

## Stocks

DGEN ▼ 2.36%  
2,695.58

CSCX ▼ 1.09%  
5,430.04

(Week-on-week)

## Asian Markets

MUMBAI ▲ 3.06%  
9,323.59

TOKYO ▲ 2.58%  
8,230.15

SINGAPORE ▲ 1.55%  
1,730.45

SHANGHAI ▲ 1.78%  
1,954.44

(Friday closings)

## Commodities

**Gold** ▲  
\$824.17  
(per ounce)

**Oil** ▼  
\$35.29  
(per barrel)

SOURCE: AFP

(As of Friday)

## More News

### Old Dhaka businessmen want recognition

Businessmen yesterday urged the government to recognise the contribution of trade and commerce by Old Dhaka businessmen and help fast-track expansion of the commercial hub. The research cell of Dhaka Chamber of Commerce and Industry (DCCI) found that trade and commerce and the manufacturing sector in Old Dhaka take up more than 5 percent of GDP.

B-3

### Stocks pass second week in the red

Dhaka stocks were in the red for a second week, with most investors participating in the trade of manufacturing sector shares trade instead of high capitalisation banking sectors.

B-2

## International

### More bank trouble ahead



The hemorrhaging among the nation's biggest banks was supposed to have subsided after the government doled out \$350 billion in federal bailout money last fall. That hasn't happened.

### ConocoPhillips to cut 4pc of staff, take hefty writeoffs

US oil giant ConocoPhillips said Friday it was preparing to cut four percent of its global workforce and take writeoffs of 34 billion dollars to cope with weak energy prices and a slumping economy. The actions come "as a result of the current business environment's impact on our operating and capital plans," said Jim Mulva, chairman and chief executive officer.

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# Trade tops bank loan

SAJJADUR RAHMAN

The sectoral distribution of bank credit has marked a significant change, with a majority share going for trade financing, central bank data show.

Some 35.4 percent of total bank credit was meant for the trade financing as of September 2008, which was only 18.7 percent in March.

Up to September, the bank advances for industrial purposes reached 21.1 percent from 27.2 percent six months ago.

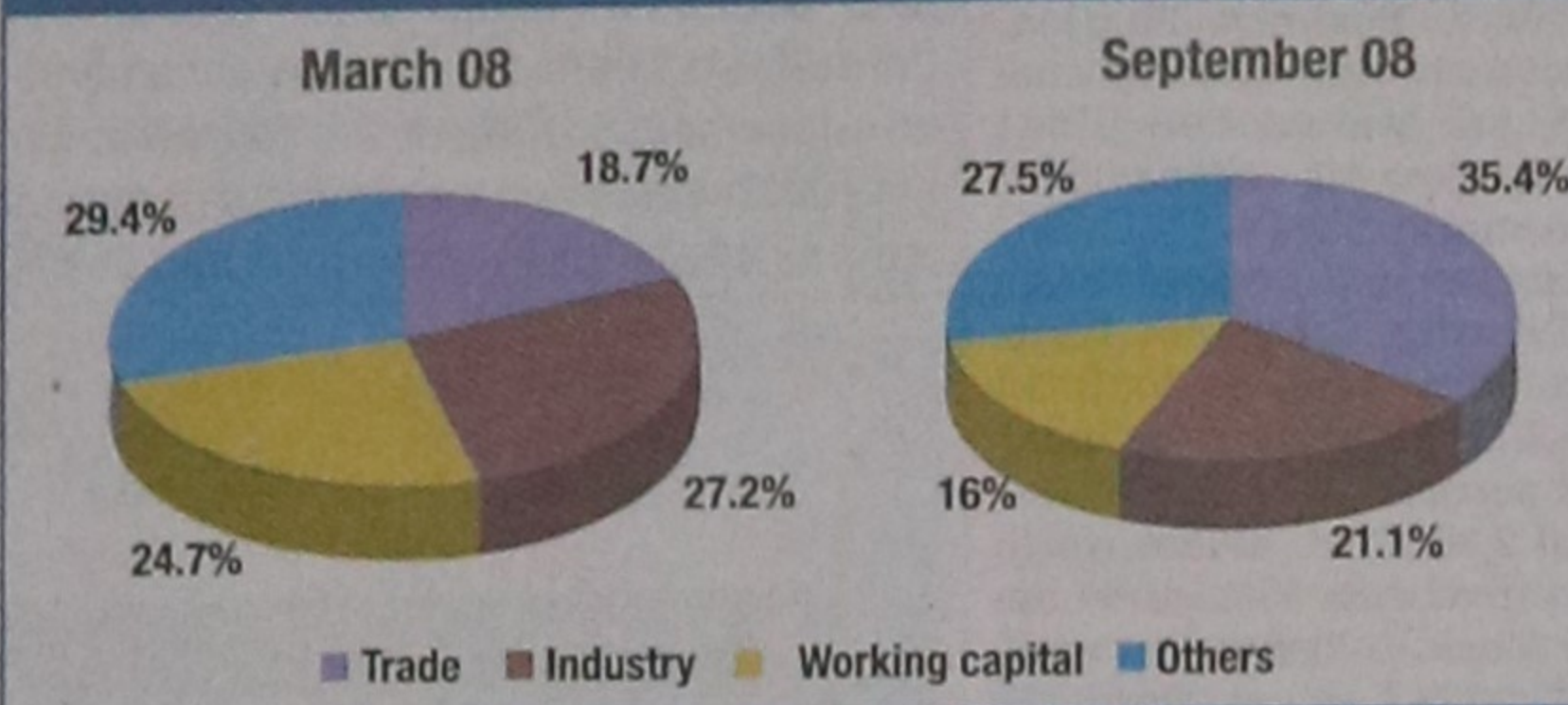
Senior bankers blamed the commodity price hike and subsequently a rush in opening of letters of credit (LC) for the trade financing. Some mid level private bank officials think that trade financing has increased because the banks are encouraged to do such financing on the plea that higher and faster repayment is ensured.

