



Weather conditions for onion production were unfavourable this year, for which agriculturalists and farmers apprehend that yields will be low. The photo was taken from Godagari upazila of Rajshahi recently.

PHOTO: ANWAR ALI

# Onion seeds may get expensive for low yield

ANWAR ALI, Rajshahi

Onion seeds are often referred to as "black gold" by farmers in the Rajshahi region due to their dark shade and high market value.

This stands true for the fact that when planting ran from October to early December last year, the seeds were sold at an average of Tk 5,000 per maund in the district, some 250 kilometres west of the capital.

On top of this, weather conditions were unfavourable this year, for which local agriculturalists and farmers apprehend that yields will be low this year, causing prices to further surge.

The life cycle of this crop begins with the planting of the seeds in seedbeds, followed by their transplantation to larger fields in around 30 days.

Onions can be harvested after around two months but to avail the seeds, farmers have to wait a little longer, around two more months, for the flowers to bloom.

This year farmers in Rajshahi cultivated onion seeds on 271 hectares of land, up 12 hectares from that last year, when around 124 tonnes of seeds were harvested.

This year the harvests are just weeks away and growers are anticipating a challenging season, as the costs have nearly doubled.

Abu Taleb of Pali village in Durgapur explained that each bigha of land required 16 maunds (one maund equals around 37 kilogrammes) of seeds.

Taking into account last year's rates, he has had to buy Tk 80,000-worth seeds for each bigha of land and there are additional expenses of fertilisers and farmhands.

However, assures Taleb, seed prices can fall during harvests to as low as Tk 1,500 per maund, meaning the cost for planting each bigha of land can go down to Tk 24,000, on condition a farmer has stocks in hand.

Farmers said this year there has been

low pollination due to a decline in the number of bees, hampering production. And in March, crops were further damaged by rain and storms.

Md Zulfikar Haider Prodhan, chief scientific officer of Spice Research Centre, said most wild bees have moved to litchi orchards while the overall bee population has reduced due to urbanisation and use of chemicals.

"We haven't seen as many bees this season as last year," said Md Shamim Akter of Dorgapara village in Godagari upazila.

"We had additional expenses to fight the calamities, so losses will be incurred if higher prices are not available this year," said Nantu Sheikh, a grower from Durgapur upazila.

Sheikh cultivated onion seeds on 50 bighas of land, including six bighas of his own land, and supplied around 500 maunds of seeds to various parts of the country each season.

Extra labourers for hand pollination

and bamboo fences to protect flowers from storms have added to the costs.

"Onion seed farming is like gambling. If everything goes well, you will earn a fortune, but if it rains and there are storms, there will be a total loss," said Shahadat Hossain of Durgapur, highlighting the unpredictable nature of onion seed farming.

Despite the risks from natural calamities, the increasing demand for onion has spiked interest among farmers in Rajshahi's Durgapur, Godagari, Puthia, Bagmara, and Mohonpur upazilas, according to Md Mozdar Hossain, deputy director of Rajshahi's Department of Agricultural Extension (DAE).

He said there were at least a dozen seed sellers at the wholesale level who are supplying seeds across the country.

On another note, around 25,17,070 tonnes of onions were produced on 507,557 acres of land around the country in fiscal year 2021-22, according to the Bangladesh Bureau of Statistics.

## Gold price to break all records

STAR BUSINESS REPORT

The price of gold in Bangladesh is set to break all previous records today as jewellers in the country decided to further increase their rates for precious metal.

As such, each bhoori (11.66 grams) of 22-carat gold will cost Tk 115,823, up 1.5 percent from the previous rate.

Gold has been sold at Tk 114,074 per bhoori since March 22 this year.

In a press release issued by the Bangladesh Jeweller's Association said they decided to raise the rate as the price of pure gold has increased in the local market.

The country saw the rise in price of gold above Tk 1 lakh per bhoori for the first time on July 20 last year.

