

## Stocks

DGEN	0.18%
3,081.37	
CSCX	0.63%
5,548.93	

## Asian Markets

MUMBAI	0.74%
16,860.9	
TOKYO	0.64%
13,743.36	
SINGAPORE	0.57%
3,180.16	
SHANGHAI	0.37%
3,626.98	

## Currencies

	Buy TK.	Sell TK.
USD	68.25	69.25
EUR	103.65	108.24
GBP	131.29	136.43
JPY	0.66	0.69

SOURCE: STANDARD CHARTERED

## Commodities

Gold	\$ 878
(per ounce)	
Oil	\$125.25
(per barrel)	

SOURCE: AFP

## More News

### Farmers' champion calls for budget action



The surging price of food at home and in international markets means agriculture and food security now top the political agenda. Agriculture expert Shykh Seraj (above) says reforms are needed in this year's national budget.

B-4

### Adviser says no sloth in manpower export

The foreign adviser said 314,000 workers have so far got clearance for employment abroad this year, as there has been no sloth in manpower export.

B-3

## International

### HSBC profits rise

Global bank HSBC said Monday that first-quarter profits climbed, despite writing off an additional 3.2 billion dollars (2.07 billion euros) from its exposure to the US subprime housing market slump.

B-4

### Renault-Nissan, Bajaj cheap car project

Renault-Nissan and the Indian group Bajaj announced a joint venture Monday to produce a 2,500-dollar (1,600-euro) car, with sales expected to begin in India in early 2011.

B-4

## 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)

# Potato flakes units shut despite bumper crop

KAWSAR KHAN

The country's major manufacturers of potato flakes have closed their factories, despite this year's bumper potato crop, complaining that they are unable to raise working capital to run the plants.

Officials of Patwary Potato Flakes Limited (PPFL), one of the four potato flakes producers of the country, said their factory is capable of producing between 7,700-8,000 tonnes of potato flakes a year but they are unable to do so due to lack of working capital to buy potatoes.

"Potatoes are produced in abundance in Bangladesh, but the problem is that we don't have enough money to purchase enough of the produce to run production round the year," Abdul Awal Patwary, chairman and managing director of PPFL, told The Daily Star.

Producers blame the failure on changes in government



Workers sort spotted potatoes while making flakes at Patwary Potato Flakes in Chandpur before the plant closed.

policy. Initially the producers were encouraged by the government to set up the plants through loans from state owned banks. However once up and running the government refused to provide further loans, leaving all flake producers in the lurch.

Without sufficient working

capital, the factories are unable to operate, meaning that hundreds of crore taka worth of investments lie idle for most of the year. This despite a ready export market for the product.

"We can make between Tk 18,000-Tk 24,000 by exporting each tonne of flakes in the global market, which means if

the factory remains functional round the year we can easily make between Tk 12 crore and Tk 14 crore annually," Patwary said.

A tonne of the product is sold between \$1,700-\$1,800 in the export market. The government also offers a 20 per cent incentive on the export volume of potato flakes.

Patwary said, "During the period 2001-02 the government decided to set up potato based industrial units to make the best use of bumper production of the crop, adding that in line of the government initiative, a total of four potato flakes factories were set up in the country with a vision to earn foreign currency by exporting the product.

He said, "There has been an initial investment of Tk 60 crore from my own pocket to start the business. Afterwards, we got loans from government bank of round Tk 37 crore."

"Everything was going very

smoothly until we sought money from the bank for the second time to buy potato", he said, adding, "This time the bank told us that according to new Bangladesh Bank guideline issued in 2005 we were not eligible to get over Tk 37 crore as loan."

Patwary lamented, saying, "I would not have got involved in the business if I knew the required loan from the bank would not be forthcoming."

Echoing the voice of PPFL officials Osman Goni, director of Bikrampur Potato Flakes Ltd, said "We got four L/C each worth US \$ 17.50 lakh in last four years. But we could not receive the orders due to capital shortage."

"Despite being a promising sector this industry could not flourish in the country due to irresponsible behavior of banks", he added.

kawsar@thedailystar.net

# Talks on financing BPC oil import next week

STAR BUSINESS REPORT

The financing on crude oil import by the Bangladesh Petroleum Corporation (BPC) will top the agenda during the next week's visit of a team to Dhaka from Islamic Trade Financing Corporation (ITFC), a new organ of the Islamic Development Bank (IDB).

The IDB team is expected to fix the loan amount and its interest rate. It is a major financier of Bangladesh's oil import and on an average it provides one billion dollars a year to the BPC.

