

## Stocks

DGEN ▼ 3.65%  
2,538.38

CSCX ▼ 1.98%  
5,025.27  
(Week-on-week)

## Asian Markets

MUMBAI ▲ 1.78%  
9,634.74

TOKYO ▲ 0.96%  
7,779.40

SINGAPORE ▲ 1.23%  
1,705.64

SHANGHAI ▲ 3.23%  
2,320.79  
(Friday closings)

## Commodities

Gold ▼ \$935.50  
(per ounce)

Oil ▲ \$35.98  
(per barrel)  
SOURCE: AFP  
(As of Friday)

## More News

### An asparagus village



Bujrukshokra, a village in northern Bangladesh, is a world apart from William Somerset Maugham's famous story, *The Luncheon*, but promises bright days for asparagus farming.

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### State banks asked to invest in undeveloped areas

Bangladesh Bank (BB) Governor Salehuddin Ahmed yesterday called upon the state owned banks (SoBs) to invest in the undeveloped areas to remove regional disparity. He was speaking at a function to inaugurate the annual conference 2009 of Sonali Bank in Dhaka.

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## International

### G7 nations vow to avoid protectionism

Group of Seven finance leaders vowed to avoid protectionism as they seek to stabilise the tottering world economy and financial markets, a draft statement of the body said at talks here Saturday. "The stabilisation of the global economy and financial markets remains our highest priority," according to a draft declaration of G7 finance ministers obtained by the news agency as the delegates held high-stakes talks in Rome.

### DBS Group Q4 net profit down 40pc

DBS Group Holdings, Southeast Asia's biggest bank by assets, said Friday that fourth-quarter net profit fell 40 percent year on year as weak financial markets hit income.

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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](mailto:business@thedailystar.net)

# Local RMG carves niche in China market

REFAYET ULLAH MIRDHA

China, the world's largest apparel supplier, has become a major export destination for Bangladesh as Chinese manufacturers are showing reluctance to produce basic RMG items, exporters said.

They said the Chinese manufacturers have recently shifted from basic readymade garment (RMG) items to high-end apparels.

A significant number of garment factories that made basic RMG products earlier faced closure in China recently. Bangladesh and other competing countries are now exporting RMG products to China, local manufacturers said.

According to Export Promotion Bureau (EPB) statistics, Bangladesh exported knitwear products to China worth \$3.071 million in fiscal 2007-08 against \$7.65 lakh in the previous fiscal year, posting a staggering 400 percent growth.

In fiscal 2007-08 the country exported woven garments to China worth \$6.691 million against \$6.323 million in fiscal 2006-07, the EPB data said.

The total export to China from Bangladesh amounted to \$106.946 mil-

lion against the import of around \$3.0 billion in fiscal 2007-08.

China is a prospective market for Bangladeshi RMG as many Chinese manufacturers are not making basic garments, said S Kutub Khan Chowdhury, deputy general manager of Grameen Knitwear Ltd, which started apparel export to China in 2007.

"Grameen Knitwear started exporting sportswear to Chinese 'Coolmax Fresh Fabrics' in 2007 and until now we have a good number of export orders from China," Chowdhury said.

"If we go for market sourcing, I think we will realise how big the Chinese market is for Bangladesh," he added.

In 2007, Bangladesh exported cotton T-shirts, singlets and other vests worth \$7.92 lakh against \$5.78 lakh in 2006. China imported such kind of apparel items worth \$976.890 million in 2007 and \$926.330 million in 2006 from the rest of the world.

"The figure clearly indicates that China itself imports apparel items of a significant amount," said Fazlul Hoque, president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

"Bangladesh can grab a chunk of such



A man browses clothes at a garment showroom in Dhaka. Bangladesh has become a strong player to export garments to China.

import of China. We need just an aggressive marketing drive," Hoque said.

Currently Bangladesh enjoys duty concession on exports of 757 products to Chinese market under Asia Pacific Trade

Agreement.

Of the 757 products, 22 knitwear items and almost the same amount of woven items are included in the concession category. As a result, the export of

knitwear and woven products is maintaining a steady rise in China, market operators said.

According to a study by Euromonitor (July 2007), China's middle class (with household incomes of \$8,300 to \$68,800 per year) grew 22 percent in the last two years to reach 80 million and is expected to increase nearly tenfold by 2020.

"As the disposable income of Chinese consumers grows, increased competition within the apparel market offers new opportunities for retailers, both domestic and international," Euromonitor said.

