting with asset management companies, the BSEC ordered them to raise their

BB asks 5 Shariah banks to resolve liquidity crisis

MD MEHEDI HASAN

Bangladesh Bank has directed five Shariah-based banks to resolve their current liquidity crisis while three of them were asked to bring down their advance deposit ratio (ADR) within the regulatory limit as soon as possible.

The five are Islami Bank Bangladesh, First Security Islami Bank, Social Islami Bank, Union Bank and Global Islami Bank.

The ADR measures loans (advances) as a percentage of deposits. A ratio of 100 percent or less shows that the bank is funding all its loans from deposits rather than relying on wholesale funding (from capital markets or other banks).

The five banks are Islami Bank Bangladesh, First Security Islami Bank, Social Islami Bank, Union Bank and Global Islami Bank.

When a bank crosses the ADR limit, it is in a risky zone, as per industry insiders.

The BB's directive came in a meeting with the managing directors of the five at the central bank headquarters on Wednesday.

BB Deputy Governor AKM Sajedur Rahman Khan presided over the meeting while other high officials of the central bank's off-site supervision department were present.

Bangladesh Bank Executive Director and Spokesperson Md Mezbaut Haque declined to comment on the matter.

However, a senior official of the central bank, seeking anonymity, said three of the banks had crossed their ADR limit which was why the BB had passed the directives.

He also said the banks faced a shortfall in their cash reserve ratio (CRR) and statutory liquidity ratio (SLR) for undergoing liquidity crisis over the

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6,254.82	18,478.22

COMMODITIES	
Gold ▲	Oil ▲
\$1,894.58	\$80.30
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.59%	▼ 0.44%	▼ 0.52%	▲ 0.43%
65,151.02	31,626.00	3,196.75	3,163.74

Crab exports recovering from pandemic loss

STAR BUSINESS REPORT

Crab exports, which lost momentum after the outbreak of Covid-19, have rebounded in terms of quantity, giving a new lease on life to growers in coastal districts who rear the sea creature to sell to exporters.

Over the last two fiscal years, Bangladesh shipped around 7,500 tonnes of crabs annually as exporters are sending the decapod crustaceans by complying with the rules of importing countries, mainly China, the key destination, according to data of the Department of Fisheries (DoF).

The fisheries office data showed that export of crabs was 7,452 tonnes in fiscal year (FY) 2022-23, which was slightly lower than the previous year but higher than three years ago.

However, data of the Export Promotion Bureau (EPB) data showed that export receipts from crabs fell 26 percent year-on-year to \$8.7 million in FY23.

In July of FY23, crab exports surged 71 percent year-on-year to \$940,000, EPB data shows.

The recovery comes after the DoF started issuance of certificates to exporters in line with the requirement of Chinese authorities regarding crabs and eel fish to facilitate exports.

In June 2020, China suspended the import of crabs and eel fish from Bangladesh following detection of lead and cadmium in some consignments.

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Workers at a fishery in Pankhali union of Dakop upazila in Khulna are seen using traps to catch crabs from their enclosure. Crab exports rebounded in fiscal 2022-23 as outgoing shipments now comply with the regulations of importing countries. The picture was taken yesterday.

PHOTO: HABIBUR RAHMAN

Appollo Ispat drowning in loans

STAR BUSINESS REPORT

Appollo Ispat Complex Limited, producer of the renowned "Rani Marka Dheu Tin" brand of corrugated iron sheets, is drowning in loans with production shut for over two years.

The company informed its investors through a post on the Dhaka Stock Exchange (DSE) website yesterday that its factory has been out of production for the last two years.

It said to be currently bearing a "huge financial burden, which is approximately Tk900 crore (including penal interest) and other liabilities of Tk 200 crore".

The company has not been publishing any financial reports since 2019 so the data regarding the losses it incurred is not available.

A former official of the company, preferring anonymity, said the

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