

Stocks

DGEN ▼ 0.18%
2,632.03

CSCX ▼ 0.55%
5,256.77

Asian Markets

MUMBAI ▼ 1.01%
9,291.01

TOKYO ▲ 0.71%
8,522.58

SINGAPORE ▼ 0.53%
1,749.67

SHANGHAI ▲ 2.22%
2,030.49

Currencies

Buy Tk Sell Tk

USD 68.35 69.35

EUR 84.34 88.93

GBP 99.10 104.05

JPY 0.70 0.74

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▼ \$744.61
(per ounce)

Oil ▲ \$55.70
(per barrel)

SOURCE: AFP

(Midday London Trade)

More News

The quiet entrepreneur



Tahera Begum runs a light engineering workshop and makes rice mills, shallow tube-wells, shallow irrigation machine, bolts, iron moulds, spare parts for paper mills and bus engine plates and pistons.

B-4

Steel millers demand safeguard

Businessmen yesterday demanded that the government hike import duty on MS (mild steel) rods to 25 percent from 7 percent to safeguard the local industry.

B-3

International

HSBC cuts 450 jobs in HK
Global banking giant HSBC said Monday it has cut 450 staff in Hong Kong in anticipation of a deteriorating global economy next year.

Eurozone trade deficit narrows

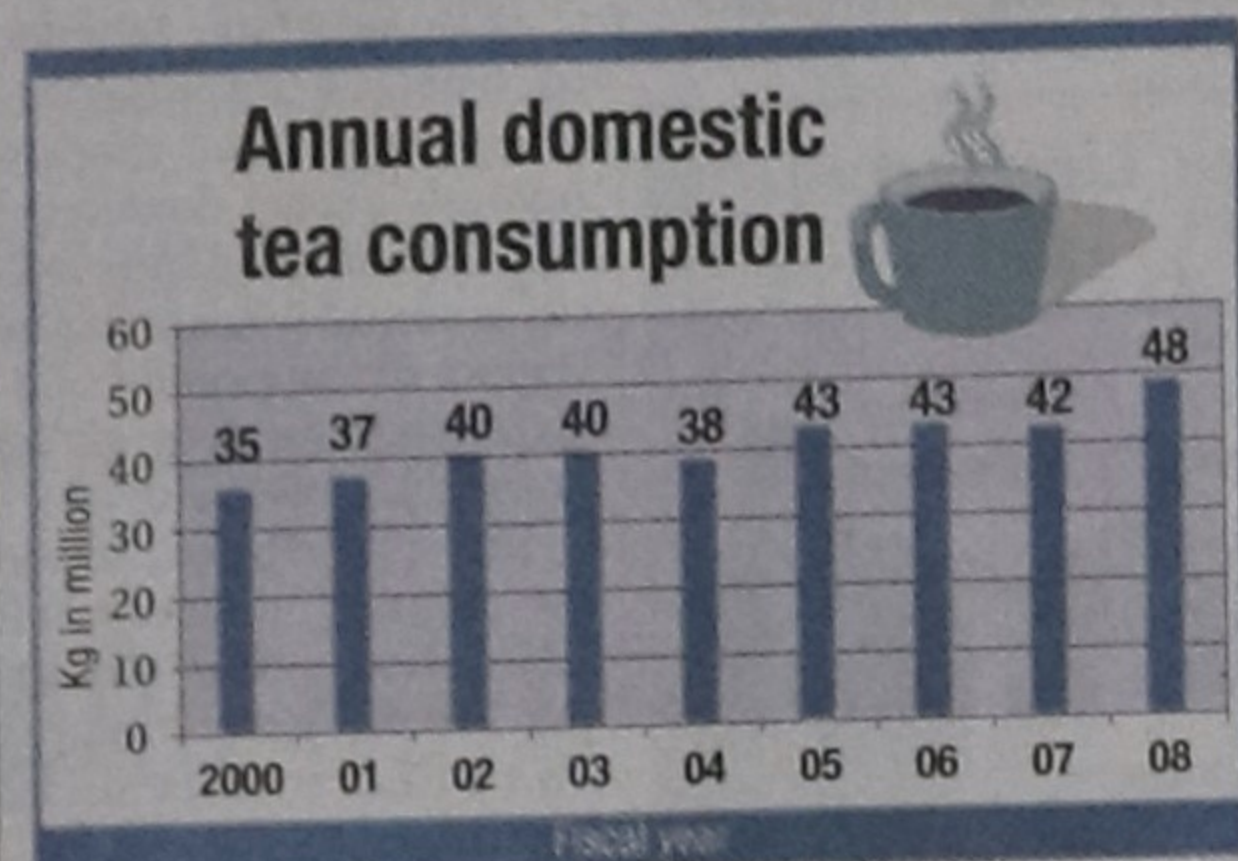
The 15-nation eurozone saw its trade gap with the rest of the world narrow in September, but the performance pales when compared to the surplus registered in the same month last year, official figures showed Monday.

