

## Stocks

DGEN ▲ 0.51%  
3,428.89

CSCX ▲ 0.40%  
7,416.65

## Asian Markets

MUMBAI ▲ 2.11%  
16,498.72

TOKYO ▲ 0.20%  
9,808.99

SINGAPORE ▲ 1.32%  
2,693.38

SHANGHAI ▲ 0.37%  
3,175.59

## Currencies

Buy Tk Sell Tk

USD 68.55 69.55

EUR 100.31 105.58

GBP 112.52 118.01

JPY 0.74 0.80

SOURCE: STANDARD CHARTERED BANK

## Commodities

Gold ▲  
\$1,109.50  
(per ounce)

Oil ▼  
\$78.47  
(per barrel)

SOURCE: AFP (Midday Trade)

## 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 milk powder churns high

SOHEL PARVEZ

The dairy industry is set for a boom as another processor Pran moves to produce milk powder with a promise to purchase fresh milk from farmers round the year without curtailing procurement even during peak production season.

Pran will be the third in making powdered milk from locally produced liquid milk after Bangladesh Milk Producers' Cooperatives Union Ltd (BMPCUL) and Brac.

Operators said the entry of Pran would enhance the overall powdered milk producing capacity of the three processors from about 21,000 tonnes a year to about 26,000 tonnes. The targeted quantity will be at least three-fourth of the total annual imports of powdered milk that costs around Tk 700 crore.

Pran now processes liquid milk and has already set up a powdered milk producing plant with an annual production capacity of around 4,800 tonnes. The total cost of the project is estimated at nearly Tk 20 crore, said Kamruzzaman Kamal, director in charge of marketing of Pran-RFL Group.

Industry stakeholders said Pran's new venture would be helpful for dairy farmers as they will not be forced to sell their produce at lower price due to excess supply of milk during the peak production season -- mainly from January to June.

The new plant will help Pran buy more fresh milk from the farmers during the peak season to produce powdered milk.

"We also want to ensure uninterrupted purchase of milk all the time from the farmers without capping supply during peak season," Kamal said.

Insiders said such purchase will also help Pran process liquid milk in a big quantity during lean season when production slumps by nearly 30 percent.

But availability of fresh milk throughout the year at a price encouraging enough for processors to compete with imported milk powder remains a concern, the insiders said.



A salesman stacks packets of locally produced milk powder at a retail outlet of Agora in Dhaka yesterday. Pran is the latest player to enter the milk powder market.

Despite a steady rise in production in the recent years, price of fresh milk remains high because of a low yield and high feed cost.

The situation hurts the competitive edge of the processors who need to spend more than Tk 300 to make a kilogramme of milk powder now.

But the current price of imported milk powder is Tk 225-Tk 240 a kg, Kamal said.

"It will be difficult to compete with imported powdered milk," he said.

Mohammad Ali, general manager of

Brac Dairy and Food Project, said the amount of powdered milk import is only about 15 percent of the total annual production in Bangladesh.

"We can bring down the imports to zero level within the next two-three years if the government offers tariff protection," said Ali of Brac Dairy, which processes and markets Aarong brand liquid and powdered milk.

Brac, the second biggest processor, has a capacity to produce more than 2,000 tonnes of milk powder a year. The biggest

processor, BMPCUL, which markets Milk Vita brand, has a capacity of producing over 19,000 tonnes, officials said.

Brac collects around 100,000 litres of fresh milk from the farmers in 26 districts per day and now uses half of its capacity. The social business venture now sells around 30 tonnes of milk powder per month, Ali said.

"We can increase our production and expand capacity further if government policy support is available," said Ali.

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## New country director for World Bank

STAR BUSINESS DESK

Ellen Goldstein takes over as World Bank's new country director for Bangladesh today.

The lending agency has tipped Goldstein its top official in Dhaka replacing Xian Zhu, according to a press statement yesterday.

Zhu is now the World Bank's director for strategy and operations for South Asia.

Goldstein joined the bank in 1988 as a macro-economist, and served as a senior economist for Bangladesh between 1990 and 1993. For the past thirteen years, she has held managerial positions of increasing responsibility, including her most recent assignment as country manager for Burkina Faso.

Goldstein will now guide development of the World Bank's strategy to support Bangladesh, in alignment with country priorities and in the context of the changing global circumstances.

# Exports slump 11pc

STAR BUSINESS REPORT

Exports plummeted by 11.66 percent in the first quarter of the current fiscal year, dealing a heavy blow to the country's economic lifeline and calling for a government response.

Export earning in September declined 28.27 percent compared to the same month of the previous fiscal year.

The country was able to weather the global financial storm last fiscal year, earning \$15.8 billion with over 10 percent growth.

