Bangladesh lags behind regional peers in buffalo milk production

SUKANTA HALDER

Bangladesh is lagging behind neighbouring countries in buffalo milk production due to low productivity, poor breeding practices, and limited investment in the dairy sector.

Buffalo milk accounts for 65 percent of total milk production in Pakistan, 43 percent in India, 57 percent in Nepal, and only 5 percent in Bangladesh, according to data from the Department of Livestock Services (DLS).

Pakistan produces 60.01 million tonnes of milk, of which 39.80 million tonnes come from buffalo. In India, total milk production stands at 239.03 million tonnes, with 104 million tonnes from buffalo. Nepal produces 2.90 million tonnes, including 1.65 million tonnes from buffalo.

In Bangladesh, total milk production is 16.20 million tonnes, against an annual demand of 16.23 million tonnes, but only 0.08 million tonnes comes from buffalo.

Md Bayezur Rahman, director for administration at the DLS, told The Daily Star that Bangladesh lags behind mainly due to a smaller buffalo population and the lack of targeted development in the sector.

He said that in those countries, buffalo populations have historically been higher due to natural conditions, while in Bangladesh research is underway and a buffalo development project has already been initiated.

DLS data shows buffalo numbers in the country have been rising steadily. In fiscal year 2024–25, the figure stood at 15.32 lakh, up from 15.24 lakh the previous year and 14.16 lakh in FY23.

Gautam Kumar Deb, principal scientific officer and head of a division at the Bangladesh Livestock Research Institute (BLRI), said the low contribution of buffalo milk is rooted in the historical use of buffaloes as draft animals rather than dairy producers.

Unlike in India, Pakistan, and Nepal -- where buffaloes have long been bred for milk -- buffaloes in Bangladesh were primarily used for ploughing fields and pulling carts in low-lying areas, resulting in native breeds with low milk-yielding capacity.

He said the buffalo population declined by around 50 percent after independence as their role in agriculture diminished, though numbers have since stabilised and are gradually rising.

Buffaloes are mainly raised in char and coastal areas, where most farmers rely on natural grazing. In remote char areas, transporting milk to markets is difficult, making calf rearing and meat production a more profitable option for many farmers.

Deb said buffalo farming in Bangladesh remains at a stage comparable to where cattle farming was in the 1980s. The BLRI, DLS, and Bangladesh Milk Producers' Co-operative Union Limited have been working to introduce high-yielding Indian buffalo breeds, with research populations already established. Improved animals are expected to reach farmers within one to two years.

A buffalo development project launched in July 2020 is nearing completion, with both infrastructure and research components more than 95 percent complete.

Jahangir Alam Khan, former director general of the BLRI and an agricultural economist, said buffaloes have historically received little attention in Bangladesh, where livestock development efforts largely focused on cows. He said continued government support could lead to significant progress over the next 15 to 20 years, and that expanding buffalo farming could help meet domestic demand and reduce reliance on imported buffalo meat.

At an event in Dhaka yesterday marking World Milk Day 2026, State Minister for Fisheries and Livestock Sultan Salauddin Tuku said Bangladesh must increase milk production to reduce import dependence.

He said the government would take measures to expand production capacity with a view to building future export potential in the dairy sector.

Banks must increase their capital

MAMUN RASHID

The recent decline in the non-performing loan (NPL) ratio, from 35.73 percent in September 2025 to 30.60 percent in December, may appear encouraging. However, the improvement largely reflects relaxed loan rescheduling policies rather than any meaningful improvement in asset quality. Allowing defaulted loans to be regularised with only a 2 percent down payment, now further staggered, merely delays recognition of the problem.

Even after this decline, Bangladesh still has one of the world's highest NPL ratios. The comparison with neighbouring and crisis-hit economies is striking. Pakistan's stands at 7.4 percent, India's at 2.3 percent, while Sri Lanka, despite a severe sovereign debt crisis, maintains 12.6 percent. Ukraine, amid prolonged war, recorded 26.1 percent, and Lebanon, after years of economic collapse, 23.8 percent. Bangladesh's banking distress therefore appears deeply structural.

