

## Stocks

DGEN ▲ 2.39%  
2,599.08

CSCX ▲ 0.93%  
5,124.22  
(Week-on-week)

## Asian Markets

MUMBAI ▼ 2.21%  
8,843.21

TOKYO ▼ 1.87%  
7,416.38

SINGAPORE ▼ 2.11%  
1,594.94

SHANGHAI ▲ 1.54%  
2,261.48  
(Friday closings)

## Commodities

Gold ▲ \$981.74  
(per ounce)

Oil ▲ \$37.80  
(per barrel)  
SOURCE: AFP

(As of Friday)

## More News

### BGMEA election in mind



The presidential candidates in the upcoming BGMEA polls promise to protect the country's apparel sector from any bad impacts stemming from the ongoing global recession, uphold the export growth of RMG products, and safeguard the interests of the exporters.

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### Month-long Ctg trade fair opens

The 17th Chittagong International Trade Fair (CITF) 2009 kicked off at the Railway Pologround here yesterday. Commerce Minister Faruk Khan inaugurated the month-long fair, organised by Chittagong Chamber of Commerce and Industry (CCCI).

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## International

### India's embattled Satyam board seeks new buyer

The board of India's Satyam Computer Services met Saturday to discuss finding a buyer for the fraud-hit outsourcing giant which has warned its survival is at risk unless it gets new funding. The meeting of the government-appointed board came after the Company Law Board earlier this week approved Satyam's request to find a strategic investor with enough funds to guarantee the future of the struggling company.

### Farm show promises greener tomorrow

France's annual crop and livestock show opened on Saturday with President Nicolas Sarkozy promising farmers to help prepare them to face a future with smaller European subsidies.

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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)

# 300 bank branches in 2009

SAJJADUR RAHMAN

Banks continue to expand their branches this year to net new customers for low-cost deposits.

Despite a slowdown in the global financial sector, some 300 new bank branches will be added to the country's existing network in 2009, taking the tally to over 7,000, according to Bangladesh Bank (BB) data.

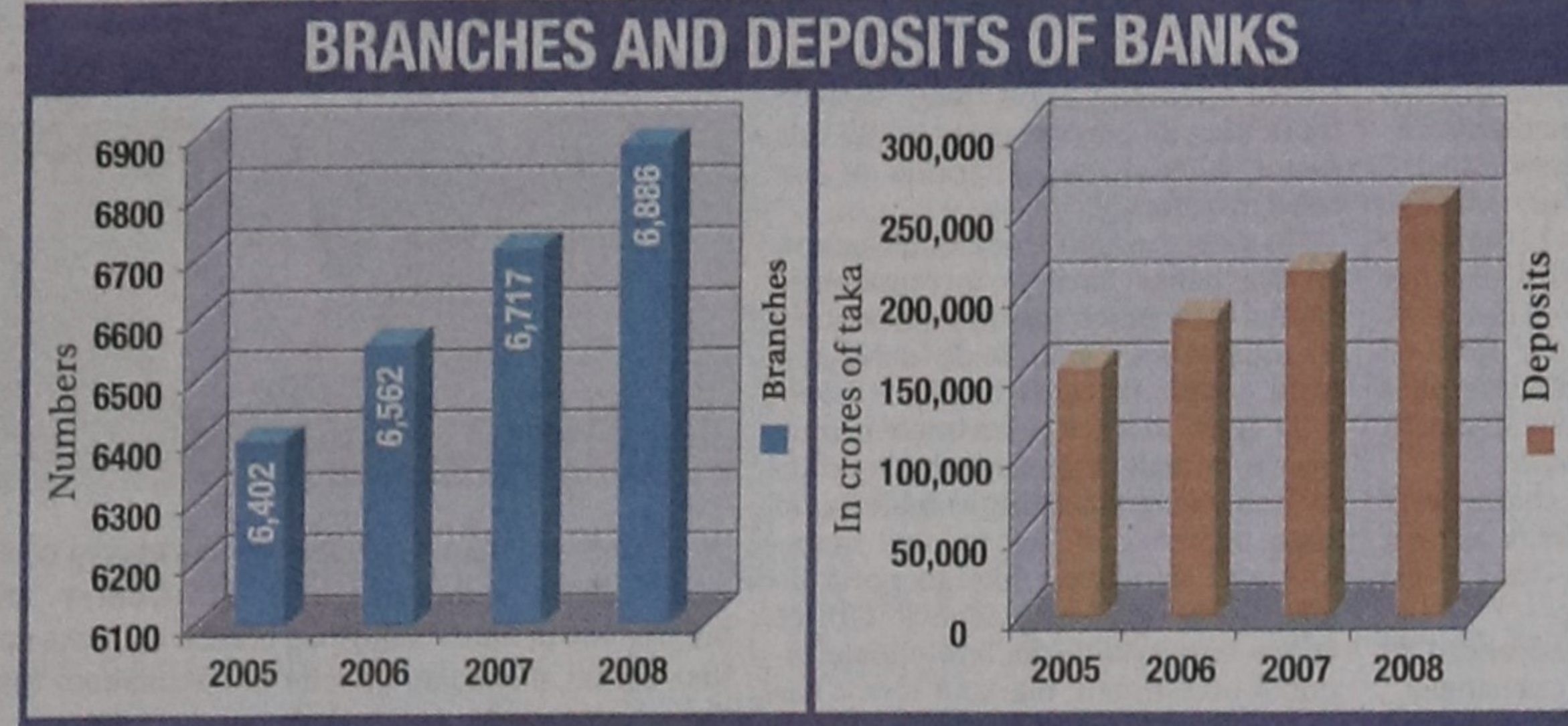
"We have agreed to permit opening of around 300 new branches in 2009, assessing the demand, mainly from the private banks," a senior BB official told The Daily Star.

