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DGEN ▲ 0.09%
2,648.32

CSCX ▼ 0.20%
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Asian Markets

MUMBAI ▼ 1.99%
8,160.40

TOKYO ▼ 1.21%
7,086.03

SINGAPORE ▼ 3.71%
1,456.95

SHANGHAI ▼ 3.39%
2,118.75

Currencies

	Buy Tk	Sell Tk
USD	68.40	69.40
EUR	85.02	89.64
GBP	94.81	99.70
JPY	0.69	0.73

SOURCE: BANGLADESH BANK

Commodities

Gold	▲	\$938.10 (per ounce)
Oil	▲	\$46.76 (per barrel)

SOURCE: AFP

(Midday Trade)

More News

Merchant bankers seek reserved quota in IPO

Merchant bankers yesterday sought a quota reserved for them in every initial public offering (IPO). They said it would help them strengthen themselves as active market intermediaries. The bankers made the appeal at a discussion with the Dhaka Stock Exchange authorities in the bourse.

B-3

International

How developing nations are hit



There doesn't seem to be respite to the global economic downswing as the latest reports show another 651,000 jobs lost in the United States in February, bringing its unemployment rate to 8.1 percent, the worst in 25 years.

Warren Buffett says economy fell off a cliff

Billionaire Warren Buffett says the economy has "fallen off a cliff" over the past six months and consumers have changed their habits in remarkable ways. Buffett said Monday during a live appearance on CNBC that current economic turmoil has basically followed the worst-case scenario he envisioned.

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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

Supermarkets to spread out

SOHEL PARVEZ

Supermarket biggies have attempted a massive expansion drive this year to catch up more shoppers who still depend on unorganised wet markets to buy their essentials.

The rise in supermarkets, according to analysts, will diversify consumer choices and boost consumer spending needed for economic growth, while the wet markets will also witness an improvement in quality and services on increased penetration of supermarkets.

According to operators, 29 more chain retail outlets are expected to come up this year in an attempt to rope in more customers.

Major expansion drive has been taken by one of the leading local conglomerates, ACL. Its concern ACL Logistics is poised to open 17 outlets in the months to May under the brand name of 'Fresh N' Near'.

Meena Bazar is set to add five outlets this year to its existing eight, while Rahimafrooz Superstores will add four, and Nandan Mega Shop three in the same year.

"We feel that customers are ready because of changes in their lifestyle, preferences and needs. We want to offer a neighbourhood experience to consumers by opening more outlets," said a senior official of ACL Ltd, requesting anonymity.

ACL, which made debut in chain supermarket business in mid-last year, has already opened three outlets, thanks to the enterprising spirit of a few big business houses that pioneered in bringing dynamism in the once-overlooked retailing of perishable and fast moving consumer goods.

Local businesses are set to expand branches at a time when some foreign investors such as Bangkok-based retail and hospitality group CENTEL wants to enter the segment.

But a decade ago, the trade was in the hands of thousands of small retailers in the wet markets and grocery shops in cities and remained out of the focus of business conglomerates.

The landscape began to change after 2000 as Rahimafrooz Superstores, operating company of Agora, began to catch up a slice of retailing and wholesale trade, which has been growing annually by more than 6 percent on an average and contributing over 13 percent to GDP since 1999-2000 fiscal year.

In the last eight years, many small and big



A woman shops for household products in a supermarket in Dhaka. The capital will see another 29 supermarkets this year.

supermarkets made debut in the trade to attract middle and upper middle class consumers, a section of whom are shifting to the chain stores from the wet or kitchen markets.

Now around 50 chain supermarkets are operating in Bangladesh, recording an annual turnover of around Tk700 crore, according to Bangladesh Supermarket Owners Association.

"Consumer confidence is increasing and that's why many are planning expansion," said Kazi Inam Ahmed, chief executive of Meena Bazar, a concern of Gemcon Group that operates through eight outlets with six in Dhaka.

Inam said five more outlets would be opened this year. "The whole business is based on volume. The more is the sales volume, the more is the possibility of making profit," he said.

Supermarket operators said a rise in the organised retailing would offer consumers hygienic foods at competitive prices compared to those of unorganised retailers in the kitchen markets where commodities are sold mostly in unhygienic manner.

"It's a business to connect consumers with better products and prices, and create a market for local manufacturers," said Inam.

Mahmud Ur Rahman Shakeb of Nandan Mega Shop said the company plans to open three more stores this year to increase the number to six.