B-4

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Big players edge out minnows in tea trade



A tea garden (R) in Moulvibazar. Six tea companies operating in the country have grabbed over 80 percent share of the local market of branded-tea, driving others almost away from the scene.

SOHEL PARVEZ

Six tea companies have grabbed over 80 percent share of the country's branded-tea market, driving others almost away from the scene.

Agricultural Marketing Company Ltd (AMCL)-Pran has already planned to pull out, while ACME Agrovet & Beverage suspended production earlier amid high price of tea. The rest such as Union Tea and some others are catering to a very small segment.

ACME however said it would resume production within a month.

These six players -- MM Ispahani Ltd, HRC Product, Abul Khair Consumer Products, Unilever Bangladesh, Tetley ACI and the Consolidated Tea & Lands Co (Bangladesh) Ltd -- are also trying to secure increased market share from the loose tea segment.

Loose tea controlled nearly two-third of the domestic tea market about ten years ago, industry insiders said.

Now branded tea controls around 65 percent of about 48-

million-kilogram domestic tea market, supported by these six majors, which won consumer confidence by continuous marketing efforts and investment to develop marketing chain, experts said.

"Tea is related to taste. What we are trying to improve is quality management system to gain consumer confidence," said Shantanu Biswas, general manager of Tea department of Ispahani, which now has around 40 percent share in branded tea segment.

HRC Product, Abul Khair, Unilever Bangladesh, Consolidated Tea and Tetley ACI are competing with each other for the second position.

Except Unilever, all these companies entered the market with their brands since 90s, inspired by a steady growth of tea consumption in the local market, which also led to a drop in exports over the years.

According to industry insiders, as more as 14 companies including HRC Product, Duncan Brothers, Consolidated Tea, Tetley ACI, Abul Khair, AMCL-Pran,

Meghna Tea Company, TK Group, Sanowara and ACME introduced their brands to have a market share.

Besides HRC or Abul Khair, most of the companies are yet to make any notable presence in the market, although internal consumption almost doubled to 48.26 million kg in 2007-08 fiscal year from 27.41 million kg in 1996-97, Bangladesh Tea Board data shows.

A number of factors such as better marketing drive, urbanisation, improvement in rural economy, steady population growth and emergence of economically stable middle class contributed to the growth of domestic tea market.

"A gradual development of road infrastructure, which helped companies reach remote areas, also favoured the rise in tea consumption," said Biswas, also Chairman of Tea Traders Association of Bangladesh.

Muslim Uddin, senior export manager of Unilever Bangladesh, said relatively cheaper price also helped spur the growth of domestic tea market.

Although new companies entered the market, a few firms invested in hiring experts to test quality of tea. They also invested less to promote brands and develop market infrastructure, industry experts said.

"It requires know-how and investment in market network to stand up as a strong brand. A number of the tea companies has not focused on these areas," said KH Murtaza Ali, senior deputy general manager of HRC Product.

Ahsan Khan Chowdhury, deputy managing director of Pran-RFL Group, which was involved in tea business in early 2000, said they want to quit the market.

