

COMMODITIES		ASIAN MARKETS				CURRENCIES					
DGEN	CSCX	As of Friday	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
▲ 0.65%	▲ 1.09%	Gold	▼ 0.44%	▲ 0.53%	▲ 0.60%	▼ 0.10%	BUY TK	74.19	107.79	119.22	0.91
6,157.51	10,094.09	\$1,501.00 (per ounce)	18,762.80	9,868.07	3,139.01	2,759.36	SELL TK	74.24	107.88	119.32	0.91

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# star BUSINESS

DHAKA MONDAY JULY 4, 2011, e-mail: business@thedailystar.net

## Car conversion business hits rough patch

**MD FAZLUR RAHMAN**

The once booming business of converting cars into CNG-run vehicles is on the brink of ruin due to a gas-price hike that discourages car owners to turn to clean energy.

Industry people blamed the government's sudden U-turn on conversion that put all authorised conversion workshops at stake.

"A sharp rise in gas prices is responsible for the drastic fall in CNG conversion, as natural gas is no longer cheap anymore," said Zakir Hossain Nayan, secretary general of Bangladesh CNG Filling Station and Conversion Workshop Association. "The conversion business is close to becoming a thing of the past."

There are 180 CNG conversion workshops in Bangladesh, according to Rupantarita Prakritik Gas Company Ltd (RPGCL), the government body responsible for licensing CNG conversion shops. The number of CNG-driven vehicles in Bangladesh stands at 196,783, consuming 5 percent of the country's average 2,000 million of cubic feet of gas per day.

The scenario was different only a few years ago when car owners rushed to conversion workshops to change their vehicles into the CNG-mode due to the increasing petroleum prices and the government's back-up to adopt clean fuel.

Nayan said the business received the first major blow in 2008 when the gas prices doubled from Tk 8.5 to Tk 17 per cubic metre during the rule of the caretaker government, and the double cuts in petroleum prices. The latest jump to Tk 25 per cubic metre put the

last nail in the coffin.

"Now we have almost no work. Since the price rise last month I have received no order although I have a huge set-up. Many workshops do not have orders at all," he said. "Only a handful of workshops have some regular work. A huge investment is sitting idle."

Industry people said they stepped into the business after the government opened the door for private conversion in 2001. They are now incurring financial losses.

Nayan used to convert 100 small cars and 20 trucks into CNG-run vehicles a month before the caretaker government moved on energy prices, but the number came down to eight in the month after the decision.

"Now I have no work although I have to spend Tk 1 lakh a month for about 12 workers. Although we do some servicing works, but that is not enough to keep the businesses running," he said.

Faruk Talukder Sohel, managing director of Shohag CNG, a subsidiary of Shohag Group, said the CNG conversion business is on the verge of collapse.

His firm now converts 10-15 vehicles a month. "We had five conversion stations outside of the capital, but none of them is operational now. We have only a shop in Dhaka, which is running with lower activity."

Sohel said they have invested hundreds of crores of taka. "Many of us set up the station on bank borrowing. Now we will face ruins."

Sanji Automobile has recently shut down three conversion shops, said Jahangir Alam Manik, managing

director of the company. "We are only operating three conversion centres in the capital, but they are also on their way to extinction, as those are running much below their capacity."

Sanji Automobile now converts about 50 cars into CNG-run vehicles a month, one-third of the amount it used to do before the rise in gas prices.

SouthernAutomobiles, the country's first private CNG conversion workshop, used to convert 500 to 600 vehicles a month even a year ago. Now the figure has come down to 150 a month.

The gas price hike, curbs on car loans, a rise in car prices and a reduction in diesel prices have all cut into the business, said Monoranjan Bhakta, managing director of the company. He said cylinder and conversion kits worth Tk 5 crore are lying idle at his four workshops due to a fall in business.

RPGCL has almost stopped providing new licences to set up conversion centres following a directive from the energy ministry, said a senior official, as the country's reserve for gas is depleting fast.

He said neither the RPGCL nor the government did know about the country's real reserve of gas. "We went from door to door to motivate people to switch to CNG when we started to allow conversion of private vehicles. Now, we are in the opposite direction as the government is prioritising sectors for supplying gas."

Workshop owners say the government should import gas or liquefied natural gas to save the sector for the sake of the environment.

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## Conditions for black money in stocks

**REJAUL KARIM BYRON**

Investors of black money will not be allowed to withdraw the invested funds from the stockmarket in two years, according to the National Board of Revenue (NBR).

The tax administration has prepared a draft statutory regulatory order (SRO) to this effect which may be issued this week after it is vetted by the law ministry.

The government took the decision of allowing investment of black money in the share market prior to the passage of the budget.

Finance Minister AMA Muhith has announced the offer in parliament.

The opportunity will be given for one year -- from July 1 to June 30 next year. A string of conditions will be tagged to the amnesty, the official said.

Criticisms have been stiff since the

opportunity of investing black money in the stockmarket was announced. Economists said the scope would again inflate the market artificially. Black money holders would invest in the market and leave it after whitening the money, they said.

The official said they will monitor if anybody was withdrawing the invested black money before the timeframe. Higher tax including fine will be realised from such investors, he said.

Another condition bars a person accused of tax evasion from taking the opportunity.

If the NBR already reveals information of tax evasion by any black money holder, he/she will not be allowed to invest in the share market.

In his budget speech on June 9, Muhith initially proposed scope for legalising undisclosed money through

investment in treasury bonds and infrastructure fund, but not in the stockmarket.

On allowing undisclosed money for buying stocks, the finance minister on June 28 said, though giving the scope in the share market is not ethically right, the government is allowing it considering demands from different quarters.

The minister said a huge informal economy has developed in the country, which could be 42 percent to 82 percent of gross domestic product.

According to a finance ministry report, the scope to whiten undisclosed money was given on eleven occasions in the last four decades, and from this the government got only Tk 1,400 crore in taxes.

The report said only Tk 18,000 crore was whitened through these opportunities.

**অবিলম্বিত ১০ বছর**

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**Iran says won't cut India oil over payment dispute**

REUTERS, Tehran

Iran will not cut oil supplies to India despite warning refiners it could do so if months of unpaid bills are not settled soon, the Iranian Oil Ministry's website SHANA said. "A warning has been sent to those refineries that are debtors, but sending such a letter does not mean Iran's oil exports have been cut, and we have no intention to cut our exports to the Indian market," SHANA quoted Mohsen Ghamsari, head of international affairs at the National Iranian Oil Co, as saying.

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