"A considerable number of LC was opened during the July-September quarter of 2008 on a speculative further rise in the commodity prices in international market," said Mahmud Sattar, managing director of The City Bank.

Prices of commodities, including rice, wheat, edible oil and petroleum products all were in the peak till the third quarter of 2008. Prices of some of these products quadrupled in a year.

Sattar, also president of the Association of Bankers Bangladesh (ABB), a forum for bank chief execu-

## Trends in bank advances for economic purposes



tives, predicted a fall in the credit for trade sector in October-December period because of a price-drop.

BB data show domestic credit increased by Tk 17,412.9 crore or 7.0 percent during July-October 2008 as against Tk 10,007.7 crore or 4.87 percent during the same period a year earlier.

On the other hand, private sector credit grew by Tk 10,370.5 crore or 5.45 percent during July-October 2008 compared to a Tk 8,593 crore or 5.65 percent rise in the same period a year earlier.

Only 21.1 percent of total bank advances were for industry, 35.4 percent for trade, 2.3 percent for transport and communication, 16.0 percent for working capital, 6.8 percent for agriculture and 18.4 percent for other purposes.

As per BB data on bank advances up to March 2008, 27.2 percent was industrial, 24.7 percent working capital and 18.7 percent for trade on year-on-year basis.

"Credit to trade sector generates a handsome income from different commission and charges," a mid level official of a private bank said.

On the declining trend in industrial financing, the ABB president said there was no big investment proposal in 2008.

Mahmud Sattar also differed with the central bank on the so-called 'unproductive sector'.

"I don't believe there is any unproductive sector," he categorically said. Consumer credit generates power for consumption of people, he added.

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# Grameen Danone Foods enters Dhaka market

STAR BUSINESS REPORT

Grameen Danone Foods Ltd entered Dhaka market yesterday with its nutrient-rich 'Shakti' brand food items to build a cushion against the subsidy it provides for selling the products at cheaper rates among the rural poor.

Grameen Danone says for now it will sell the products at higher prices in the capital to build a price leverage to sell those at lower prices in rural areas.

"We will sell our products in Dhaka with a margin aiming to sell those at lower prices to poor people in remote areas to help them get nutrient-rich food," said Chairman of the company Nobel laureate Muhammad Yunus at a press conference in Dhaka yesterday.

The company will sell its items, now three in product line, at Tk 10 and Tk 12 in Dhaka compared to the prices it charges now in northern part of the country, Bogra, in between Tk 5 and Tk 7.

Grameen Danone, a joint venture between Grameen Group and global leader for food products Groupe Danone, moves to enter Dhaka market as it incurs



Nobel laureate Muhammad Yunus, chairman of Grameen Danone Foods Ltd, launches 'Shakti' brand food items for Dhaka market yesterday.

losses due to selling products at lower prices in rural areas.

Starting its journey in early 2007 with an aim to stand up as a social business enterprise, Grameen Danone had promised to offer its 'Shakti Doi' at a cheap rate to help poor people, mainly children and women, get nutrient-rich foods.

But soaring price of liquid milk amid stiff competition between milk processors and sweetmeat makers has held back Grameen's vision to sell yogurt at a cheaper rate of Tk 5.

"When we started our journey, the price of a litre of liquid milk was Tk 17. Now a

litre of milk costs from Tk 30-32. We are facing difficulties in maintaining low prices of our products due to such a rise in milk price," said Yunus.

The company is selling Shakti products at subsidised rates in rural areas, he said.

Grameen Danone now runs a plant in Bogra, which currently processes about 300,000 cups of milk a month.

Established with an investment of around one million euros, the Bogra plant is the first one of the company's planned 50 plants that are expected to be set up across the country in the years to come.

# Dhaka trade fair gathers pace with pricey tag

STAR BUSINESS REPORT

The 14th Dhaka International Trade Fair (DITE) pulled a huge crowd on the weekend on Friday and yesterday with customers complaining of high prices charged by the companies participating in the month-long extravaganza.

"We sold as many as 17,000 tickets on Friday, and hope to sell more today (Saturday)," said Billal Hossen, coordinator of ticket and information centre at the show.