"We have stopped production a couple of months ago as part of our plan."

Mizanur Rahman Sinha, managing director of ACME Agrovet & Beverage Ltd, said ACME stopped production as tea price shot up too much early this year.

"But we want to resume production soon as tea price is on the downturn," he said.

sohel@thedailystar.net



SYED ZAKIR HOSSAIN

Banks fear deficit on slow import loan repayment

SAJJADUR RAHMAN

Commercial banks are likely to face a huge deficit this year following a delay in repayment of loans provided for import of commodities.

According to bankers, the deficit would go up to Tk5,000 crore.

However, the Bangladesh Bank in a circular on Sunday extended the time limit for such loan repayment to 150 days, which evoked a mixed reaction among bankers.

On the present situation, ABB (Association of Banks, Bangladesh) President Mahmood Sattar said, "Repayment is getting too slow. We are concerned how we will manage the deficit at the end of the year."

Besides financing import of essential commodities, banks are also in trouble for funding steel and cotton import, said Sattar, who is also the managing director (MD) of The City Bank.

"The current situation is sending a very bad message for banks," said Shahjahan Bhuiyan, managing director of the United Commercial Bank (UCB).

Prices of essential commodities in the international market marked a significant fall in the last couple of months. Wheat that cost \$680 a tonne early this year has come down to \$200 now. The price of edible oil also declined to \$600 from the peak \$1,200 a tonne.

Steel and cotton prices also reduced significantly in recent months. A tonne of scrap (old ship), which

was sold at \$700, now comes down to \$300, while cotton price has declined by one-third.

Commercial banks in the country have been growing constantly for the past several years riding on booming import and export business. Last year banks earned a record profit mainly because of the price hike of essentials and other commodities in the international and local markets. But this year, especially since the second half of 2008, prices of the commodities started declining and so the banks' profit.

According to an ABB primary assessment, the deficit may reach Tk 7,000 crore for the delay in loan repayment.

"Some Tk 1,000 crore remains stuck only for funding the imports of steel and the same amount for cotton," according to Mahmood Sattar.

"We are still unclear about the consequences the banks may face," said M Fariduddin Ahmad, managing director of Islami Bank Bangladesh.

He admitted that importers are delaying payments for the loss caused by a sharp fall in commodity prices.

Expressing his reservation for the central bank's new timeframe for the import loan repayment, the UCB MD said, "This is not a prudent judgment, as the benefit from it in a long run would be little."

Shahjahan Bhuiyan also pointed out that some unscrupulous traders might cash in on the new widened time, even they could go for hoarding of essential commodities.

Japan tips into recession

Fears deepen after lacklustre G20

AFP, Tokyo

Japan became the latest major country to fall into recession Monday as global economic fears deepened after a Washington summit offered markets scant hope for action to contain the damage, analysts said.

Markets showed little initial enthusiasm for a vague pledge on Saturday from Group of 20 leaders to join forces to galvanise growth and overhaul the world's financial architecture.

The G20, grouping developed and developing countries, stopped short of announcing specific steps such as coordinated stimulus spending.

"In the midst of an emergency crisis, to have a statement that reads 'We will cooperate with each other' is all but meaningless," said Daisuke Uno, chief strategist at

