

Dairy industry in doldrums

SOHEL PARVEZ

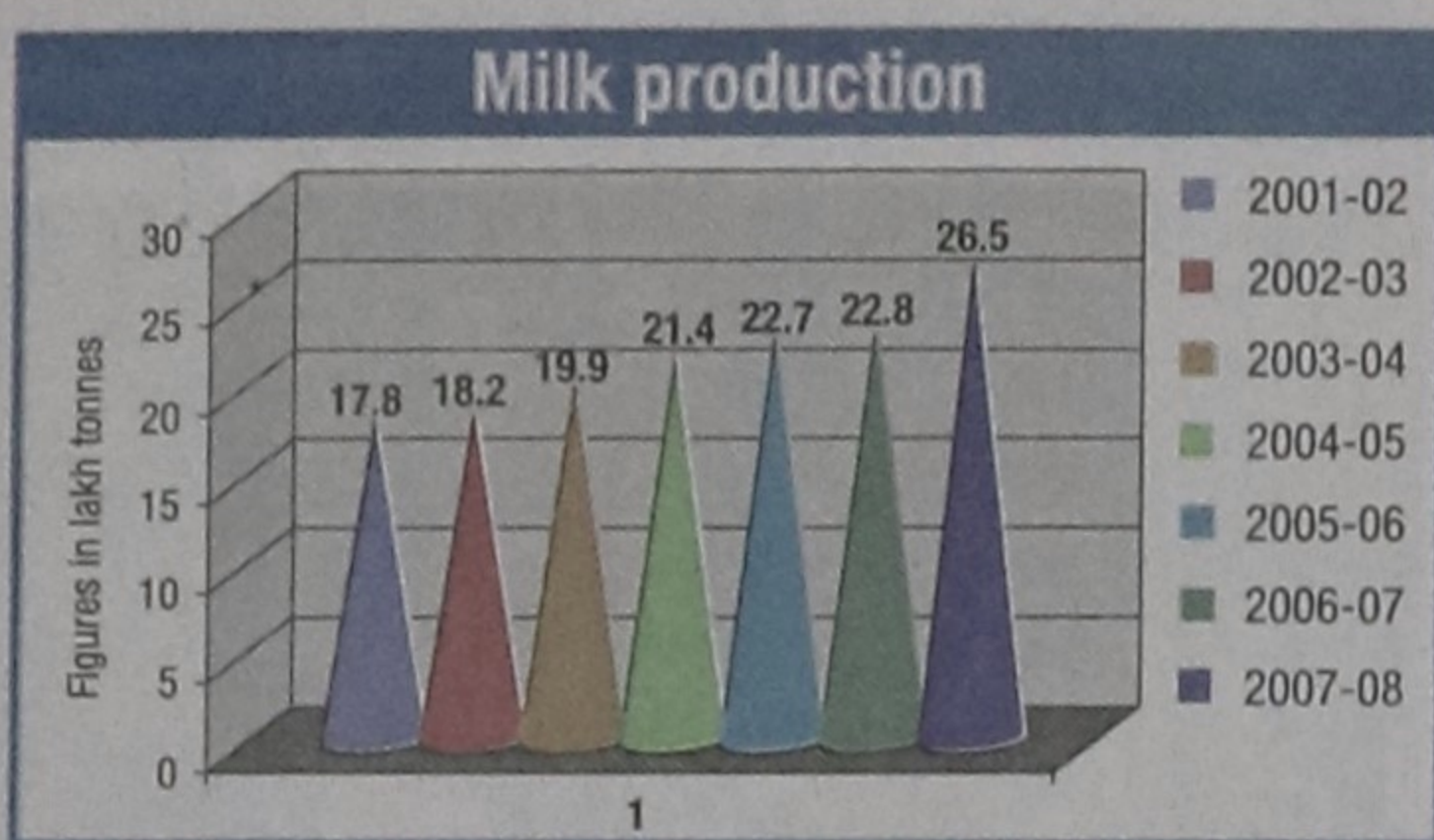
The local dairy industry potential remains largely untapped although the country boasts one of highest numbers of cattle in the world.