The capital adequacy situation is even more concerning. Under Basel III guidelines, banks must maintain a Capital to Risk-Weighted Assets Ratio (CRAR) of 12.5 percent. Yet the industry's position has deteriorated sharply. CRAR fell from 11.6 percent in 2020 to 10.64 percent in June 2023, then to 6.86 percent in September 2024 and 3.08 percent by December 2024. By December 2025, it had entered negative territory at minus 2.9 percent, the first such occurrence in Bangladesh's history.

This exposed a reality long hidden by weak governance and underreported risk-weighted assets. For years, several banks projected an illusion of stability by understating the quality of their loan portfolios. Once disclosures became more transparent after the 2024 political changeover, the scale of impairment surfaced rapidly.

By September 2025, 23 banks had accumulated a capital shortfall of Tk 2.82 lakh crore. Five banks accounted for nearly 59 percent of the deficit. Some now carry NPL ratios exceeding 90 percent, raising serious questions about their viability under existing ownership and governance structures.

A banking system cannot survive indefinitely on regulatory forbearance. Capital is the final shield against financial instability. Without adequate buffers, banks lose credibility at home and abroad. Cross-border trade finance becomes more difficult as foreign correspondent banks place significant emphasis on capital strength before advising, confirming or funding letters of credit. Weak capitalisation also affects risk ratings, constrains deposit mobilisation and limits lending.

In this context, aggressive recapitalisation has become unavoidable.

One possible route is the issuance of rights shares. However, this may prove ineffective for distressed banks where sponsors are financially weakened or face allegations of insider lending, governance failures or siphoning money abroad. Rights issues are therefore likely to remain undersubscribed, leaving banks trapped in chronic undercapitalisation.

Bangladesh needs a more pragmatic ownership restructuring framework. The regulation restricting any individual, family or group from holding more than 10 percent equity in a financial institution may require temporary relaxation for selected distressed banks. A time-bound policy window of three to five years could allow financially capable sponsors to inject fresh capital beyond the ownership ceiling. During this period, banks could stabilise operations, improve governance, rebuild compliance standards and restore profitability. Once financial health is restored, excess ownership could gradually be diluted through partnerships with strategic investors. The central bank's recent stipulation allowing only banks with more than Tk 20 billion in equity to declare cash dividends is a step in the right direction.

Several Asian economies have used similar restructuring approaches during periods of banking stress. Their experience shows that temporary flexibility, backed by strong oversight and governance reforms, can prevent systemic collapse and restore market discipline. Bangladesh's banking sector requires more than liquidity support or loan rescheduling facilities. It needs credible capital, competent ownership and institutional accountability. Without them, financial stability will remain fragile, and the sector's ability to support economic growth will continue to weaken.

The writer is an economic analyst

Workers' rights under growing threat worldwide, says report

AFP, *Paris*

Repression of workers' rights has deepened around the globe, with even "stable" countries like France and the United States now seeing eroded labour protections, the world's largest trade union organisation said Monday.

The International Trade Union Confederation (ITUC) said 72 percent of 151 countries surveyed denied workers access to justice, with authorities in about 50 percent of countries arresting or detaining workers last year.

"The crisis for workers' rights is no longer confined to the margins -- it is now at the heart of democracies," the confederation's general secretary Luc Triangle said in a statement presenting its annual rights index for 2026.

It found that the right to strike was violated in 87 percent of countries, the same level as in the previous two years, with the right to collective bargaining restricted in 80 percent.

The United States in particular was placed on the ITUC watch list with a rating of four for "systemic violations of rights", while France's rating fell to three from two, despite the country's historically robust union presence.

Argentina and Panama were added to its 10 worst countries for workers' rights, joining Belarus, Ecuador, Egypt, Eswatini, Myanmar, Nigeria, Tunisia and Turkey.

"Europe and the Americas record their worst average ratings since the index began in 2014," the report said, noting an increased use of digital surveillance to monitor and intimidate employees.

It denounced a "billionaire coup" with the support of far-right and authoritarian leaders to roll back rights in order to maximise profits. It said fewer countries were consulting with labour organisations before enacting new labour laws.