The total demand was much more than the permitted number, the official said.

As of December 2008, the number of total bank branches stood at 6,886.

The banking sector of Bangladesh comprises four categories of scheduled banks -- state-owned commercial banks (SCBs), state-owned development finance institutions (DFIs), private commercial banks (PCBs) and foreign commercial banks (FCBs).

These banks had a total of 6,717 branches as of December 2007, while the number was 6,562 and



6,402 in 2006 and 2005 respectively.

With new branches banks can collect millions in cheap deposits that are lent at higher rates, bankers said.

Even though they increasingly offer technology-driven products and automated teller machines (ATMs) in convenient places, banks still hope to lure customers to a physical branch.

According to BB data, total deposits of the banks in 2008

increased by 19.19 percent to Tk 256,127 crore from Tk 214,890 crore in 2007. The growth was 15.5 percent in 2007. Banks' deposit was Tk 186,060 crore in 2006.

Share of four SCBs -- Sonali, Janata, Agrani and Rupali -- is declining on the increasing presence of PCBs, BB data shows.

Deposits of 30 PCBs increased by 26.12 percent in 2008 compared to 8.44 percent by four SCBs.

The SCBs' share in deposits decreased from 35.2 percent in

2006 to 32.6 percent in 2007. On the other hand, PCBs' deposits in 2007 amounted to Tk 115,020 crore or 53.5 percent of the total industry deposits. PCBs' deposit was Tk 95,550 crore or 51.3 percent in 2006.

FCBs' deposits in 2007 rose by Tk 3,260 crore or 21.6 percent over the previous year. The DFIs' deposits in 2007 were Tk 11,560 crore against Tk 10,020 crore in 2006 showing an increase by 15.4 percent.

"We want to reach more rural and semi-urban population. Already we have more rural branches than urban ones," said Muhammad A Rumeel Ali, chairman of BRAC Bank that has got permission to open 15 branches in 2009.

Rumeel Ali, also a former deputy governor of BB, said still the bankable people in the country are much lower compared to many countries.

He urged BB to look into the issue of urban and rural branches opening by banks.

The BB approves new branch opening based on a set criteria such as capital base, provision shortfall, corporate governance, foreign exchange management and disbursement of SME loan.

This year the central bank will not allow a bank to open more than three branches in Dhaka and Chittagong, the most concentrated areas. BB encourages banks to open more branches in rural areas.