## Shibli Rubayat may be reappointed as BSEC chairman

STAR BUSINESS REPORT



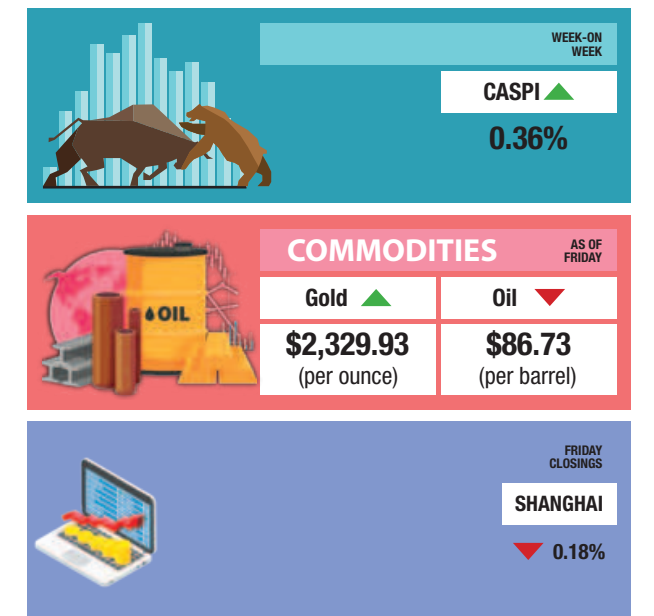
Prof Shibli Rubayat-Ul-Islam is likely to be reappointed as the chairman of Bangladesh Securities and Exchange Commission (BSEC) for another four-year term, said a finance ministry source.

The finance ministry has finalised the process of his reappointment but the gazette is yet to be published. His existing tenure was supposed to end in May.

Along with Islam, four commissioners of the stock market regulator have also got another term of four years to serve at the same posts.

Anyone of over 65 years of age will not be allowed to serve at the posts.

Prof Islam was appointed as the chairman of the BSEC in 2020.



## Tesla will unveil robotaxi in August, Elon Musk says

AFP, San Francisco

Elon Musk revealed Friday that Tesla will pull back the curtain on a robotaxi this summer, news that comes as adoption of self-driving vehicles hits speed bumps over safety concerns.

The billionaire boss of the electric car maker did not provide details, saying only in his post on X that the "Tesla Robotaxi unveil" will come on August 8.

Tesla shares rose more than three percent in after-market trades following the post, after finishing the day down.

Musk has long boasted of work Tesla is doing on its systems for

electric cars to drive themselves.

Tesla models with FSD (Full Self-Driving) "will be superhuman to such a degree that it will seem strange in the future that humans drove cars, even while exhausted and drunk!" he said in a post on X in March.

Musk has also said that owners of Tesla vehicles with FSD will be able to have their cars serve as robotaxis, rather than remain idly parked.

Despite its potential, rollout of self-driving vehicles in the United States has been tentative and rocky so far as both regulators and the public voice safety concerns.

San Francisco has been a testing ground for the technology.

Robotaxis from Google's Waymo in the city have been targeted by vandals opposed to autonomous vehicles, while GM-owned Cruise indefinitely suspended its robotaxi service at the end of October after several accidents sparked a crackdown by California regulators.

Tesla's "autopilot" feature has also come under scrutiny, facing accusations of the marketing of the feature oversold its actual capabilities.

Tesla's robotaxi reveal came on the heels of a Reuters report that the company had abandoned Musk's long-touted plan to manufacture an electric car model selling close to \$25,000 to drive adoption in the mass market.

## FBCCI's plea for tariff protection

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"This high degree of nominal protection - both average and variation across different harmonised system (HS) codes - has created an enclave for domestic industries, incentivising them to focus on the domestic market rather than exports, due to relatively higher profitability known as anti-export bias."

HS code is a standardised numerical method of classifying products traded internationally.

It is understandable that the top leaders of the FBCCI were aware of the high tariff protection enjoyed by local industries and their focus on the vast local market with little competition from imported goods.

They may argue that the average nominal protection rate has declined substantially from 70.58 percent in 1990-91 to around 30 percent now.

However, Bangladesh needs to raise more taxes to meet its ballooning expenditures and bankroll development projects in order to avoid widening of the budget deficit.

Bangladesh's tax-GDP (Gross Domestic Product) ratio is lower than the comparator countries in South Asia and Southeast Asia. For example, Vietnam's tax-to-GDP ratio is 19 percent, much higher than Bangladesh's 8.2 percent estimated in FY23.

One of the factors behind the dismal ratio is lower than potential collection and the prevalence of numerous tax and VAT exemptions, deductions, rebates and tax holidays extended to encourage investments, create jobs, and reduce import dependence.

The amount of direct tax expenditure, including exemptions, was estimated at Tk 125,813 crore, which was 3.56 percent of GDP in FY21. Of the sum, tax subsidies given to corporates amounted to Tk 85,314 crore.

The NBR has projected that the direct tax expenditure will be Tk 178,241 crore in FY24.

Among the beneficiaries, businesses operating in special economic zones, high-tech parks, and export processing zones receive lucrative tax breaks, including 100 percent exemptions, in the first few years of their operations, according to the WB.