"Governments are failing to protect working people, and in many cases are actively undermining them," Triangle said, resulting in "a coordinated attack on democracy".

The ITUC has compiled its annual index since 2014, ranking 151 countries on dozens of criteria based on International Labour Organisation conventions.

Factories face soaring costs as Iran war causes supply shocks

REUTERS, *London/Tokyo*

The economic shock from the Iran war hit European factories last month, suppressing demand for their goods and pushing up raw material costs at the fastest rate in four years, although their Asian peers saw activity expand due to stockpiling, surveys showed on Monday.

The US-Israeli conflict with Iran, which began in late February, has upended trade, rattled financial markets and raised concerns over global energy supplies, particularly through the Strait of Hormuz, a key route for oil and gas shipments.

Monday's surveys came after the heads of the International Energy Agency, International Monetary Fund, World Bank and World Trade Organization warned the war was straining global energy supplies.

S&P Global's Eurozone Manufacturing PMI fell to 51.6 in May from April's near four-year high of 52.2, but ahead of a preliminary estimate of 51.4.

A reading above 50.0 indicates growth.

"Although euro area manufacturers reported an expansion for a fourth successive month in May, the sector is showing signs of struggling under the weight of rising prices and supply disruptions emanating from the war in the Middle East," said Chris Williamson, chief business economist at S&P Global Market Intelligence.

In Germany, Europe's largest economy, the manufacturing sector stalled while French factories saw a contraction for the first time since November.

The European Central Bank will hike its deposit rate this month and at least once more this year to try to stop higher energy prices feeding into core inflation, according to a majority of economists polled by Reuters in May.

Official data due on Tuesday is expected to show inflation rose further above the ECB's 2 percent target last month. British factories raised their prices at the fastest rate since June 2022 last month in response to a big increase in costs.

ASIAN BUFFERS

Still, factory activity expanded in most Asian economies.

China's private sector gauge grew for a sixth straight month and South Korea's hit the fastest pace in five years, highlighting a region-wide push to build buffers against potential conflict-led disruptions.

And the S&P 500 and Nasdaq each ticking up about two-tenths of a percent.

The RatingDog China General Manufacturing PMI, compiled by S&P Global, fell to 51.8 in May from 52.2 in April, but was slightly better than analysts' forecast of 51.6.

That outcome contrasted with an official survey showing factory activity in the world's second-largest economy stalled last month as new orders contracted and input costs kept rising.

Japan's factory activity also expanded with the PMI at 54.5 in May, slowing from April's more than four-year high of 55.1, though firms there reported the sharpest rise in input costs since September 2022 due to higher raw material prices.

South Korea's PMI rose to its highest since March 2021 at 54.8 in May, up from 53.6, again underlining firms' drive to lock in supplies.

In Vietnam, the factory PMI gauge rose to 52.8 from 50.5, while Taiwan's rose to 56.1 from 55.3, surveys showed. The index for the Philippines jumped to 50.8 from 48.3.

PHOTO: REUTERS/FILE

A steel worker stands amid sparks of raw iron coming from a blast furnace at a steel factory in Duisburg, Germany.

Huge state subsidies give China unfair edge over foreign rivals: OECD

AFP, *Paris*

Chinese companies in 15 key industrial sectors received vastly more state support than their international competitors between 2005 and 2024, according to an OECD report released on Monday.

The 15 sectors received $108 billion in 2024 alone, according to data compiled by the Organisation for Economic Cooperation and Development in its Manufacturing Groups and Industrial Corporations (MAGIC) database.

Between 2005 and 2024, it added, "Chinese firms received on average three to eight times more government support than firms based in the OECD, a conservative estimate."

"These subsidies were also considerably higher than the support received by firms based in non-OECD economies such as Brazil, India and Indonesia."

The Paris-based organisation of 38 member countries said its "conservative" estimate was based on disclosures by the biggest companies in the 15 sectors, which underpin entire segments of the global economy.

It considers direct subsidies, tax breaks and favourable loans from banks and public financial institutions -- at times below their base lending rates -- to be public support.

"For Chinese firms, almost 60 percent of their global market share gains can be explained by the subsidies they received," the OECD said.

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