But the global recession has put strains on exports this time that the exporters link to absence of an early response by the government.

According to Export Promotion Bureau (EPB) statistics released yesterday, Bangladesh bagged \$3.9 billion in the July-September period of the current fiscal year, while earning in the same period last year was \$4.4 billion.

The earning in September went down to \$1.3 billion from \$1.5 billion in the same month last year, the data said.

Terming it the worst export performance of the country in recent times, Fazlul Hoque, president of Bangladesh Knitwear Manufacturers and Exporters Association, blamed the government's ineffectiveness.

"Till date the government has not given any assistance to the RMG sector to combat the crisis, while many countries have so far disbursed the third and even the fourth round of stimulus package to their export sector," he added.

Hoque said the country probably experienced the biggest single-month decline in the garment sector in September, and added

that the possibility of a strong rebound in the next few months is slim as export orders are on the downturn.

"But exports in the next few months will not be as bad as was in September," he added.

According to EPB data, knitwear sector earned \$1.7 billion in the July-September quarter with a 9.74 percent decline compared to the same period of last fiscal year.

Export of woven garments has also gone down 9.74 percent with the quarterly gain reaching \$1.4 billion.

All the major export earners, including home textile, leather, frozen food, pharmaceuticals and raw jute, witnessed a fall in the quarter compared to the same period last year.

An EPB official said it was very unlikely that the country's export earnings were on a declining trend when the whole world was recovering from the crisis.

EPB Vice Chairman Shahab Ullah told AFP: "We did well in the year ending June despite the first bout of the recession, but it's a major upset in the first quarter and it happened due to one of the worst performances of the garment sector."

According to EPB, knitwear export went down by 27.59 percent in September, while the woven garment export marked a fall of 25.69 percent.

The government has set a \$17.6 billion export target for fiscal 2009-10 with a 13 percent growth over the previous year.

But reaching the target largely depends on how efficiently the country can prepare the export sector to face the global financial crisis, said the sector people.

# Inflation, falling exports weigh on economy: BB

STAR BUSINESS REPORT

Bangladesh Bank (BB) has said inflationary pressure and declining exports pose a major challenge to the economy.

"Significant inflationary pressure in coming months may not be ruled out unless this huge liquidity overhang is utilised in productive and supply augmenting economic activities," the central bank said in its quarterly report.

In the backdrop of a substantial drop in import payment growth and robust remittance growth in the beginning of fiscal 2010 along with weak investment activities, a huge liquidity overhang built up in the money market, it said.

The report also said although the process of mopping up excess liquidity from the money market is already in place, it needs to be expedited with care so that the liquidity condition market remains healthy.

The other major challenge is to buck the trend of a continuous decline in exports of RMG, some traditional items

such as jute, jute goods, handicrafts, some primary commodities and engineering products, the report said.

Bangladesh Bank recommended product diversification and efforts to look for new markets as exports fell 11.66 percent in the first quarter of the current fiscal year.

Despite signs of recovery from the worst economic crisis in the developed countries, international trade witnessed a significant reduction, the BB said.

In the fiscal sector, the report said, significant pressures will be due to the rising cost of subsidies and other current expenditures resulting from various stimulus packages and an expected salary hike.

The central bank emphasised revenue collections. "Tax collection efforts need to be strengthened especially because of a slowdown in earnings from customs duty due to falling value and volume of imports," it said.

The BB suggested a full implementation of annual development programme as targeted in the budget for fiscal 2010, which is a challenge and needs to speed up.

# New shipbuilding policy soon: Muhith

UNB, Dhaka

Finance Minister AMA Muhith yesterday said the government would announce a new policy for the shipbuilding industry and hoped that it would help the country attract more investment and orders from abroad.

The minister urged the visiting leaders of Bangladesh British Chamber of Commerce to invest in promising sectors such as power, transport, health and education. The Anglo-Bangla chamber Chairman Shahagir Bakh Faruk is leading the delegation.

The minister made the request to the delegation when they had a meeting with him at his office.

Muhith said there is ample scope for foreign entrepreneurs to invest in these sectors under public-private partnership.



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وَقَدْ رَزَقَنَا

CONGRATULATIONS



We are highly impressed & delighted to learn that Mr. SK. Nasir Uddin Chairman of Akij Group has been honored by Government of the Republic of Bangladesh as a C.I.P. (Export) for his successful & indomitable involvement in Jute & Jute goods Export for the year of 2008.

We sincerely hope, under his strong supervision Akij Group will be unparalleled and unbeatable also be a more Innovative

Organization in the near future and wish him best & progressive business journey in the coming days and also pray to Allah for his safe and sound health ever.

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