The sector suffers from low milk yield per cow, mainly due to inadequate improvements in breeding and veterinary services, lack of feed and fodder, frequent occurrence of diseases and lack of improved breeds. All the setbacks lead to the import of thousands of tonnes of milk powder a year to meet domestic demand.

Analysts say Bangladesh will be able to meet the bulk of its demand for milk by itself, if proper steps are taken to increase fodder cultivation, breed improvements and veterinary services.

"For cattle farming, the cultivation of green fodder is more important than grazing land. Grazing land may help reduce the cost of feed, but if we can cultivate green fodder in fallow land, we will be able to meet the bulk of our local demand for milk and meat," says Sunil Chandra Ghosh, director general of the Department of Livestock Services.

His comment came at a time when the fallout from melamine-tainted milk shook consumer confidence in imported milk powder, which met the



majority of demand for milk each year. Milk production reached 26.5 lakh tonnes in fiscal 2007-08, according to government data.

Ghosh said milk production had increased manifold in the last couple of years.

"We require both short and long term policies to improve crossbred cows and fodder cultivation," he said.

Experts said the low yield from 229 lakh cattle -- majority of them are indigenous -- is the main reason for insufficient production.

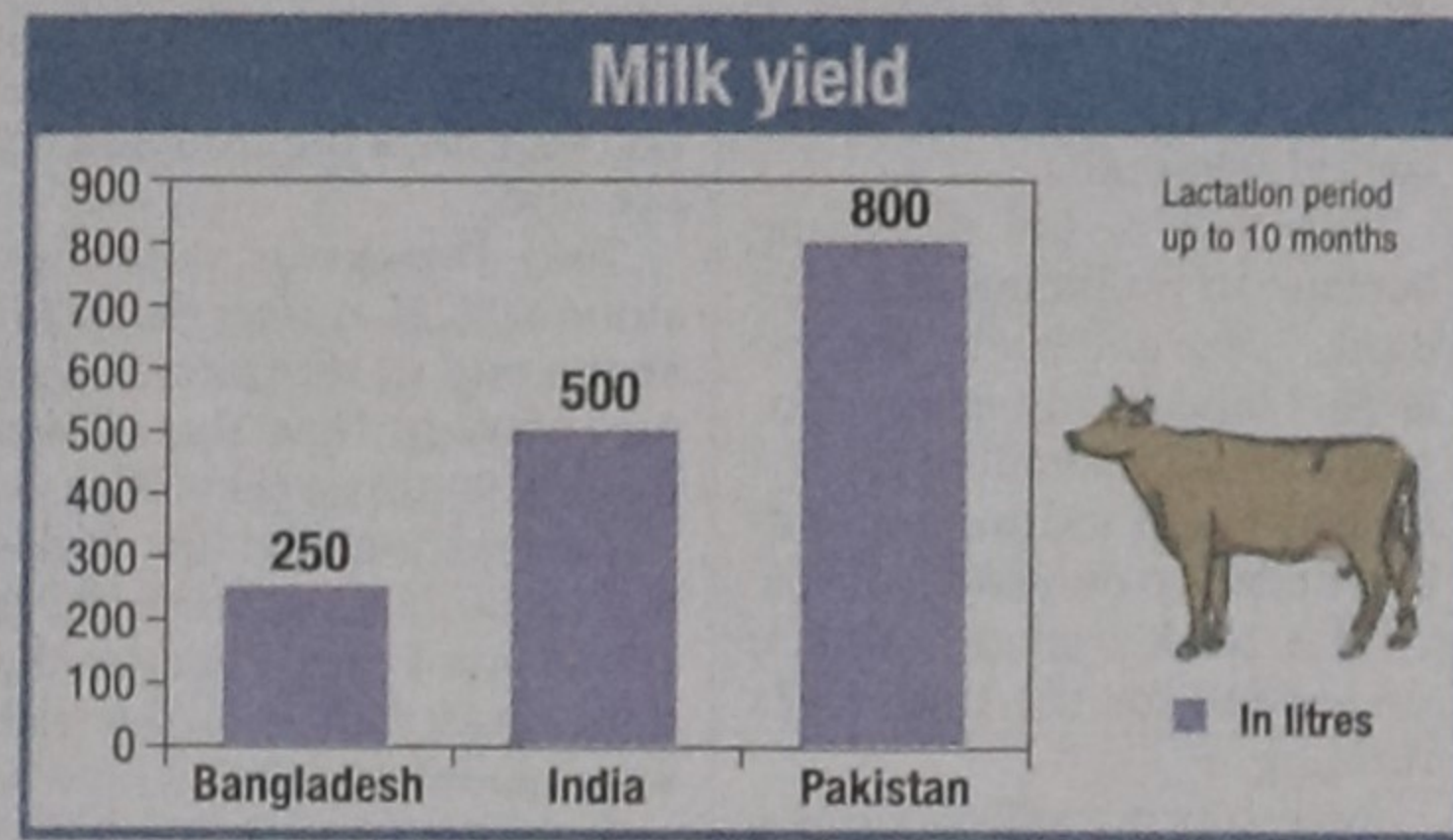
The growth rate of production is also low compared to neighbouring countries such as India and Pakistan. According to a World Bank study, national milk production grew at an average rate of 1.2 percent a year, between the fiscal years 1995-96 and 2004-05, far behind the growth rate of production in India and