Besides BRAC Bank, Islami Bank Bangladesh has been given permission to open a total of 15 branches this year.

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## Tata says firms must survive on their own

AFP, New Delhi

The head of India's oldest and biggest conglomerate Tata Group says each of its nearly 100 companies will have to find its own way to survive the global financial crisis.

The group's 96 companies include India's largest outsourcing firm, Tata Consultancy Services, the world's sixth-largest steelmaker Tata Steel and Tata Motors, the country's top vehicle manufacturer.

"Those who will survive will survive, those which will not, will fail," Tata Group chairman Ratan Tata told India's NDTV Profit late Friday.

"Each company has to find its way of sustaining itself," he said in a wide-ranging interview.

The 141-year-old group would rationalise its operations, he said, without elaborating.

Tata called the global slump "probably the most difficult time most of us ever had in our lives."

# Minister sees shipbuilding as bright spot

STAFF CORRESPONDENT, Ctg

Commerce Minister Faruk Khan said yesterday the shipbuilding sector emerged as a new bright spot for Bangladesh with broad prospects for growth.

Describing the government as business-friendly, the minister assured businessmen of "all-out support" by making new policy and bringing changes to the law to accelerate development of the sector, which promises to be Bangladesh's "surest path" to a mid-income country status.

Khan was speaking as the chief guest at a ceremony during a goodwill visit by the Parliamentary Friendship Group of German Bundestag to Western Marine Shipyard Limited on the other bank of the river Karnaphuli at Shikalbaha in Patiya upazila.

Acting Head of German Delegation Dr Norman Peach, Chittagong City Corporation (CCC) Mayor ABM Mohiuddin Chowdhury, The Daily Star Editor Mahfuz Anam, German Ambassador Frank Meyke were the special guests at the ceremony. Western Marine Chairman Md Saiful Islam presided over the function.

"Shipbuilding is in the blood of local people as we have a rich history in this sector. People here in Chittagong had built sailing ships 500 to 600 years ago," said the minister in his speech.

All it requires is modern technology and skilled manpower to meet increasing demand for ocean-going vessels, Khan said.

The minister hoped the sector would

help boost bilateral trade between Bangladesh and European countries.

There exists a friendly environment for trade, commerce and investment as Bangladesh has started a "new journey" to establish a "secular, democratic and stable" country, he said.

The minister reiterated the government's commitment, as made in its election manifesto, to support shipbuilding as a priority sector. "We have a business-friendly policy and believe in the free-market economy. We will do our best to promote the sector," Khan pledged.

In a presentation on trade and investment opportunities in the shipbuilding sector, Western Marine Managing Director Md Sakhawat Hossain said the contributions by the industry would take up 3-4 percent of GDP by 2015.

If Bangladesh can grab 1 percent of the \$400 billion global market of small vessels, the amount will rise to \$4 billion, he said.

According to Western Marine Chairman Md Saiful Islam, Bangladesh has bagged \$500 million export orders for ships to deliver by 2010.

"Earnings will rise to \$2 billion if this momentum is maintained," he said.

Western Marine has received orders for 12 ocean-going ships from a Dutch company.

Dr Norman Peach, acting head of the German Delegation, hoped that the industry would help the economy in the region.

Pointing to wide opportunities for bilateral trade and commerce between Bangladesh and Germany, Peach said



Commerce Minister Faruk Khan, third from left, visits Western Marine's shipyard off the Karnaphuli river in Chittagong yesterday.

the sector in Bangladesh would also open a new trade and investment window for German enterprises.

German Ambassador Frank Meyke referred to a stable political situation and reform measures taken over the last two years and said the reforms would help build efficiency with reduced 'turn-out' time for vessels, which has led to a

tremendous positive effect for Bangladesh to boost international trade.

The Daily Star Publisher and Editor Mahfuz Anam said the emerging shipbuilding industry is important not only for earning revenue but also for technology transfer.

Anam hoped that the development of the shipbuilding sector could help the

country rebuild its image in the international arena with a new reputation as a shipbuilding nation. The media could play a vital role in promoting the sector, he said.