"It's a good sign. Expansion of outlets will boost consumer confidence and help create market for manufacturers," said Niaz Rahim, managing director of Rahimafrooz Superstores, which has now four Agora branded stores.

"Once the supermarket culture is established, commodity market prices will see stability," he said.

Syed Ferhat Anwar, who teaches marketing at Institute of Business Administration at Dhaka University, said a rise in supermarkets would give consumers more choices and allow them to choose independently.

"It will increase consumption and help boost economy," he said, "But the question is if the market is going to be saturated for too much increase in the number of supermarkets."

Ferhat however said organised retail shops might lead to an improvement in quality and services in the wet markets.

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Extraction ban makes stone chips rare, pricey



Workers scoop up stones from a river in Sylhet. The supply of stone chips has declined, increasing its prices in local markets.

KAWSAR KHAN

The supply of stone chips has dropped in recent times raising its prices in local markets because of a partial government ban on stone collection from two rivers in Sylhet.

Since February 2, the Department of Environment (DoE) imposed a ban on the use of machines to collect stone from the Piyain and Dauki rivers in Gowainghat Upazila in Sylhet, a source of 75 percent of the country's stone supply.

Such a ban came after objections voiced by environmentalists.

They say indiscriminate use of machines for stone collection from these sites poses a threat to the rivers and adjacent areas.

According to stone merchants, Jafflong and Volaganj are the main sources for natural stone.

"Although the government's formal ban was imposed not many days back, the authorities have not been allowing us to use machine for stone collection for the last one year, which led to doubling stone chip prices," said Abdul Matin Khan, general secretary of Bangladesh Stone Merchants Association (BSMA).

The current price of per cubic feet (CFT) of crushed stone is around Tk 100 in Dhaka, it was priced between Tk55 and Tk65 a year ago.

At the same time, volatile stone prices have also prompted a 10 percent price hike in ready mix concrete

over the last two weeks.

"Now the price of ready-mix concrete per CFT (3000 pounds per square inch) is between Tk 175 and Tk 180, a 10 percent more than its price last week," said an official of Mir Ready-Mix Concrete.

Official sources said the collection of stone via machine is forbidden, but there is no embargo on its manual collection, the only means of stone collection even three years ago.

Stone merchants say stones collected manually fall short of meeting the country's rising demand for the construction material. In addition, the riverbed has also gone down by 30-40 feet, which lengthens the process.

"If 20 people can collect a truck of stone, or 5 tonnes a day, an excavator can collect 500 tonnes," said Matin.

The merchants said they could collect 3-4 lakh CFT of crushed stone from the site every day, pointing also to the fact that the manual method would reduce extraction by 90 percent.

As the supply of stone has reduced, about 200 cargo vessels, dedicated to carry extracted stones, are now sitting idle, sector people said.

They said the country's demand for stone can be met either by imports or mining, if the natural source is stopped.

"The import and use of the country's mines will inflate the prices of stone manifold. Moreover, mined stones are heavy and unsuitable for construction," said Abdul Ahad, the

BSMA president.

Talking on the issue, Mohammed Shiblee, deputy director of the Sylhet Division Office of DoE, said the government was prompted to take such a move as the use of machines changed the course of the Piyain river to some extent and deteriorated the environment.

When holes are dug out on the riverbed, the stone collectors pile sand on a nearby place, which diverts the stream and risks river erosion, flash floods, soil pollution of nearby crop lands and tourism at Jafflong, a popular tourist destination.

"A tectonic fault runs beneath the river Dauki, which may pose earthquake threats in the area. So the DoE decided to examine the risks associated with extraction," Shiblee added.

He, however, said the ban was temporary. The government would soon form an expert committee, to help devise safer and environment-friendly forms of stone extraction.

He also said the decision was in favour of the poor labourers in the area, as they were previously suppressed by influential businessmen who used machines to conduct large-scale extraction.

Real Estate and Housing Association of Bangladesh (REHAB) President Tanveerul Haque Probal said the government should form the committee and immediately take a pragmatic decision on the matter.

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MCCI backs stimulus to face global crisis fallout

STAR BUSINESS REPORT

The Metropolitan Chamber of Commerce and Industry (MCCI) yesterday suggested the government adopt a stimulus package combining monetary, fiscal and sectoral policies to counter effects of the global economic crisis transmitting slowly on Bangladesh.

