



# BUSINESS

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## Brand war heats up in ice cream market

SOHEL PARVEZ  
 New players are making a foray into the growing market for ice cream, industry operators said.

Poultry sector giant Kazi Farms already launched its ice cream early this year and Golden Harvest now plans to enter the business, encouraged by the growing buying power of people.

Cold Stone Creamery, a concern of US-based Kahala, is set to open its first store this year with Olive Tree Foods as its local franchisee, an official of Olive Tree said.

"The market for ice cream is huge. A rise in people's income propels the demand. We want to tap that growth," said Mohius Samad Choudhury, chief operating officer of Golden Harvest Agro Industries Ltd.

Golden Harvest Ago, which presently markets ready-to-eat foods, will make ice cream through one of its subsidiaries: Golden Harvest Ice Cream Ltd. The company eyes to launch the ice cream by the yearend, Choudhury said.

"A huge consumer base has developed in Bangladesh. We want to bank on that," he said.

Branded ice cream occupies nearly 85 percent of the country's annual market of Tk 650 crore, according to the annual report of Golden Harvest Ago Industries for 2012.

Ice creams of three brands -- Abdul Monem's Igloo, Dhaka Ice Cream's Polar and Kwaliti Food's Kwaliti -- account for nearly 70 percent of the branded market. Igloo is the market leader followed by Polar, according to industry insiders.



Regional and seasonal brands control the rest of the market, said Choudhury.

Imported ice creams of foreign brands such as Mövenpick, Baskin-Robbins, Anderson's and Häagen-Dazs are carving a niche here.

He said Golden Harvest will need an investment of nearly Tk 170 crore to set up the factory and develop a distribution channel.

"We are at an advantageous position as we have already reached our retail stores with frozen ready-to-eat foods," he said, adding that the company has refrigerators at 18,000 outlets.

Md Sajjadur Rahman, deputy manager (brand) of Kazi Food Industries Ltd, said the company is gradually expanding distribution of its ice cream brand, Bellissimo.

"We want to cater to the upper middle class," he said, "There is a demand in the premium segment of the market."

Premium ice creams account for nearly 15-20 percent of the Tk 550 crore market of branded ones, he said.

"Quality matters in the ice cream industry, not price. The firms who will deliver quality products will sustain in the competition in the long run," Rahman said.

Olive Tree inked a ten-year franchise agreement with Kahala, the parent company of Cold Stone Creamery, to open store in Bangladesh, said Salman Shahab, general manager of Olive Tree Foods Ltd.

"We want to open our first store this year. It will be at a high-end and posh area as we see good prospects of it among middle and upper middle class," he said.

Including the first one this year, Olive Tree aims to open four Cold Stone Creamery stores within the next four years.

"Once we have enough stores, we will go for putting our ice cream at retail," Shahab said.

Cold Stone stores are operating in more than 420 international locations and in 20 countries, including China, Singapore, South Korea, Canada, Nigeria, Egypt and the United Arab Emirates.

## POLITICAL STALEMATE FBCCI resets talks for April 26

STAR BUSINESS REPORT

The country's apex trade body yesterday rescheduled the congress of the business community from April 20 to April 26.

The date was changed as Khaleda Zia, leader of the opposition, assured business leaders of a meeting with her on April 24 or 25 to hear out their concerns about the current political situation.

"The congress of the business people from across the country will go ahead even if Khaleda Zia holds the meeting with the business leaders," said Md Helal Uddin, vice-president of Federation of Bangladesh Chambers of Commerce and Industry.

"We will seek opinions from businesses as we are urging the two major political parties to hold dialogues."

The FBCCI wants the presence of at least the commerce secretaries of the two parties at the meeting for the purpose of listening to the worries of the business community, he added.

The FBCCI has long been pushing the two political parties to hold talks to break the political stalemate.

"The economy has become stagnant because of the continued shutdowns -- we need a solution," said Shafiqul Islam Mohiuddin, immediate past president of Bangladesh Garment Manufacturers and Exporters Association.