He said the fair started gaining momentum from last week and the organisers expect more turnouts in the remaining days.

But the prospective customers were complaining of high prices. "The reputed companies are charging very high for their products. Those are not for middle-class people," said Taslima Yasmin, a government official from Shyamoli area in Dhaka.

Most of the visitors were showing interest in furniture and the discounts that different stalls were offering. However customers also claimed that prices were high even after offering discounts.

Such local furniture companies as Otobi, Navana, Partex, Akhtar, Gold Teak, Mitsumaru and Konzept Furniture are offering 10 to 30 percent discounts at the fair.

"Customers can book an item with 30-50 percent down payment of the total price and get delivery from the nearest showroom in their vicinity," said Rafiqul Haque, an official of Otobi Ltd, which is offering 10-25 percent discount.

Companies are also offering one- to two-year warranty. As the competition between companies is stiff, most of them are focusing on new avenues of services including after-sales services.

Partex is offering interior design service. "Our



Weekend visitors stream into Dhaka International Trade Fair yesterday. Shoppers complain of high prices for products on display.

experts will visit clients' house and give advice on selecting furniture. And we will carry and fit the furniture in appropriate place," said Rifat Sarmin, a Partex official.

Navana Furniture offers 15 percent discounts, including gift vouchers and home delivery service. The furniture companies are using raw materials

from Malaysia, Thailand and the US to combine wood, steel and plastic to improve aesthetics of the furniture.

Mitsumaru is also exhibiting furniture imported from Thailand. Stainless steel-made cot is attracting visitors and the company is offering 20 percent discount.

About the prices, Taslima Yasmin from Shyamoli said: "Companies have increased the prices of their products first and then are offering discount, which ultimately doesn't benefit the buyers."

"The market will remain stagnant if the companies target the higher-class people only," she said, adding that the companies should concentrate on people with limited income for expanding their market.

Defending the high price complaint, Rifat of Partex said they are focusing on quality and the industry is still in a nascent stage.

"For the quality and after-sale services, you have to pay more, and most importantly the price of wood is still high in international market that makes wooden furniture more costly," she said. "But we have plans to go for economy furniture."

Apart from furniture, visitors are also showing interest in shawl and scarf, utensil, jewellery, home decoration and food items.

The buyers complained about high prices of these products also.

"The shawls they are selling at Tk 850 are available at Tk 600 at New Market and Gawsia Market," said Shampa Afroz, a housewife.

She also complained prices of every single product at the fair are high this year and the authorities concerned should take action in this regard.

Some 467 local and foreign companies are displaying machinery, agriculture equipment, chemicals and allied products, cosmetics, dairy products, electrical and electronic items, food, tableware, melamine and plastic goods, handicrafts, furniture, home appliances, leather and leather goods, footwear, sports goods, textile and garment products at the fair.

Export Promotion Bureau and Ministry of Commerce have jointly organised the show to help local enterprises expand their business globally.

# Wellpac exports to plastic bag market in Europe

SARWAR A CHOWDHURY

An export-oriented Dutch-Bangla joint venture company started its journey last month.

The company, Wellpac Polymers Limited, has already made its first shipment of plastic bags to the Netherlands entering the billion-dollar international plastic bag market.

"Initially our target is exporting 3,000 tonnes of plastic bag, especially shopping and garbage bags, a year only to the European countries," said M Hassan Khaled, managing director of Wellpac.

The joint venture between Walbeek Foods BV of the Netherlands and Kamico Bangladesh Ltd was established in 2006 under the Dutch-funded PSOM Project.

For the establishment of the project, an agreement was signed between Bangladesh and Dutch government aiming at poverty alleviation and private sector development for sustainable micro economy.

Sixty percent of the establishment cost funded by the Dutch grant, while Wellpac and Kamico provided the rest 40 percent.

"Although a few plastic bag manufacturing companies are already in the export-business on a limited scale, ours will be a large-scale export for the first time from here," said Khaled, also the MD of Kamico Bangladesh.

He said the annual production capacity of the company will be 10,000 tonnes of

plastic bags when it goes into a full-fledged operation.

"Through this manufacturing unit we are contributing to employment generation and foreign exchange earning and thus, economic development of the country," said Khaled, also the vice-president of Dutch-Bangla Chamber of Commerce and Industry.

He said the key raw material, petrochemical bi-product, is imported mainly from Saudi Arabia and Kuwait.

Wellpac is located at Bousia, adjacent to Dhaka-Chittagong highway and 36 kilometres away from the capital.

A formal launching ceremony of the company was held last week where former adviser CS Karim and Netherlands Ambassador Bea Ten Tusscher were present among others.

The ambassador told the function that the Dutch government is working on reducing poverty and helping build industries to change the lot of Bangladeshi people.

She noted that Wellpac is also part of their activities and assured the company of extending more financial assistance. She had also spelt out the Dutch government's determination to uphold its positive image in Bangladesh and finished her speech thanking the Dhaka government for its cordial cooperation.

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