As a part of marketing drive in China, EPB is going to submit a priority list of some Bangladeshi products to commerce ministry next week proposing the Chinese government for giving duty-free market access for those, said Khalilur Rahman, director general of the EPB.

"We will try to make the priority list small so that we can utilise it if China agrees. But, the major Bangladeshi products like woven and knitwear products, leather goods, jute and jute goods and light engineering products would be prioritised on the list," Rahman said.

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# Banks go tech-smart to cut costs of business

SAJJADUR RAHMAN

Banks in Bangladesh are increasingly adopting technology-driven products to fast-track services to their clients at reduced costs.

The products and services include debit card, credit card, ATM (automated teller machine), POS (point of sales), online banking and Swift.

"It would have cost us a lot if we had provided the same services in a traditional way as we did by ATM last year," said Abul Kashem Mohammad Shirin, deputy managing director of Dutch-Bangla Bank Limited (DBBL) that has over 350 ATM booths across the country.

DBBL transacted Tk 300 crore on average a month by ATM in 2008.

Technology-driven products are cost-saving, said Reazul Islam, senior vice-president and head of IT of AB Bank. A transaction by a human teller costs no less than Tk 50, but it is much lower for an ATM, he said.

Of the use of technology-driven bank products, Mohammad Shirin said demand for ATM services is rising rapidly followed by online and internet banking.

A few private commercial banks (PCBs) and foreign banks also offer limited customer services over the internet.

Only two banks adopted online services and one foreign bank adopted ATM services in 1998, but the number reached 29 and 26 respectively at the end of 2006, the central bank said in a research.

On the other hand, the number of banks offering credit card, popularly known as plastic money, increased from two to 15 in the same period.

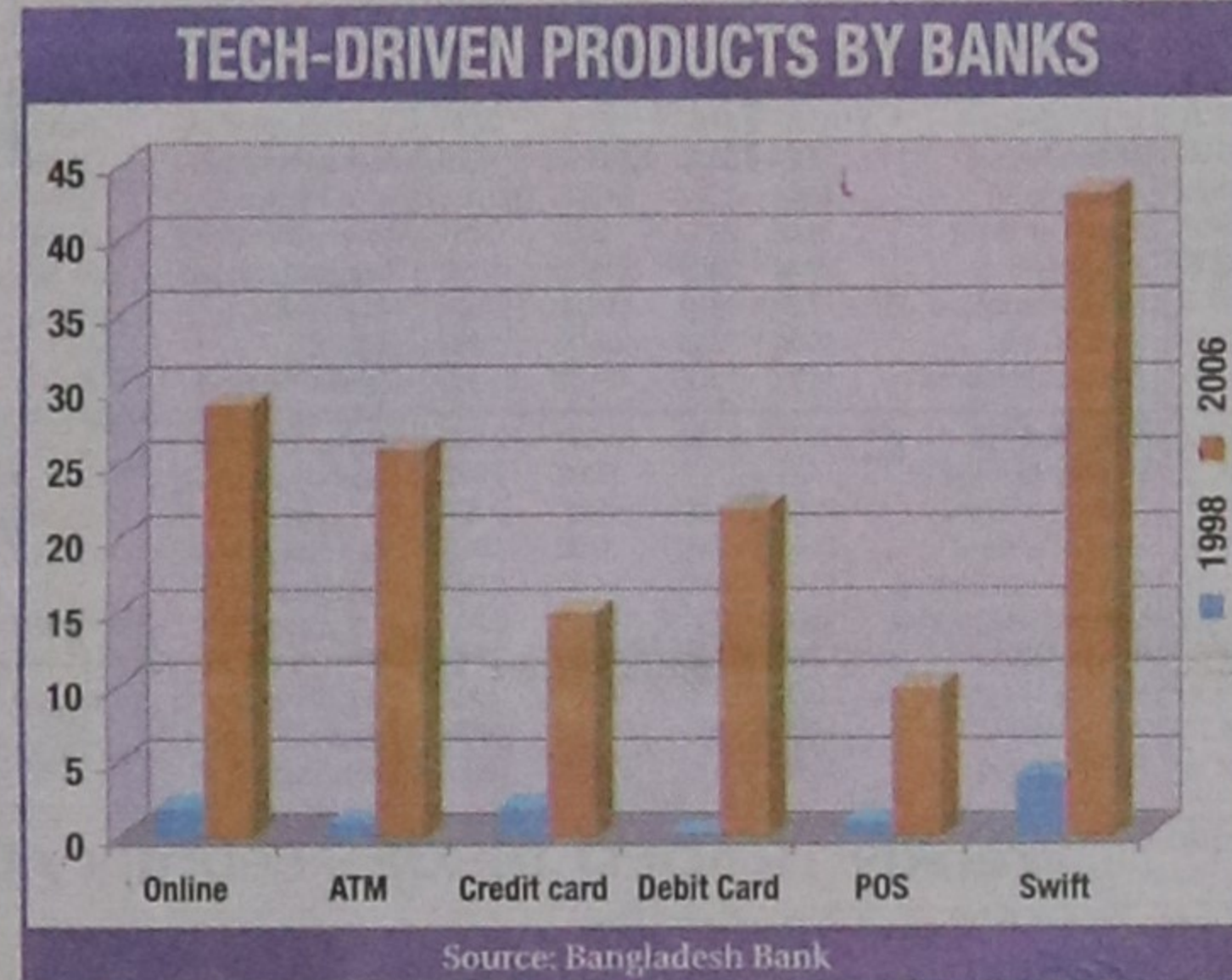
Compared with other innovative services, adoption of POS was relatively slow. The number of banks that adopted the services increased from one to 10 banks.