Pakistan.

The milk yield per cow in Bangladesh during a 10-month lactation period is 200-250 litres, in contrast to 800 litres in Pakistan and 500 litres in India. These results stand against cattle density of 145 large ruminants/km² for Bangladesh, compared to 90 for India, according to the National Livestock Development Policy 2007.

Analysts linked low milk yield to the slow pace of replacement of local cows with genetically improved crossbreds. They also said lack of green fodder affects the productivity of cows.

"By improving local breeds, we now get as high as 6 litres of milk per cow a day. But we can increase production to 20 litres a day from highly crossbred cows," said Dr Jahangir Alam, director general of Bangladesh Livestock Research Institute



(BLRI).

Only 7.5 lakhs cows, out of a total population of milking cows at 41,22,000, are high yielding, according to the Department of Livestock Services, which has also been ill-equipped in providing artificial insemination, veterinary and extension services.

Breeding is also affected because of a lack of a national breeding policy. Use of inappropriate breeds, weak infrastructure like human capacity, national service delivery and breeding farms, and limited technical knowledge also constrains the development of improved breeds.

"Another major problem is scarcity of green fodder," said Alam of BLRI.

He referred to the hybrid varieties of Napier grass and said commercial cultivation of such fodder might help meet a portion of the demand for

green fodder.

"Farmers will be able to earn profits of about Tk 25,000 per hectare by cultivating this grass," he said. Local production of green grass is about 33 percent of the total demand.

In the National Livestock Development Policy, the government also aims at developing strategies for increased cultivation of fodder along roads and highways, rivers and embankments, in government lands, and in combination with crops.

Citing examples of countries in Europe, Sayef Nasir, country manager of Tetra Pack Asian Emerging Markets, said the dairy farmers preserve fodder after cultivating during summer. According to WB data, sweetmeat makers consume nearly 80 percent of the total milk produced in the country a year.

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Rod price fall may benefit flat customers

Says REHAB ahead of its fair tomorrow

STAR BUSINESS REPORT

Apartment customers are likely to benefit this time from the sharp fall in the prices of iron rod in the local and international markets, developers told a press conference in Dhaka yesterday on the eve of a housing fair.

"We observe that some realtors have already offered low priced apartments in newspaper advertisements and we think the flat prices will be very competitive on the backdrop of the declining trend of rod prices," said Tanvirul Haque Probal, president of the Real Estate and Housing Association of Bangladesh (REHAB).