"It now appears that the drastic slowdown of the world economy has finally begun affecting Bangladesh's exports adversely," the MCCI observed.

The chamber however ruled out the idea of devaluing the local currency against the US dollar arguing that the move would increase production cost of exports, as they are highly import-intensive.

The MCCI in its review on economic situation for October-December 2008 (Q2FY09) said the slowdown on some components of GDP, especially with exports, was much higher than what was anticipated earlier.

The chamber said exports, both in terms of value and quantity, shrank during the quarter compared to the same period a year earlier.

Revenue collection, inflows of remittances and growth in industrial and services sectors also show a declining growth in Oct-Dec period, compared to the previous quarter.

"A bigger worry at the moment is that a prolonged and deeper recession in richer economies may further undermine the short and medium term prospects of Bangladesh's exports and inflows of aid, foreign investment and remittances," the MCCI observed.

Meanwhile, Finance Minister AMA Muhith announced on Sunday that the government would give an incentive package within a month for different industries, including readymade garments, to avoid the global recession fallout.

The minister also felt it necessary to revise the present list of the beneficiaries under different programmes, including social security network and elderly citizens' allowances.

According to the MCCI review, exports declined by 1.6 percent in Q2 of FY09, compared to 42.4 percent rise a quarter ago. The total value of import payments also decelerated from 34.9 percent to 12.2 percent in the second quarter.

On the industrial sector, the MCCI observed that manufacturing sector expanded by only 1.47 percent in October in Q2 of FY09, compared to 13.5 percent in Q1 of FY09.

"The slowdown was mainly due to production deceleration in garment industries and wood products and furniture industries, resulting from the slowdown in domestic and external demand," it said.

The production of jute, cotton and leather industries also declined in October in Q2 than 19.5 percent growth in Q1 of FY09.

However, the chamber found that food, beverage, paper and paper products and tobacco showed a positive growth rate in Q2 from a negative trend in Q1.

Services sector also slowed down because of a drop in growth of its largest sub-sector transport, storage and communication.

Inflows of remittances also show a falling trend, the review said. The total amount of remittances was \$2,173 million in Q2, compared to \$2,337 million in Q1.

Private sector credit growth declined slightly to 24.3 percent in December 2008 from 26.9 percent in September.

Revenue collection also showed a declining growth. Revenues rose by only 6.6 percent in Q2, while it was 20.6 percent in Q1.

Global economy nearing pick-up, say G10 bankers

AFP, Basel, Switzerland

The global economy is "approaching" a pick-up point because positive elements which could fuel growth have yet to be priced in, G10 central bankers said yesterday.

"We have a number of elements that are suggesting that we are approaching the moment where you would have a pick-up," European Central Bank head Jean-Claude Trichet said as the spokesman for the G10 central bankers meeting at the Bank for International Settlements.

He did not specify a turning point, but said that central bankers would not depart from prognoses delivered by global institutions of global growth at close to zero this year before stronger growth next year.

The International Monetary Fund has forecast global growth at 0.5 percent this year and 3.0 percent next year.

Correction

A March 5 report, headlined DSE plans to take junk shares off market, had erroneously described Desh Garments as a Z-category company. In fact, Desh Garments moved to 'B' category from its earlier 'Z' category on the stock market, effective from February 25. We regret the error.



Afghan United Bank is a commercial Licensed Bank incorporated in Afghanistan, and looking for Muslim Banking professionals for key senior management positions such as CFO, COO, Head of Risk, Head of Credit, Head of Compliance & H.R. Head. Since AUB is converting to full scope Islamic banking, therefore, professionals with some experience in Islamic Banking will be preferred.

Please email your CV's before
15th March 2009 to
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Advanced Chemical Industries Limited
ACI Centre, 245 Tejgaon Industrial Area, Dhaka 1208

Shifting of Date and Venue of the Extra-Ordinary General Meeting of Shareholders

Notice is hereby given to the Shareholders of the Company to the effect that due to unavoidable circumstances the Extra-Ordinary General Meeting will now be held on Sunday, 12 April 2009 at 11:00 a.m. at National Shooting Complex, Gulshan-1, Dhaka-1212 instead on Tuesday, 31 March 2009 at Conference Hall, ACI Centre, 245 Tejgaon Industrial Area, Dhaka. The agenda and other conditions will remain unchanged.

Dhaka
9 March 2009

By Order of the Board
Sheema Abed Rahman
Company Secretary