## BB moves to boost bond sales

STAR BUSINESS REPORT

The government has taken a series of steps to enhance the scope of the country's bond market, which currently plays an insignificant role in the economy.

Together with launching a new treasury bond with a maturity of 2 years, the government has introduced online bidding for treasury bonds and re-issuance of existing treasury bonds and lifted the one-year ban on the re-selling of bonds purchased by non-resident Bangladeshis.

"The bond market has been made more flexible," said AFM Shaheenul Islam, deputy general manager of Bangladesh Bank's debt management department, while hoping the two-year bond turns out to be popular.

The bond market -- the preferred choice for long-term funding of public and private expenditures in most countries -- is underutilised in Bangladesh, where people invariably turn to banks for capital.

The outstanding bonds amount to around 2 percent of GDP at present, when in Sri Lanka it is upwards of 50 percent and in India and Pakistan over 30 percent. Even, Nepal is more exposed to the bond market than Bangladesh.

The debt market is small compared to other South Asian countries, amounting only 5.5 percent of the country's GDP.

Anis A Khan, managing director of Mutual Trust Bank, hailed the central bank's efforts to bring dynamism to the market.

"The latest decision is a manifestation of those steps -- the move will make the bond market more vibrant," Khan added.

## Regent Airways to fly abroad in June

STAR BUSINESS REPORT

Regent Airways is going to add two Boeing 737-700 aircraft to its fleet next month with plans to launch international flights by early June.

The carrier wants to open its first flight to Kuala Lumpur and later to Bangkok, Singapore, and Hong Kong, said Imran Asif, chief executive of the local private airline.

"By end July, we will have operations in all these four destinations," he said yesterday.

The airline also wants to start flights to Kolkata within July.

Owned by Chittagong based Habib Group, Regent will get delivery of the first 126-seater from Goodyear airport of Arizona, USA.

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## Foreign nationals allowed to remit home 75pc of income

STAR BUSINESS REPORT

Foreign nationals working in Bangladesh can now remit 75 percent of their net income to their home countries. Previously, foreigners could send home 50 percent of their net income.

The move comes as part of the government's efforts to attract foreign techni-

cians to Bangladesh, said an official of the central bank.

"Foreign nationals in Bangladesh have long been demanding an increase in the ceiling," the official of Bangladesh Bank added. In neighbouring India, foreign professionals are allowed to send their entire income back to their home countries, the official said.

## Gold slumps to two-year trough

Prices plunge 8.6pc in two days

STAR BUSINESS REPORT

The prices of gold recorded the biggest single-day fall yesterday with a 6.5 percent slump per bhoari as the value of the precious metal continues to decline on the international market due to weaker demand.

The price of 22-karat gold came down by Tk 3,615 to Tk 51,322 a bhoari (11.66 grams), the lowest in the last two and a half years, jewellers said.

With yesterday's fall, the gold prices plunged by 8.6 percent in just two days; this was the fifth time this year the bullion prices were brought down by Bangladesh Jewellers' Samity, a platform of jewellery shop owners.

On Monday, the price of 22-karat gold dropped by Tk 1,225 or 2.18 percent to Tk 54,937 a bhoari.

"As the gold price is declining on the international market, we adjusted the local price too," said Dilip Roy, president of the Jewellers' Samity.

The new price will be effective from today, he added.

The price of 21-karat gold dropped by Tk 3,481 a bhoari yesterday, 18-karat by Tk 2,959, and traditional gold by Tk 2,799.

Anwar Hossain, president of Bangladesh Jewellery Manufacturers and Exporters Association, said the prices dropped by \$150-\$200 on the international market in the last four days.

"It will create a new buyer base in the local market as people can purchase the precious metal at comparatively lower prices," he said.

Hossain earlier said crisis in the Middle East is subsiding but gaining momentum in North Korea.

"As a result, wealthy people in the Middle East are regaining their confidence in

purchasing foreign currencies instead of gold to save their idle money," he said.

Major foreign currencies such as the US dollar and the euro are gradually becoming stronger as their economies are now recovering from financial meltdown, he said. So the rich are buying less gold, he added.