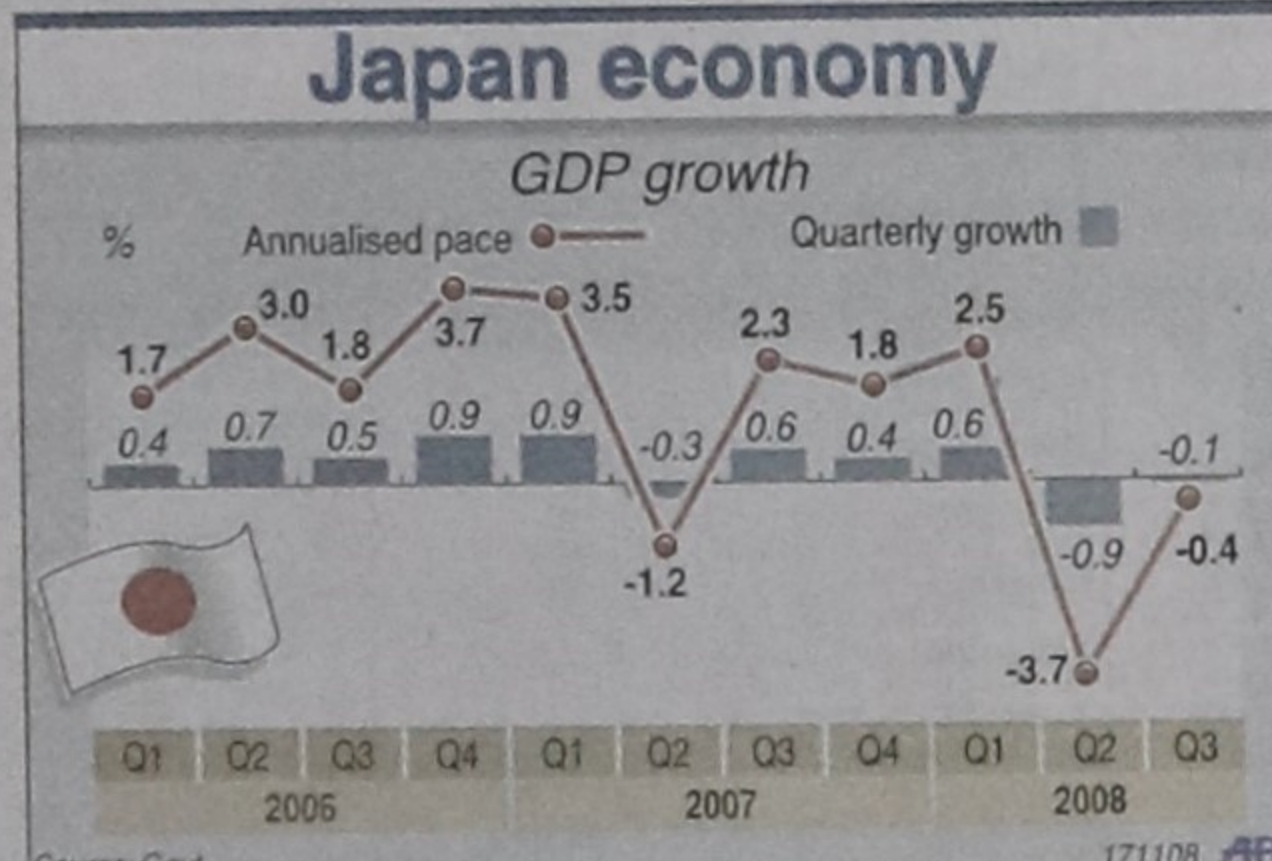
Sumitomo Mitsui Banking Corp.

"Market sentiment has soured and with all eyes back on the theme of global recession," he said.

Major European stock exchanges fell at the opening of trade, following a mixed performance in Asia, but later pared their losses. The yen strengthened as risk-averse investors, despite news of a Japanese recession, sought shelter in what they saw as a safe currency.

In London the FTSE 100 index was down 0.11 percent at mid-morning while Paris had edged up 0.34 percent and Frankfurt 0.18 percent.

Stocks closed down 2.5 percent in Sydney and 0.9 percent in Seoul, while Hong Kong was 0.4 percent lower in late trade. Tokyo managed to eke out a gain of 0.7 percent as investors hunted for bargains.



Chinese share prices closed with a gain of 2.22 percent, led by airlines following reports that two of the nation's biggest carriers could get government aid, dealers said.

The dollar fell to 96.91 yen in Tokyo afternoon trade, down from 97.06 in New York late Friday. The euro dropped to 1.2567 dollars from 1.2591 and to 121.77 yen from 122.24.