The six-day 'REHAB Fair, Dhaka 2008' will begin tomorrow at the Bangladesh China Friendship Conference Centre. This fair, according to organisers, is part of the REHAB Week beginning today, which aims to enhance the association's social connections.

As many as 187 REHAB members and five financial organisations are participating in the fair.

The association chief, however, reminded the customers of the hike in the prices of cement and stone, two other construction materials, which add to any apartment costs.

"Though the cost of rod is declining, the prices of stone and cement are rising, so the builders would not be able to reduce the flat price much," Probal said.

A rally starting from the Central Shaheed Minar to mark the REHAB Week will parade different thoroughfares this morning. The week's programmes include children's art competition, blood and posthumous eye donation and seminars.

Yesterday's press meet was also told that the REHAB would award engineer and planner Kamrul Islam Siddiqui posthumously with REHAB Gold Medal 2008.

The fair will be open for visitors on the first day from 2 pm, while it will be open from 10 am to 8 pm for the remaining days. The entry fee is Tk 50, while a Tk 100 entry pass will allow a person to visit the fair in its entire duration.

Stocks

DGEN 3.12%
2,584.02

CSCX 3.12%
5,164.21

Currencies

	Buy Tk	Sell Tk
USD	68.25	69.25
EUR	85.40	89.84
GBP	105.18	109.91
JPY	0.69	0.72

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold \$735.25 (per ounce)

Oil \$62.96 (per barrel)

SOURCE: AFP (As of Friday)

More News

It's time to realign business



The two main economic pillars of the world, the US and the EU, face turbulent times due to the ongoing global financial turmoil. Countries in the rest of the world scratch their heads, puzzled and confused, as they had based their budgets and business plans, targeting to export products to those destinations.

France keen on energy sector
The French ambassador in Bangladesh said yesterday his government is keen to extend cooperation to the development of infrastructure, energy and environmental management sectors of Bangladesh if clear and specific proposal for the same is obtained from the country, according to a Chittagong chamber's press release.

International

G20 looks to expand emerging nations' role
World finance chiefs aimed to forge a consensus Sunday on boosting the role of emerging nations and crafting a new system to help a struggling global economy.

Deutsche Post to shed thousands of US jobs
German logistics giant Deutsche Post will on Monday announce thousands of job losses in the United States in the wake of heavy losses, a German newspaper reported. In its edition to appear Monday the Frankfurter Allgemeine Zeitung (FAZ) says that group chief executive officer Frank Appel "cannot do other than announce massive job cuts" when he presents third quarter results that day.

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GP issues Tk 425cr bonds in private placement

STAR BUSINESS REPORT

Grameenphone (GP) has signed agreements with 10 institutions in a plan to raise Tk 425 crore from the local market through issuance of coupon bearing bonds on a private placement basis.

The country's largest mobile phone operator will issue 425 bonds with a Tk 1 crore denomination each. The bonds will be of two terms -- 540 days and 720 days, the company said in a statement yesterday.

All the bonds will carry an interest rate of 14.5 percent per annum. The bonds will be "unsecured and non-convertible" and will not be listed on any bourse. But a free transferability structure will mean the instruments can easily be bought and sold over the counter.

"Grameenphone has taken the initiative to look beyond the conventional bank loan structure and into the capital market in the form of issuing a debt instrument to meet its funding needs," it said.

Grameenphone will improve the infrastructure of the company and prepay a



Grameenphone Chief Executive Officer Anders Jensen poses for photograph after signing agreements on bonds.

portion of its short-term debt with the proceeds of the bonds.

In addition to raising capital, the move will help reduce the liquidity risk and better match the asset liability maturity profile of the company.

"Grameenphone is proud to be able to contribute to a meaningful development of Bangladesh's capital market by introducing new debt instruments and creating more awareness in the domestic market," said Anders Jensen, chief executive officer of Grameenphone.