Gold prices plunged more than 13 percent between Friday's open and Monday's close in New York on worries over China's growth, according to a report by news agency AFP.

It reported that the weak China outlook hit commodity prices, with gold sinking to its lowest level since 2011 in New York after suffering its sharpest fall in 30 years.

Dealers have also been spooked by reports last week that Cyprus was preparing to liquidate some of its 14 tonnes of gold reserves to fund its part of an IMF-EU bailout plan.

But the broader view is that with inflation expectations still flat -- as both the US and Chinese data indicate -- people who buy gold as a hedge against rising prices have been driven to dump bullion, according to the AFP report.

An ounce of gold traded between \$1,347.3 and \$1,405.6 yesterday, according to kitco.com, a world premier retailer of precious metals.

Bangladeshi jewellery manufacturers mainly follow gold prices with kitco.com, which has offices in Montreal, New York and Hong Kong, and buy and sell a wide range of precious metal products in gold, silver, platinum, palladium and rhodium.

According to a Reuters report, consumers swooped to pick up gold in Asia after the precious metal slumped to a two-year trough yesterday.

READ MORE ON B3



Members of the three winning teams of the HSBC Business Case Competition pose with their crests and prize-money cheques after a ceremony held in Dhaka on Friday.

## Ban hartal: shop owners

STAR BUSINESS REPORT

Shop owners yesterday urged the government to enact a law that bans hartals permanently in the upcoming parliamentary session, for the best interests of the economy.

"The government has to put an end to the destructive concept of hartal -- it does no good to anyone. It damages public property and fatally injures innocent people," said Amir Hossain Khan, president of Bangladesh Dokan Malik Samity.

Furthermore, the recent spate of hartals has left most shop owners on the brink, he said.

"Hartals for three days in a row do not just affect those days'

takings -- they encroach on at least seven days' business."

The association also asked opposition parties to shun destructive politics.

"Please don't call any programmes that would be back-breaking for the shop owners. Otherwise, we would defy them," said Khan.

The shop owners also threatened to not pay any tax or VAT this year if the political situation does not take a turn for the better.

Besides the income tax, shop owners have to pay a VAT package of around Tk 9,000 every year to the national exchequer.

"If the government fails to provide safety of property and

lives and prevent the destructive political activities, we can not pay the VAT and tax," said Khan.

So far this year, the country has witnessed 21 days of countrywide shutdowns, with 15 of them in the months of March and April.

A day's shutdown causes a loss of at least Tk 600 crore to the country's wholesale markets, shopping malls, showrooms, small shops, according to a recent survey of the Dhaka Chamber of Commerce and Industry.

The shop owners also decided yesterday to remain open during hartal days from 2 pm to 9 pm and on weekly holidays till Eid-ul-Fitr, to compensate their losses.

## HSBC awards business case competition winners

STAR BUSINESS DESK

Three teams -- Bazinga, Foursight, and Four Angry Pencils -- were awarded gold, silver and bronze as winners of the Bangladesh Finale of HSBC Business Case Competition 2013.

The gold, silver and bronze teams will receive team development funds worth Tk 75,000, Tk 50,000 and Tk 35,000 respectively.

In addition, the gold team will get an opportunity to compete in the regional grand finale in Hong Kong with teams from 24 universities of 15 countries.

The winners, all from Institute of Business Administration, were selected out of a group of six finalist teams consisting of university students from the leading universities in Bangladesh.

In the Bangladesh finale, the finalists received a business case and later presented their solutions and recommendations to a panel of judges.

The panel included Kazi Monirul Kabir, country consultant of Google Bangladesh, Ahmed Saiful Islam, chief operating officer of HSBC Bangladesh, and Talukdar Noman Anwar, head of marketing, communications and sustainability of HSBC Bangladesh.

HSBC Business Case Competition, launched this year for undergraduate business school students of Bangladesh, is a regional competition designed to encourage young talents to unleash the power of potential.

More than 550 teams registered for the first round of the competition and the subsequent rounds of the competition were held to select the six finalist teams.