"From now on, the Islamic Trade Financing Corporation will deal with oil import financing," Dr Ahmad Mohamed Ali, president of the IDB, who is now visiting Bangladesh, said yesterday.

After a meeting with Finance Adviser Mirza Azizul Islam, the IDB chief said the ITFC delegation would visit Dhaka next week and finalise the details of financing after meetings with the officials concerned in Bangladesh.

Dr Ahmad signed a memorandum of understanding (MoU) to transfer \$130 million, donated by an unknown philanthropist, to Sidr victims. Aminul Islam Bhuiyan, Economic Relations Division secretary, signed the MoU on behalf of the Bangladesh government.

Asked about the recent hike in the interest rate on oil import financing, the IDB president said the IDB did not deal with interest and all trade financing by them are operated following the Islamic Shariah law.

He said the actual cost of trade financing did not go up. "The IDB mobilises resources from the market and we need to keep the cost of financing at a reasonable level," he said.

"We are sure that the IDB will be able to provide Bangladesh with financing at a low interest rate in case of importing oil," he said.

Of the amount donated by a philanthropist, \$ 110 million will be utilised for construction of schools cum cyclone centres in the entire coastal belt or cyclone-prone areas. The rest \$20 million will be utilised to support the agricultural, fisheries and small business rehabilitation.

During the meeting with the finance adviser, the IDB president discussed about strengthening IDB cooperation in the areas of agriculture, education, health, rural infrastructure, power and support in import of crude oil and petroleum products by BPC.

# Another chance likely to legalise undisclosed money

UNB, Dhaka

Undisclosed money holders are likely to have another chance in the next budget to legalise their concealed earnings with fine, which will increase year-wise.

"The government is considering giving the undisclosed money holders another chance in the next budget to legalise their portions of money that have been earned legally," said NBR Chairman Muhammad Abdul Mazid, adding, "This time the undisclosed money holders will have to pay higher fine to ensure justice."

He said the government is planning to give the chance in response to a plea made by a large number of people.

Mazid said, "In case of anyone who had earned money in 1980 legally, but failed to make any mention of it in his/her income tax statement for any reason, we're going to impose fine for the years that have elapsed in between disclosure and earning."

The NBR chief said the board is yet to fix the rate at which the fine should be imposed.

Responding to a question, Mazid echoed the Finance Adviser saying, "Let me assure you that there'll be no room for legalising the undisclosed money earned through illegal means."

He also hinted at government's decision to reduce the discretionary power of taxmen to root out corruption from the NBR.

At present, the taxmen have discretionary power to impose fine from 1 percent to 250 percent on anyone who has been found evading taxes.

"Corruption starts right at the point of imposing fine. The taxmen and taxpayers begin negotiations to reduce the rate at which fines should be imposed and, in the process, deprive the government of revenue," the NBR chairman said.

Regarding the demand for raising the tax ceiling, Mazid said the issue is under review.

Replying a query about boosting revenue collection without imposing new tax, he said, "We follow the path of revenue collection. We're trying to bring the taxable people under the tax net through self-motivation. We're continuing our hectic drive in this regard."

He went on, saying, "Once our officials used to go to the taxable people to bring them under tax net. But now we've changed the method. We request the chambers, trade bodies and other professional organisations to motivate their members for paying taxes. They (chambers, trade bodies and other professional organizations) will collect the tax from the individual taxpayers and we'll collect from them."

He also mentioned that from July next the taxpayers would fill in their income tax return in a new but easier income tax form that include all the necessary explanations. "I think it'll give a welcome relief to the taxpayers during the submission of their income tax return."

He said the NBR is crosschecking the documents of the taxpayers from various sources. "No one can evade tax, it's not possible, the evaders will, at least, leave some evidence of his or her tax evasion



NBR Chairman Muhammad Abdul Mazid

along the way," he said.

For example, he said, an importer can give wrong statement in his/her tax papers. But when the importer will submit the documents in banks for various purposes the evidence of tax evasion will come out. "We're cross-checking these types of documents from various sources. So, there is no way to escape," Mazid said.

"This year we covered each side of a sector, not a stone has been left unturned. We're trying to accommodate suggestions from all stakeholders after strict scrutiny," he said.

# Vietnamese seafood exports grow steadily

ANN/ VIET NAM NEWS

Viet Nam reaped more than US\$1 billion from seafood exports in the first four months of this year, a year-on-year rise of 8.4 per cent, Deputy Minister of the Agricultural and Rural Development Ministry Luong Le Phuong said.

In April alone, the country earned \$300 million in over-seas sales.

The total seafood volume from January to April reached 1.19 million tonnes, an increase of 7.4 per cent on the same period last year.