In the same period, banks made intense efforts in introducing Swift services. In 1998, only four banks offered the services, with the number rising to 43 by the end of 2006. Swift is a Society for Worldwide Inter Bank Financial Telecommunication.

Debit card that allows customers instant cash transactions round the clock was introduced in 1999. The number of banks that issue debit cards rose to 22 by 2006.

"Banks have adopted technology-driven services to ensure transparency and save time, not to make profit," said Syed Masoudul Bari, head of IT of Al-Arafah Islami Bank.

This is still a subsidised service for many banks.



"The products can benefit from it in the long term," said Reazul Islam.

Although modern and innovative technology-driven products and services are convenient for the customers, the services still cover a small part of total transactions, the BB research observed.

"Banking in rural areas is mostly dominated by traditional products which are often time-consuming," the BB research found.

In the backdrop, the central has taken initiatives to encourage the banks to adopt efficient methods such as automated

cheque processing system, introducing cheques having MICR features, developing existing payment settlement system, and automation of the banking system so that commercial banks can extend coverage in offering modern services.

The services will help the customers in urban and rural areas, the BB said.

A total of 48 banks operate in Bangladesh. Of which, 30 are private, nine foreign and nine state-owned. All the banks have around 7,000 branches across the country.

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# 1 lakh join mobile network in January

STAR BUSINESS REPORT

The momentum in new customers joining the mobile phone network staggered in January as only 0.1 million (1 lakh) users were injected into the six-operator mobile market.

The total number of cellphone customers reached 44.74 million in January, which was 44.64 million a month ago. Grameenphone, state-run TeleTalk and Warid witnessed negative customer acquisition growth in January, according to the latest data from the telecom watchdog.

The drop was mainly due to the cautious business strategy followed by Grameenphone that slowed the company in adding new customers, a company official said yesterday.

"We did not offer free airtime packages because the company did not want to pursue loss projects," the official said.

Grameenphone is conscious and eager to maintain a healthy balance sheet, as the company's listing in the capital market is now under consideration by the stock market regulator.

However, Grameenphone still holds the market's top position with 20.94 million customers.

Telekom Malaysia's majority controlled AKTEL added the highest number of new customers, 0.27 million, in January to reach 8.47 million. It remains the

third largest player in the market. Egyptian Banglalink also held on to its second position, adding 0.08 million customers in the same month to reach 10.41 million.

According to Bangladesh Telecommunication Regulatory Commission (BTRC) data, the number of Warid Telecom customers dropped to 2.25 million in January, which was 2.33 million a month ago. Citycell added 0.02 million customers in January to reach 1.83 million. Losing 0.14 million customers, TeleTalk remained at the bottom of the pyramid with 0.84 million customers.

Meanwhile, slow entrance of customers into the mobile market has been continuing over the last few months. The market as a whole has been suffering due to the operators' business strategy to reduce subsidies for selling connection.

Since July the mobile operators decided not to pay SIM taxes for every new connection, which they previously used to pay. Now the customers have to pay a portion of the tax, ranging from Tk 500 to Tk 800 in different packages.

As per the budget for the current fiscal year, customers have to pay Tk 800 to purchase each connection.

The operators' reluctance to sell free connection hurts rolling out untapped rural areas.

# US pulls off \$787b win for economy

AFP, Washington

The US Congress late Friday approved a 787-billion-dollar package of tax cuts and fresh spending to salvage the broken US economy, handing President Barack Obama a major political victory.

