Stocks rebound

STAR BUSINESS REPORT

Indices at the Dhaka Stock Exchange ended trading on a positive note yesterday, rebounding from the losses of the previous day as turnover also rose.

The benchmark DSEX gained 37.13 points, or 0.66 percent, to finish at 5,620.91.

The other indices also performed positively, as the Shariah-based DSES increased by 0.66 percent to 1,233.13, while the blue-chip DS30 went up 0.29 percent to 2,195.11.

Turnover, a key gauge of market activity, stood at Tk 1,278.06 crore, up from Tk 1,181 crore in the previous session.

Block trades accounted for a notable share, with transactions recorded across several scrips and overall trading amounting to Tk 19.06 crore.

Market breadth was firmly positive, with 220 issues advancing against 131 decliners, while 47 remained unchanged.

The demand for milk and dairy products is rising every year, but domestic production remains relatively low, requiring Bangladesh to import large amounts of milk and milk products annually.
PHOTO: RASHED SHUMON

After 17 years of delay, govt forms Dairy Development Board

SUKANTA HALDER

The interim government has announced the formation of a Dairy Development Board, heeding the long-standing demand of farmers and stakeholders.

The move, announced in a gazette notification by the Ministry of Fisheries and Livestock last week, is expected to help boost domestic milk production, ensure fair prices for farmers, and reduce the nation's import dependence for nutrition.

"The gazette regarding the formation of the board has already been issued. We have now started working on the formation of the board and defining its functions," ABM Khaleduzzaman, director of production at the Department of Livestock Services (DLS), told The Daily Star.

The initiative to form a dairy board was first taken in 2008 by the then caretaker government to increase milk and dairy production nationwide and regulate standards. However, the initiative never saw the light of day for over a decade.

Later in 2023, the previous parliament passed the Bangladesh Dairy Development Board Act, paving the way for further development.

According to the law, the board will be chaired by the fisheries and livestock minister, while a state minister or deputy minister will act as the co-chairman.

It will also include one lawmaker nominated by the speaker; the fisheries and livestock secretary, who shall be the vice-chairman; the chairman of the Bangladesh Food Safety Authority; representatives from the Health Service Division, the Ministry of Agriculture, the Ministry of Commerce, the Ministry of Industries, the Rural Development and Co-operatives Division, government-nominated joint cooperative societies, commercial dairy and livestock producers; and the chiefs of the DLS and the Bangladesh Livestock Research Institute, among others.

Industry insiders and government officials have welcomed the latest move, saying the board will help organise the dairy sector, increase production, regulate quality, modernise market management, save foreign currency, create jobs, and improve nutritional security.

According to DLS Director Khaleduzzaman, the demand for milk and dairy products is rising every year, but domestic production remains relatively low, requiring Bangladesh to import large amounts of milk and milk products annually.

"Bangladesh's annual demand for milk and dairy products stands at about 162 lakh tonnes, while production is around 155 lakh tonnes. To bridge the gap, roughly $320 million worth of milk and dairy products are imported each year," he added.

In the last fiscal year, Bangladesh imported milk and milk products worth Tk 5,400 crore, seven times higher than just over Tk 700 crore of imports in FY2009-10, according to Bangladesh Bank data.

"In this context, the formation of the board is an innovative step," he said.

Khaleduzzaman said adulteration, poor quality control, weak marketing, and insufficient incentives for small farmers have held back the sector's potential. "The board could transform it into a modern, internationally standard industry, enabling self-sufficiency."

Mohammad Shah Emran, general secretary of the Bangladesh Dairy Farmers Association, lauded the development, calling it a significant milestone. "Farmers have long sought such an initiative to ensure better organisation, fair pricing, and support for smallholders."

"The board will provide an institutional framework to address long-standing challenges, modernise production, improve quality control, and promote sustainable practices," he added.

Prominent agricultural economist Jahangir Alam Khan, who was the director general of the Bangladesh Livestock Research Institute and was closely involved when the initiative was first taken in 2008, said the board's formation is crucial for food security, nutritional balance, and farmer livelihoods.

Khan stressed the need for experienced leadership familiar with livestock systems, domestic and global dairy markets, and strategies to make Bangladesh competitive.

With proper leadership and incentives, he said, self-sufficiency in the dairy sector could be achieved within five years, followed by entry into export markets, much like India's White Revolution.

He suggested offering agricultural and dairy loans at 4 percent interest, exempting income up to Tk 5 lakh from tax, and extending electricity subsidies for mechanised farms to the dairy sector.