CCC Mayor Mohiuddin Chowdhury has said it is a matter of pride that Bangladesh is now able to export ocean-going vessels to European countries.

# Traditional toothpowder losing lustre

SOHEL PARVEZ

Traditional black toothpowder makers now face tough competition, as consumer choices gradually shift to branded white tooth powder and paste amid beefed up marketing campaign on oral health.

"The demand for traditional tooth powder is low compared with the branded ones. I can sell two or three containers of traditional powder a month now. But the demand for white ones and toothpaste are rising," said M Delwar, owner Dada Confectionary, of a retail store at Karwan Bazar.

So are experiences of other retailers. The sales of non-branded toothpowder, made of mainly ash and herbal medicinal tree like neem, have marked a drastic fall.

Traditional toothpowder makers, who usually concentrate on regional markets, began to face competition after Unilever (Bangladesh) Ltd and Square Toiletries entered the segment with their brands Pepsodent and Magic in the late 90s.

Prior to the entry of the two, black toothpowder makers enjoyed a dominance in the Tk 50 crore market.

The entry of the two companies influenced consumer sentiment as the brands placed promises of



checking germ at relatively low prices.

"People are shifting to white toothpowder from black ones at a faster rate. It's mainly because of a rise in oral health consciousness," said a senior official of Unilever (BD).

Other factors, including people's increased purchasing capacity on a

rise in economic activities, have also encouraged many of the low-income group to switch over to white ones.

Influenced by continuous marketing campaign, some are also shifting directly to toothpaste, the market of which is growing between 12-15 percent a year, industry insiders said.

But traditional toothpowder makers, who operate mostly on a small scale with weak capital base, are yet to respond to the competition through the improvement in product quality and adoption of marketing strategy.

As a result, black toothpowder makers witnessed a sharp decline in their market share in the last decade. Now the share of the white tooth powder makers is about 60 percent of the Tk 90 crore market, according to the sector people.

"The new generation appears to be more willing to use toothpaste. We can sell about 65,000 containers a month on an average, while it was about 100,000 containers five years back," said Golam Sorrowar, deputy sales manager of AP (Dhaka), the manufacturer of toothpowder AP Dashanchurna.

Sorrowar, however, claimed that its toothpowder sales are recovering.

Malik Mohammed Sayeed, head of marketing of Square Toiletries, observed that toothpowder market is not growing in terms of volume as many consumers start using toothpaste.

"It is increasing in terms of value with a clear sign that traditional black toothpowder makers are losing out," he said.

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# India, NZ start FTA talks in July

OUR CORRESPONDENT, New Delhi

India and New Zealand have agreed to start negotiations for a bilateral free trade agreement (FTA) in July.

The decision was taken at a meeting Indian Commerce and Industry Minister Kamal Nath had with visiting Trade Minister of New Zealand Tim Groser in New Delhi on Friday.

"The negotiations will begin in July," said Nath after the meeting.

Both the ministers said the report of the Joint Study Group (JSG) set up to examine the feasibility of FTA demonstrates considerable potential that exists to substantially develop the bilateral trade and economic relationship further and that this would be significantly enhanced by a bilateral free trade agreement.

Nath told Grose that India's exports to New Zealand stood at US\$159 million and imports from New Zealand were US\$336 million in fiscal 2007-08, taking the total trade to around US\$0.5 billion.

In the current financial year, the bilateral trade has already reached US\$394 million in the first seven months, registering 40 percent growth.

Major items of India's exports to New Zealand are gems and jewellery, medicines, textiles, iron and steel products, tyres and parts of aeroplanes and helicopters. Major items of New Zealand's exports are coal, wool, metal waste and scrap and raw skins and hides.

Speaking on the WTO Doha Round Negotiations, Nath emphasised India has been engaging constructively and actively with other member-countries for an early conclusion provided developed countries are willing to show necessary flexibility and added "it is expected that based on these negotiations, further revised texts would be brought out in March or April.

Foreign direct investment flows from New Zealand to India have been US\$16.8 million, mainly in power, food processing industries and computer software/hardware.