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## Price plunge alarms potato farmers



HASIBUR RAHMAN BLU

Traders fill up sacks with potatoes at the Mahasthan wholesale market in Shibganj upazila of Bogra recently. Potato prices slumped on speculations of better production.

SOHEL PARVEZ

Potato prices have plunged to a four-year low both at retail and grower levels due to an increased supply.

The fall in prices has created fears among farmers of another year of losses.

In the last two months since the beginning of the harvest, the retail prices slumped more than 60 percent to Tk 6-Tk 8 a kilogram at city markets, according to Trading Corporation of Bangladesh data.

At the grower level, potatoes sell at Tk 3-Tk 5 now, almost half of the last year's harvest season prices, said Department of Agricultural Marketing data.

"The prices are too low to cover the production costs. I didn't sell potato at such a low

price in the past several years," said a farmer at Munshiganj, Mir Mohammad Sirajull Islam, who incurred a loss of Tk 6.68 lakh last year due to low prices.

This year, Islam had cut production area by almost half to five acres. But the latest slump in prices has deepened fears of losses for the second year.

"If the present prices continue, I will suffer a Tk 3 lakh loss," said the farmer.

"My capital is exhausted. I can't bear the losses year after year. I am going to quit potato cultivation," said a battered Islam, who borrowed a portion of his funds to grow the tuber, one of the most consumed vegetables.

The slide in the prices comes on a rising supply amid a hur-

ried harvest, as a section of farmers in the north now opts for boro rice cultivation on the same land.

With better harvests, prospects of a rise in output due to favourable weather also led the price slump, as cold storages are yet to begin preserving the tuber in full swing. If the cold stores started putting the crop in, the supplies to the market would come down, resulting in a possible price rebound.

Jasim Uddin, chairman of Bangladesh Cold Storage Association, said these early harvested potatoes are immature to preserve.

He said production would touch as high as one crore tonnes this year from 80 lakh tonnes a year ago.

Unless the government inter-

venes in buying the potato to distribute through its various safety net schemes, the farmers may not get fair prices and recover their production costs, he said.

Mohammad Tazminur Rahman, a farmer at Kalai, Joypurhat, in the north, said the prices were Tk 18-Tk 20 at the beginning of the harvest last year. But it began to fall amid the prospects of a better yield, he said.

"The prices started tumbling since early this month. And now we have to sell a maund (40 kg) at Tk 100-Tk 110," said Rahman.

Shohel Khandoker, a farmer from Mahiganj, Rangpur, said the Tk 5 price of each kilogram of potato at farm level last year at least helped him narrow down the losses.

"But the present prices are worrisome," he said, adding that he would be able to recover the investments if the farm level prices exceed Tk 4 per kilogram.

"Otherwise, I will have to incur Tk 12,000 losses per acre," he said.

However, Islam of Munshiganj, a major potato growing area, is a bit optimistic, as there is a chance for the prices to rebound if the cold storages begin storing the potato.

But the prospect of increased gains from the possible spike appears dim for both Islam and Khandoker.

The cold store owners have already hiked storage charges this year, said Islam.

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## New committee opposes external recruits for bank reforms

REJAU KARIM BYRON

A new government committee has ruled out any need for external experts or consultants for reforms to state-run banks.

The committee in its report submitted to Finance Minister AMA Muhith last month put forward a set of recommendations, as the tenure of the consultants hired for four state banks on a hefty package of salaries in line with the World Bank-funded reform expired last year.

A massive reform plan was taken up in 2003 in association of the international lender.

The new committee headed by Kazi Baharul Islam, chairman of Sonali Bank, the largest bank by assets and deposits, is also opposed to any managerial help from the government when it comes to banking reforms. It said it is the discretion of a bank to appoint any expert with its own funds, if it is deemed necessary.

Under the WB-financed reform programme, performance indicators were set for the chief executive officers of the banks, who had been appointed on a competitive basis.

The new government committee also placed an eight-point performance indicator in its report.

A mid-ranking official of a state bank views that the performance targets for the CEOs should be much higher than those were set earlier.

Despite all efforts, the amount of default loans of Sonali, Janata, Agrani and Rupali banks stood at around Tk 11,000 crore by December 2010.

Sonali's bad loan was Tk 6,823 crore during the period. Now it faces a target to cut the amount to Tk 6,700 crore by December 2011.

The present reform committee thinks such targets should be adjusted in line with the reality.

It recommended that the officials from higher to lower levels should have responsibilities to target recovery of the loans. It said such recovery must start at field level.

The committee pointed to some reasons behind the slow pace of default loan recovery, which include a lengthy process of disposal of the cases pending with courts.

The committee suggests a timeframe for the Artha Rin Adalat to dispose of such cases and pointed out that awarding loans to sick industries or problem-prone sectors hinders loan recovery.

The committee recommended that a list of default borrowers be prepared and each official and employee be given responsibility to recover loans from a certain number of defaulters.

Managing directors, their deputies and other high officials should be liable for such recovery as per the lists of 100 big defaulters, including the top 20.

This committee also found in its probe that some specific sectors that were provided loans at low interests finally turned defaulters. It asked for being more cautious in providing such loans.

Citing the example of Sonali Bank, the committee said the amount of such loans given by the bank is about Tk 1,400 crore. Sonali has also been deprived of Tk 112 crore against providing various services annually.

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## Garment exports to go big

REFAYET ULLAH MIRDHA

Garment exports will rise further in coming months, as manufacturers have already bagged bigger orders than before.

Most garment units are booked for several months, mainly due to a shift of international buyers to Bangladesh from China, the largest apparel supplying country globally.

"The garment exports will increase thanks to the EU's relaxed rules of origin under the generalised system of preferences," said Jalal Ahmed, vice-chairman of state-owned Export Promotion Bureau.

"The trend indicates that our garment export will grow even higher. Besides, we have developed quality high-end products for some new export destinations such as Japan," Ahmed said.

Recently, the exports of garment items, the highest export earning sector in Bangladesh, increased in some new destinations such as Japan, South Africa, Canada, China,

India, Australia, New Zealand and to some Latin American countries.

The government data shows Bangladesh exported knitwear worth \$5.07 billion during the July-January period of the current fiscal year, registering 43.22 percent growth compared with the same period a year ago. In the seven-month period, the country exported woven garments worth \$4.38 billion, a 39.09 percent rise.

In the same period, the total exports were \$12.19 billion against the \$10.27 billion target. The annual export target has been set at \$18.5 billion for fiscal 2010-11.

Abdullah Al-Mahmud, managing director of Mahin Group, a leading garment maker, said the higher growth of garment exports will continue in the next few months also, because the buyers are flocking to Bangladesh for higher costs of production in China.

The higher prices of raw materials, such as cotton and yarn, are also increasing the export earnings, as the buyers are paying high to help

the makers cope with the costly imports, he said.

Bangladesh needs to import most of the raw materials for its garment industry.

"My factory is booked for the next few months. Demand for the local fabrics has gone up as the rules of origin came to effect from January 1, for the EU market."

"There is no possibility of a fall in order in the next few years," said Momin Mondol, managing director of Mondol Group.

Mondol, who supplies to some brands of Turkey, one of the leading players in apparel business worldwide, said the Turkish buyers are also coming to Bangladesh due to higher production costs there.

Shahadat Hossain Kiron, managing director of Dekko Group, said many manufacturers are expanding their capacity because the international buyers are now coming with bigger orders.

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