"Our short-term goal is self-sufficiency; the long-term goal is a competitive, export-oriented dairy sector," he said.

Kamruzzaman Kamal, marketing director of Pran-RFL Group, one of the country's largest dairy producers, said the formation of the dairy board is a long-awaited move.

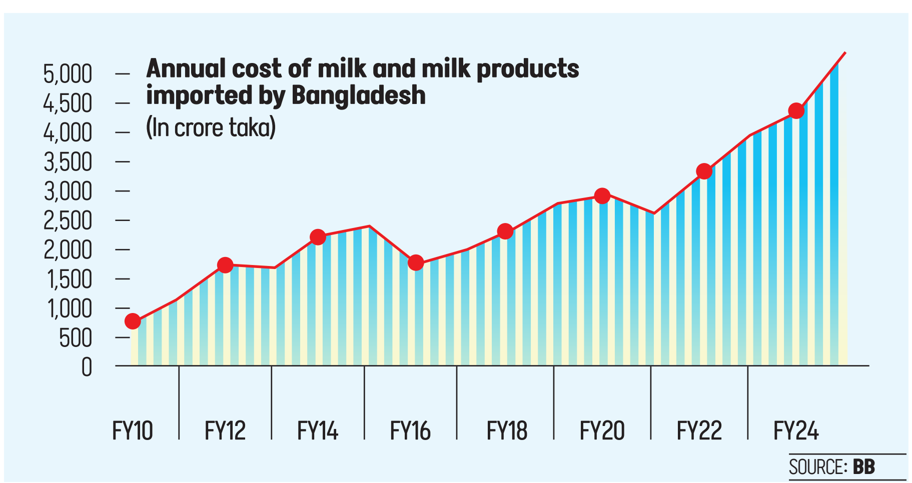
Similar institutions operate successfully in other countries, he said, citing India's National Dairy Board.

"Bangladesh is still a milk-deficient country, but our ambition is to transform it into a milk-surplus nation," Kamal said.

While private companies are investing, a strong government partnership will make these efforts more effective.

Moshiur Rahman, chairman of dairy producer Paragon Group, highlighted the need for a structured system that will not only reduce reliance on milk imports but also raise local milk quality, enforce hygienic practices, and modernise farming methods.

He added that the entire value chain, from on-farm practices to processing and packaging, requires proper regulation, and the board could play a vital role in ensuring this.



Capping audit fees risks weakening oversight

M MEHEDI HASAN

Bangladesh's banking sector is fragile, strained by non-performing loans (NPLs), poor governance, weak regulations and a trail of scandals. At a time when public trust in banks is thin, the role of auditors as the last line of defence has never been more critical. Yet auditors have often failed to deliver robust scrutiny, not least because statutory audit fees have traditionally been set too low to support meaningful oversight.

It is in this environment that the Financial Reporting Council (FRC), the country's audit watchdog, has moved to set both floors and ceilings on statutory audit fees for banks. The new ranges are linked to a bank's total assets or risk-weighted assets. Fees are calculated using the hourly rates of audit team members, but capped by a maximum number of hours permitted for each category of bank.

The intention may be to standardise costs and promote fairness. But in practice, the rigid framework risks limiting auditors' ability to respond to complex exposures. By constraining what auditors can charge and how much time they can allocate, the FRC has raised concerns about whether statutory audits can remain sufficiently rigorous. In a sector plagued by corruption and past audit failures, the cap could weaken oversight and erode trust further.

The problem is more acute because the scope of bank audits in Bangladesh is already far wider than in many jurisdictions. The Bangladesh Bank, the prime regulator, expects auditors to examine not only the annual financial statements but also areas such as irregularities in cash incentive claims, over and under-invoicing in trade, compliance with anti-money laundering rules, outward remittances, and withholding tax obligations. These tasks demand forensic expertise, sector-specific knowledge and significant investigative effort.

Imposing a ceiling on fees while widening responsibilities risks forcing audit firms to stretch limited resources. If auditors cannot dedicate the required time and staff, the quality of scrutiny will inevitably suffer. The cap on hours reinforces the worry that auditors will be unable to exercise their judgment freely or allocate sufficient effort to safeguard independence and thoroughness.

Looking abroad highlights the risks of this approach. In India, the Reserve Bank sets only minimum fee schedules, designed to prevent a race to the bottom and to protect audit quality. Regulators in Europe and the United Kingdom take a different tack: they restrict the proportion of fees that can come from non-audit services to preserve independence, but they do not cap statutory audit fees themselves. The common thread is that the priority lies in protecting quality, transparency and accountability rather than squeezing costs.