But lawmakers' final approval came almost entirely without backing from Republicans, denying Obama the bipartisan support he had hoped for.

The Senate voted 60-38 to pass the measure hours after it cleared the House of Representatives by a lopsided 246-183 margin, setting the stage for Obama to sign it into law before his self-imposed February 16 deadline.

Democratic Senator Sherrod Brown raced from his late mother's memorial service in his home state of Ohio to cast the decisive vote at 10:46 pm (0346 GMT Saturday), some three hours and 39 minutes after the previous lawmaker.

The president's Democratic allies carried the day with no Republican support in the House and just three Republican moderates in the Senate despite his repeated appeals for bipartisanship since taking office January 20.

With cancer-stricken Democratic icon Ted Kennedy out ill, the defections were just enough to reach the 60 votes needed to ensure Senate passage of what Obama has called "only the beginning" of work to rescue the broken US economy.

Senate Democratic Majority



Speaker of the House Nancy Pelosi, 2-L, reacts during a news conference in Washington, DC, on Friday after a massive economic stimulus package was approved for the US economy.

Leader Harry Reid assured the stimulus plan would strengthen the US economy by creating millions of jobs.

There was no immediate response from the White House, but Obama had made his delight known after the House vote, giving reporters a thumbs-up sign as he left the White House bound for his hometown of Chicago.

The new president had set a February 16 target date for the package -- a blend of tax cuts, aid to hard-hit Americans, and investment in infrastructure, education and energy that he says will save or create 3.5 million jobs.

But the victory was bittersweet,

as lawmakers were voting on a compromise stimulus plan that was smaller than Obama had requested, and most Republicans rebuffed his appeals to join Democrats in approving the bill.

"This isn't Monopoly money. It's real. It adds up, and it has to be paid back, by our children and by their children," said Republican Senate Minority Leader Mitch McConnell.

Obama told business leaders in a speech at the White House early in the day that finishing the legislation was critical, but warned that much remained to be done to bolster the US economy.

"Passing this plan is a critical

step, but as important as it is, it's only the beginning of what I think all of you understand is going to be a long and difficult process of turning our economy around," Obama said.

The president vowed more action to thaw frozen lending and repair the battered housing sector, saying quick, thorough action was needed "to truly address this crisis" -- a paralyzing recession that has cost millions of jobs.

"Today, with final passage of this bill, we start putting Americans back to work," House Democratic Majority Leader Steny Hoyer said.

Republicans blasted the plan as bloated with wasteful government spending and lacking in tax cuts -- the party's traditional cure-all for economic woes -- and bemoaned the borrowed money to finance it.

"This bill is loaded with wasteful deficit spending on the majority's favorite government programs. We need jobs, not mountains of debt to be paid by our children," said the number two House Republican, Eric Cantor.

The legislation, a product of hard-fought negotiations this week, allocates 120 billion dollars to infrastructure spending, including monies for highways, trains and expanding broadband Internet access.

It also features nearly 20 billion dollars for renewable energy and 11 billion to modernize the US electrical grid -- steps former vice president Al Gore warmly endorsed weeks ago as a major downpayment on Obama's strategy for fighting climate change.

## Key points

Here are the key elements of the massive stimulus bill worth \$787 billion designed to jolt the US economy out of recession. The aim is to create or preserve three million to four million jobs:

- Roughly one-third of the measure is in the form of tax cuts, totalling \$286 billion, in an effort to boost consumer spending, a key engine of the economy.
- An estimated 95 percent of US households would receive a tax cut -- \$400 for individuals and \$800 for families in 2009 and 2010.
- A total of \$120 billion would be allocated to infrastructure and science investment.
- Within infrastructure spending, \$7.2 billion would be spent to improve access to high-speed internet, especially in underserved areas of the United States.
- Some \$19.9 billion would be allocated for renewable energy projects, including \$13.1 billion to extend a tax credit for installation of alternative energy.
- \$11 billion would be spent to upgrade the US electric power grid.
- Some \$43.7 billion would go to social service programs, including \$26.9 billion to extend emergency unemployment insurance.
- In transportation spending, road projects would get \$27.7 billion and public transit \$8.4 billion.
- The health care sector would see \$19 billion dedicated for new technologies.
- Education spending would amount to \$105.9 billion including aid to states of \$53.6 billion to finance school building or renovation.
- Some \$14.5 billion would go for environmental projects including cleanup of former weapons production and energy research sites, and drinking water infrastructure improvements.
- Public housing would get nearly \$10 billion including four billion for capital improvement.

AFP