"A placement of this kind will provide the bond market of the country a much needed boost and pave the way for other companies to explore this new avenue of financing," he said.

The bonds are the first of a kind for Bangladesh's capital market. Grameenphone and the bonds have both been rated as "AAA" by the Credit Rating Agency of Bangladesh (CRAB), which is the highest credit rating given by CRAB.

Citibank NA Bangladesh is the arranger and placement agent for the transaction.

Benchmark index hits three-month low

SEC sits with bourses today

STAR BUSINESS REPORT

The stock market regulator sits with the authorities of Dhaka and Chittagong stock exchanges today to find reasons for a persistent downtrend in the market.

The Securities and Exchange Commission (SEC) took the decision a few hours after the benchmark index of the Dhaka Stock Exchange plummeted by more than 83 points yesterday.

"We have called upon the presidents, senior vice-presidents, vice-presidents and chief executive officers of the two bourses to attend a meeting to review the latest market situation," said Farhad Ahmed, executive director of SEC.

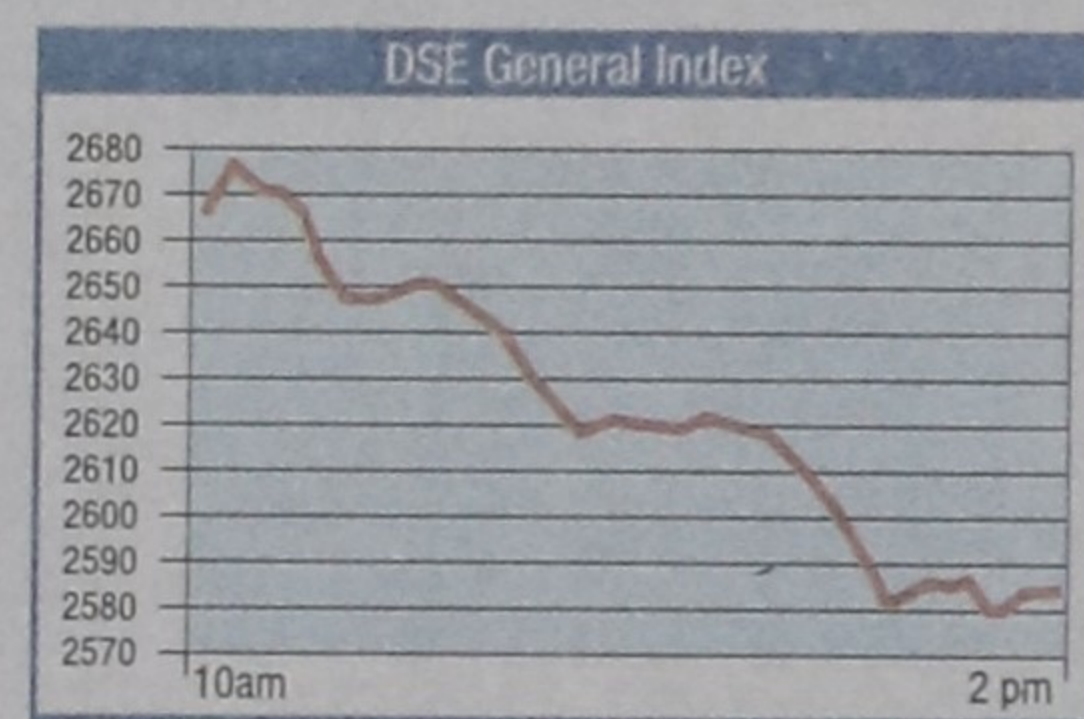
The DSE General Index slumped by 83.13 points, or 3.11 percent yesterday, pulling down the index to a three-month low at 2584.02 points. The DSE All Share Price Index also went down 64.64 points, or 2.92 percent, to 2146.59 points.

Market insiders said investor confidence had eroded because of a continuous fall in share prices. "It appears that the market is facing a confidence crisis," said an insider.