"The economic spillover of the financial crisis has increased and there is uncertainty about when conditions will stop

getting worse," said Saburo Matsumoto, chief forex strategist at Sumitomo Trust Bank.

"Equities are struggling to rise and traders are reluctant to buy the dollar, euro and other currencies, pushing up the yen," he said.

There was no let-up in the flow of bad economic news. Official data showed Japan, the world's second largest economy, contracted 0.1 percent in the third quarter, following Germany, Italy and Ireland into recession.

Citigroup to slash 50,000 jobs worldwide

AFP, New York

Citigroup said Monday it would cut up to 50,000 jobs worldwide as the US banking giant struggles with the global financial crisis and four consecutive quarters of heavy losses.

The company said the new job reductions would shrink its global workforce to 300,000 employees.

Citigroup, whose shares have been battered amid the credit crisis, said it would reduce its expenses by 20 percent to approximately 50-52 billion dollars.

The bank said Friday it would make further job cuts to cope with the financial crisis, and announced chief executive Vikram Pandit and other key executives had bought up 1.3 million shares to show confidence in the banking giant.

Citigroup shares fell some 24 percent last week and have dropped 70 percent since the start of the year, with the bank hit by hefty writeoffs linked to the US real estate crisis.

Shinepukur Ceramics eyes Tk 40cr net profit

Debuts on bourses today



Salman F Rahman, deputy chairman of Beximco Group, speaks at a meeting of Shinepukur Ceramics yesterday.

STAR BUSINESS REPORT

Shinepukur Ceramics, a subsidiary of Beximco Group, has set a target of generating a net profit of Tk 40 crore within next two years, officials said.

The company, which manufactures bone china and porcelain tableware, also aims to reach Tk 261 crore in sales revenue by 2010.

The figures were revealed at a projection meeting in Dhaka yesterday ahead of its debut on bourses today.

Shinepukur Ceramics is going to join stock exchanges under direct listing rules by offloading 3,50,11,800 ordinary shares of Tk 10 each.

Beximco Group Deputy Chairman Salman F Rahman and Shinepukur Ceramics Chairman Nazmul Hassan attended the meeting.

Sheltech opens Tk 25cr hotel in Jan

REFAYET ULLAH MIRDHA

Sheltech, one of the real estate leaders in Bangladesh, is set to inaugurate a Tk 25 crore hotel in Dhaka, as the company now eyes the hospitality sector and targets foreigners.

"The Platinum Suite will be a state-of-the-art hotel and we mainly aim to attract foreign guests, buyers, consultants and delegates," Sheltech Managing Director Toufiq M Seraj told The Daily Star.

He said the number of foreign guests visiting our country is ever increasing on the rise in the volume of international trade and the number of meetings and seminars organised by local and international office and NGOs.

"Existing hotels in Dhaka can hardly

accommodate the number of foreign visitors and officials, especially the long-term foreign travellers. This is why Sheltech is going to enter a new avenue of business, the hospitality and tourism management sector," Seraj said.

The six-floor Platinum Suite with 24 rooms will be opened in Banani in January. Four entrepreneurs-former adviser to the caretaker government Tapan Chowdhury, his brother Samuel Chowdhury, former BGMEA president Kutubuddin Ahmed and Taufiq M Seraj--started Sheltech in 1988.

Seraj said recently two managing partners left the ownership of the company.

"Tapan Chowdhury and Samuel Chowdhury sold a third of the shares of Sheltech to the

other two partners in April this year," Seraj said.

Without revealing the amount of the deal, he said the founding partners of Sheltech have sold their shares as they already have a very big family business, one of the local industrial conglomerates 'Square Group'.

He said Sheltech has already bought four big areas of land at Mirpur Mazar Road to build 'Sheltech Bithika', a structure consisting of 250 apartments having all amenities, mainly for middle class people.

"Our target is the customers who plan to buy an apartment availing of the loans offered from the Bangladesh Bank Housing Scheme," he said.

reefat@thedailystar.net



The model of Platinum Suite to be built by Sheltech.