Phuong said that seafood exportation in April was maintaining stable growth thanks to the devaluation of the US dollar, which stimulated seafood imports by many European countries.

Tra (catfish) had done particularly well with a yearly growth of 42 per cent, and product turnover accounted for 33 per cent of the country's total seafood export value, he said.

In terms of import market structure, there was a remarkable decline in US demand despite the Japanese market's recovery and the European market's rapid growth, he said.

# Orascom chief due in Dhaka today

STAR BUSINESS REPORT

Naguib Sawiris, chairman of Orascom Telecom Holding (OTH), parent company of Banglalink, the second largest mobile operator of the country, arrives in Dhaka today to announce his company's future investment plan.

During his daylong visit, Sawiris will meet with Banglalink's high officials to unveil plans with aim to make the company more competitive. Sawiris, who ranked as the world's 60th richest person by Forbes in 2008, is also scheduled to meet with the chief adviser and chairman of telecom regulatory agency.

OTH is a sister concern of the Orascom Group, one of Egypt's largest business groups, maintaining significant holdings in the areas of telecommunications, information technology, tourism and construction in the global market.

OTH was established in 1998

and has grown to become a major player in the global telecommunications market. Orascom Telecom has an average penetration of approximately 40 per cent in six emerging markets with a population of 430 million, exceeding 74 million subscribers as of May with a market capitalization of \$15 billion.

The OTH's subsidiary in Bangladesh, Banglalink, has secured the second position in terms of subscriber acquisition. The company's total subscriber has reached 8.3 million.

According to company sources, Sawiris is also the chairman of the Board of Weather Investments and the Egyptian Company for Mobile Services (ECMS), commonly known as Mobinil.

In January 2003, in recognition of its regional initiatives in the telecommunication industry, Orascom Telecom, represented by Sawiris, was appointed as board member of the GSM Association.



Naguib Sawiris

# UN says 2008 rice production to increase in Asia



A Filipino carries bags of government subsidised rice bought from a mobile store in Manila recently.

AFP, Rome

Rice production in Asia, Africa and Latin America is forecast to reach a new record level in 2008, but world rice prices could remain high in the short term, the UN Food and Agriculture Organisation (FAO) said Monday.

However the destruction of Myanmar's food resources by a deadly cyclone could decrease national rice production and impair access to food, according to first FAO estimates.

"World paddy production 2008 could grow by about 2.3 per cent, reaching a new record level of 666 million tonnes, according to our preliminary forecasts," said FAO rice expert

Concepcion Calpe.

Production growth could even be higher if recent appeals and incentives to grow more rice lead to expansion, according to the Rice Market Monitor.

But the May 3 cyclone disaster in Myanmar could well worsen the forecast, say FAO officials.

"The cyclone damage could worsen the current global rice production outlook," said an FAO statement.

"The cyclone struck when paddy farmers were harvesting their dry season crop accounting for 20 per cent of annual production."

"Entire rice-growing areas are flooded and many roads and bridges are impassable. Several rice warehouses and stocks were

destroyed. Rice prices in Rangoon (Yangon) have already surged by nearly 50 per cent."

"Myanmar may need to turn to neighbouring countries, such as Thailand and Vietnam for rice imports," the FAO said. "This could lead to further pressure on world prices."

For the first time, paddy production in Asia could surpass the 600 million tonne benchmark this year, amounting to 605 million tonnes, Calpe was quoted as saying.

"Major gains are expected all across the region," she said. "Bangladesh, China, the Philippines, Thailand and Vietnam could register the largest gains. Prospects are also buoyant for Indonesia and Sri

Lanka, despite some recent flood-incurred losses."

Assuming normal rains in the coming months, rice production in Africa is forecast to grow by 3.6 per cent to 23.2 million tonnes in 2008.

Paddy production in Latin America and the Caribbean was expected to rebound by 7.4 per cent to 26.2 million tonnes.

Rice prices have skyrocketed by around 76 per cent between last December and April, according to the FAO Rice Price Index.

International rice prices were expected to remain at relatively high levels, as stocks held by exporters are expected to be reduced heavily.

To avoid food scarcities in

their own countries, major rice exporters have imposed export bans, taxes or minimum ceilings, the agency noted.

These measures further restricted the availability of supplies on international markets, triggering yet more price rises and tighter supply conditions.

For prices to fall, favourable weather conditions must prevail in coming months and governments relax rice export restrictions, the FAO said.

Even then, rice prices are unlikely to return to the levels of 2007, as producers have to pay much more for their fertilisers, pesticides and fuel.