Yesterday's sharp fall also prompted a group of 30 retail investors to meet the SEC chairman. The nervous investors urged the SEC boss to take immediate steps to bring the rhythm back to the market.

Most securities traded down on the DSE, which witnessed a downtrend during the entire trading hours yesterday. Of the 232 traded scrips, only 23 advanced, 197 declined and 12 remained unchanged.

A total of 1,51,18,282 shares worth Tk 209.27



crore changed hands on the premier bourse. Market capitalisation came down to Tk 94,169.57 crore.

Beximco Pharma topped the turnover leaders with 14,88,000 traded shares worth Tk 24.28 crore. The day's other turnover leaders were ACI, Beximco, Titas Gas, Uttara Bank, LankaBangla Finance, Bextex, Islami Bank, Summit Alliance Port and National Tubes.

Chittagong stocks also marked a sharp fall yesterday. The CSE Selective Categories Index went down 166.37 points, or 3.12 percent, to 5164.21 points. The CSE All Share Price Index dropped 231.39 points, or 2.81 percent, to 7979.93 points.

A total of 36,47,258 shares worth Tk 34.56 crore changed hands on the port city bourse. Of the 131 traded issues, only five advanced, 121 declined and five remained unchanged.

On the CSE, Beximco Pharma topped the turnover leaders with 3,94,050 traded shares worth Tk 6.42 crore. The day's other turnover leaders were Beximco, Bextex, Titas Gas, AB Bank, Islami Bank, LankaBangla Finance, AIMS 1st Mutual Fund, Union Capital and ACI.

Bogra light engineering in limbo

HASIBUR RAHMAN BILU, Bogra

More than 1,200 light engineering firms including 29 foundries in Bogra with an annual turnover of Tk 400 crore are in limbo due to high prices of raw materials and lack of government support.

The problems they are faced with are so acute that some of the firms have either stopped production or are on the verge of closure, said sector people.

The sector has been providing around 85 percent of the total requirements of agro-equipment in the country since 1980, according to a preliminary

survey by the Ministry of Commerce.

At least five foundries including Farida Engineering and GR Casting were forced to shut down due to higher raw material prices, high bank interests, higher rate of government taxes and shortage of running capital, said Abdul Malek, vice president of Foundry Owners Association of Bangladesh, the Bogra-based national organisation.

"One year ago the rate of pig iron was Tk 32,000 per tonne in local market which is now Tk 85,000" said Malek. The price of hard coal, a kind of fuel, doubled to Tk 80,000 per tonne in

the last 12 months, he added.

The price of silicon, one of the most important ingredients for foundry industry, also shot up from Tk 85,000 a tonne to Tk 1,80,000 in a span of one year, Malek said.

He said his association proposed to reduce the rate of government taxes, but the government is now collecting taxes from 31 percent to 33 percent.

The local manufacturers got another blow as the government exempted imports of such agriculture equipment as pumps and shallow engine from tax.

Belal, owner of Belal

Engineering Workshop on Gohail Road in Bogra town, said he used to earn Tk 800-Tk 900 per day one year ago but now his earning plummeted to Tk 400 due to the problems.

Owner of Madina Traders on the same road said although he sold locally made water pump at Tk 900-Tk 1,000 each a few months ago, he hardly can make any profit by selling the same pump at Tk 1,600 to Tk 1,800 now.

A senior official of Bangladesh Bank Bogra branch told The Daily Star that the government took initiative around six years back to promote this sector.

Initially six to seven preliminary meetings were held at the commerce ministry to identify the problems of the sector, but no action has yet been taken, the central bank official said.

Sarker Badal, president of Bangladesh Agricultural Machinery Merchants Association, said due to the exorbitant price of raw materials more than 1,100 light engineering workshops are doing minimal business. "One year ago we purchased raw agro equipment at Tk 51 per kilogram whereas the price is now Tk 71," said Sarker.



Photo shows liners made for shallow engines.