Garment, the largest export-earning sector, enjoys a reduced corporate tax rate of 12 percent whereas it is 20 percent for most publicly listed companies and 27.5 percent for non-listed companies.

Major benefits were also granted to the power sector to attract more private investments. Many emerging sectors are also benefiting from tax and VAT incentives.

In addition, there are tax exemptions for incomes earned through agriculture, foreign employment, dividends, gratuities, certain types of bonds, corporate social responsibility activities, and donations, the WB said.

The FBCCI, in its proposal, cited lower income tax receipts, the second-biggest source of funds for the NBR. It, however, did not touch upon the issue of removing or reducing the existing exemptions and tax benefits.

Instead, the apex trade body sought withdrawal and lowering of source and advance income taxes, including a decrease in source taxes on the export proceeds of the garment sector and a reduction in the tax rate on cash incentives for exports.

This brings up the question about how will the government collect additional taxes and finance development needs if it has to cut taxes in the major earning sectors.

The FBCCI suggested expansion of the tax net, bringing all registered taxpayers under return filing, creation of a congenial atmosphere for tax payments, and automation of the revenue administration. The recommendations are expected to yield some positive results if implemented properly.

One good part of the FBCCI's proposals is its call for special priority in the next budget to cut the cost of production, accelerating clearance of goods by ports and customs, ending harassment, and improving governance and transparency to create a business-friendly tax system.

A reduction in the cost of business and an improvement in competitiveness will undoubtedly help businesses. The FBCCI's relentless call and pressure can bring about long-lasting benefits to businesses as well as the country.

## BB's support helping banks avert

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He also said people are now adopting plastic money, which was why the pressure for cash withdrawals was declining.

Industry people also say the currency swap initiatives of the central bank are helping improve the liquidity situation at banks.

Under the currency swap deal, commercial banks can take local currency from the central bank in exchange for US dollars for a tenure ranging from seven days to 90 days.

The banking regulator has taken \$1.17 billion from mid-February till date from commercial banks, according to several central bank officials.

Emranul Huq, managing director of Dhaka Bank, said the currency swap is a win-win for both Bangladesh Bank and commercial banks.

"Some banks have idle US dollars and they can now keep them with the central bank," he said.

"The arrangement is also allowing banks confronting liquidity shortage to avail local currencies from the central bank in exchange for international currencies," Huq added.

## Can merger be panacea

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"This guarantee is likely to result in two distinct performance management processes and cultures within the staff of the two merging banks, complicating the integration of culture and personnel to a large degree."

Since the merger involves many parties, a direction from the Bangladesh Securities and Exchange Commission may be needed, said Mohammad Ali, managing director of Pubali Bank.

All strong banks have correspondence with foreign banks for the opening of letters of credit and some other businesses. If a merger weakens the capital situation of banks and the central bank eases the capital adequacy ratio for them, it remains to be seen what the reaction of the corresponding banks will be, he said.

"These issues should be analysed." The merger will alone solve the problem of the banking sector is a simplistic concept, said MK Mujeri, a former chief economist of the central bank.

"The root cause of the existing

problem of the banking sector is the spike in bad loans and a culture of defaulting intentionally among powerful people. Therefore, the government needs to have a strong mindset to reduce willful default loans, remove policy weaknesses, and implement the corrected rules and regulations."

"The merger can be a step towards restoring discipline in the financial sector. However, it is not the ultimate solution."

He thinks a merger can improve good governance and administrative, and corporate culture. On the other hand, it can weaken the strong banks since the number of sound financial institutions in Bangladesh is low.

The World Bank also cautioned that forcing bank mergers without assessing asset quality could be counterproductive and rapid implementation of mergers should be done with care.

"The central bank needs to identify the people responsible for bringing the sector to the current sorry state," said a top official of a bank.

"The directors of the poor banks should never be allowed to sit on the buyer's board. Otherwise, stronger banks may face problems in fixing the accumulated problems of weak banks."

The official said the overhead costs of the weak banks are already high, which might deter strong banks from acquiring the former.

"If weak banks are forced to merge with stronger ones, it may impact stronger banks," said Emranul Huq managing director of Dhaka Bank.

He thinks liquidation can be an option for weak banks.

For some banks, restructuring by including government, experts and corporates can be a good option. For instance, once a poor bank, Eastern Bank was restructured and it is now one of the top banks in Bangladesh.

World Bank's Hussain said the main goal of the merger is removing the risks of the financial sector, so the recovery of the NPLs should be the key focus.

"The efforts to end corporate misgovernance should be beefed up."