The initiative by the FRC, though well-meaning, could send the wrong message. A ceiling on statutory audit fees and hours may appear to save money, but it risks leaving the banking system even more vulnerable. Bangladesh would be better served by strengthening the floor -- guaranteeing fair remuneration, ensuring transparent disclosure of audit scope and hours, and demanding accountability from audit firms when quality is compromised.

Ultimately, confidence in the financial system cannot be rebuilt through tighter fee caps. It depends on stronger enforcement, credible oversight, and a commitment to making audits more effective. The stakes are high. If audit quality declines further, so too will public trust in a sector that is already on shaky ground.

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Import ban on Bangladeshi RMG triggers supply crunch in India

OUR CORRESPONDENT, *New Delhi*

Leading international clothing retailers in India, including Marks & Spencer, H&M, Zudio, and Lifestyle, are facing supply shortages amid a prolonged restriction on imports of readymade garments from Bangladesh through land ports, The Economic Times reported yesterday.

The Directorate General of Foreign Trade (DGFT) of India issued a notification on May 17 banning garment imports from Bangladesh via land routes. Imports are now allowed only through the Kolkata and Nhava Sheva seaports, causing significant disruptions in the supply chain.

The move has led to delays of two to three weeks in merchandise sourcing, especially in lower-price categories. As a result, several Indian retailers such as Lifestyle, Reliance, and Aditya Birla have started shifting part of their production domestically.

"While we have shifted some of our sourcing within the country, there are a few categories that we import from Bangladesh, which have been delayed due to the decision," said Devarajan Iyer, chief executive officer of Lifestyle International. Smaller retailers and grey-market operators, who rely heavily on low-priced products and faster deliveries, are bearing the brunt of the import ban.

"The cost of importing garments from Bangladesh could rise by 3 to 5 percent due to higher transportation costs through seaports. However, the impact will not be immediate as many retailers had secured contracts months in advance," said Rahul Mehta, chief mentor of the Clothing Manufacturers Association of India.

Gold races to all-time high above $3,500

REUTERS

Gold prices scaled the $3,500 per ounce level to hit a record high on Tuesday, as mounting expectations for a U.S. Federal Reserve interest rate cut this month lifted demand for the precious metal.

Spot gold was up 0.1 percent at $3,480.57 per ounce as of 1125 GMT, after hitting a record high of $3,508.50 earlier in the session. Bullion has gained 32 percent so far this year.

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U.S. gold futures for December delivery gained 0.9 percent to $3,549.

"Gold's rally is set to be heavily influenced by how much the Fed's rate-cutting path adheres to market projections," said Han Tan, chief market analyst at Nemo.money.

"It still enjoys enough fundamental tailwinds, from central bank purchases to safe-haven demand - especially if trade tariffs take a meaningful toll on global economic growth - going into next year," he added.

Traders are currently pricing in a 90 percent chance of a 25-basis-point Fed rate cut on September 17, according to the CME FedWatch tool. Non-yielding gold typically performs well in a low-interest-rate environment.

Long regarded as a dependable hedge against geopolitical and economic turmoil, gold has rallied to multiple record highs in 2025, drawing support from ongoing central bank buying amid a move away from the U.S. dollar, strong safe-haven demand in light of geopolitical and trade uncertainty, plus broad dollar weakness, analysts say.

Customers are browsing gold jewellery at a Chow Tai Fook store in Beijing. Long regarded as a dependable hedge against geopolitical and economic turmoil, gold has rallied to multiple record highs in 2025.
PHOTO: AFP/FILE

Spot gold prices rose 27 percent in 2024, and broke the $3,000 per ounce level for the first time in March this year as uncertainty around U.S. President Donald Trump's trade policies sent investors flocking to the safe-haven asset.

Meanwhile, Trump has criticised the Fed and its chair, Jerome Powell, for months for not lowering interest rates.

Investors are now looking forward to the U.S. nonfarm payrolls data due on Friday to determine the size of an expected Fed rate cut later this month.

"All the indicators - fundamental and technical - point toward a sustained rally. As always, we might not go up in a straight line, but we are in 'buy the dip' mode... plus, gold remains an uncorrelated asset to stocks, real estate, and credit," said Hugo Pascal, a precious metals trader at InProved.

SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, said its holdings rose 1.01 percent to 977.68 tons on Friday - its highest level since August 2022.

In a quarterly Reuters poll conducted in July, analysts forecast gold would average $3,220 in 2025, up from January's estimate of $2,756/oz.