

# POTATO PARADOX

## Just another curry on the rice plate? This will not solve the price problem

SUKANTA HALDER

Punishing retail prices during low output and throwaway rates during bumper harvests have become a familiar cycle for potato farmers. The swings are recurring and costly, leaving as many as half a crore growers exposed to debt in good years and public anger in bad ones.

Yet agri experts and supply chain players say the problem has little to do with farmers, or even with production. Instead, it reflects how potatoes are treated in policy and planning.

Unlike many other countries, Bangladesh largely views the crop as just another vegetable eaten with rice, not as a basic industrial raw material.

That distinction matters. When production overshoots domestic demand, prices collapse. Farmers absorb the losses, while the economy misses out on value addition that could stabilise incomes and absorb surplus output.

Bangladesh is the world's seventh-largest potato producer. Still, it remains far behind global peers in industrial use of the tuber.

In China, about 15 percent of potato output goes into industrial processing. In the Netherlands, Germany, France and the United States, the share ranges from 60 percent to 65 percent. Russia and Ukraine process 20 percent to 30 percent, while neighbouring India, with similar food habits, uses 5 percent to 7 percent.

Bangladesh, by contrast, processes only 3 percent to 4 percent of its total output, according to industry insiders.

The difference is decisive. In countries where potatoes feed factories, surplus strengthens supply chains. In Bangladesh, surplus simply crashes prices.

After rice, potatoes are the second most produced crop in Bangladesh and a pillar of food security. Yet more than a quarter of output is lost after harvest, according to the Food and Agriculture Organization, which points to weak storage, handling and processing capacity.

### WRONG VARIETIES, WEAK PLANNING

Kamruzzaman Kamal, marketing director of Pran-RFL Group, the parent of the local agro processing giant Pran, said industrial processing is limited because most locally grown potatoes are table varieties, not processing grade crops.

"These potatoes have high moisture and sugar content, which makes them unsuitable for products like French fries. They lose colour and become soft after frying," said Kamal.

Globally, potatoes used for fries, chips and flakes require dry matter of around 22.5 percent. But locally grown potatoes usually contain only 16 percent to 19 percent dry matter, according to scientists.

While potatoes are locally used at home to make chips, and in factories to produce crackers, biscuits and chanchur, the backward linkage industry for flakes and starch is still underdeveloped. Only one or two such factories are currently in production.

Kamal said farmers are not encouraged to grow processing varieties because crop planning is mostly individual driven rather than coordinated. Many existing varieties are disease-prone, poorly adapted to climate stress and quick to spoil.

Inadequate storage, no grading

and sorting at farm level, insufficient cold chain infrastructure and limited warehousing have further constrained both industrial use and exports, added the Pran-RFL marketing director.

Khurshid Ahmad Farhad, general manager for international business and corporate affairs at Bombay Sweets and Company Limited, a popular food processing brand, said the absence of integrated crop planning and unpredictable weather has kept industrial processing from reaching scale.

Factories producing flakes, slices, chips and biscuits need potatoes of specific size and quality. Bangladesh does not produce enough of these at consistent volumes,

from 1.06 crore tonnes the previous year. The oversupply sent field-level prices tumbling to Tk 9 to Tk 11 per kg, well below the estimated average production cost of Tk 14. In northern regions, costs were higher, at around Tk 20 per kg, according to the Department of Agricultural Extension (DAE).

For farmers, the result was debt rather than profit. For the economy, it was another missed chance to channel surplus into value-added uses.

### TYPICAL COLD STORAGE ONLY DELAYS LOSSES

Bangladesh has expanded cold storage capacity to about 35-40 lakh tonnes. Processing capacity, however, is remarkably low.

800 kg if uniformly graded, high-quality potatoes were available, he said.

### A POLICY BLIND SPOT

FH Ansary, managing director of ACI Agribusiness, said potatoes need to be viewed through four lenses: food, industry, environment and health.

"We treat potatoes as just a vegetable. Elsewhere, they are protein sources, pharmaceutical inputs, packaging material and industrial feedstock," he said.

Ansary said farmers focus on table potatoes because the market is guaranteed. Seeds of processing varieties are scarce, quality-based cultivation is limited, and there is no price assurance or buy-back mechanism.

### THE PROBLEM

Boom-bust prices every year Farmers lose in gluts, get blamed in shortages Surplus crashes prices instead of adding value

### 2025 GLUT SNAPSHOT

Production: 1.15cr tonnes Demand: Nearly 90 lakh tonnes Farm price: Tk 9-Tk 11 per kg Production cost: Tk 14-Tk 20 per kg

### SYSTEM FAILURES

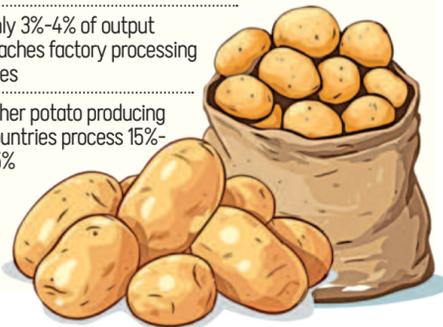
Wrong varieties (low dry matter) No crop planning or zoning Weak cold chain, grading

### REASONS BEHIND THE CRISIS

Potatoes treated as a vegetable, not an industrial crop

Only 3%-4% of output reaches factory processing lines

Other potato producing countries process 15%-65%



he said. Even when quality potatoes are available, production costs are often far higher than international benchmarks, making local products uncompetitive.

"In recent times, costs have risen so sharply that a Dubai-based trader told me they could supply potato flakes at a lower price than we can," Farhad said.

Globally, the largest potato-based industrial products include mashed potatoes and French fries. In Bangladesh, suitable varieties have yet to be developed at a commercial scale, leaving much of the segment untapped.

Although government agencies hold relevant crop data, it is neither centrally coordinated nor used for forecasting, Farhad said. As a result, annual output swings widely between about 80 lakh tonnes and nearly 90 lakh tonnes, with no early warning for the industry.

"This uncertainty is the biggest obstacle. Planning depends on assured availability and consistent quality of raw materials," he said.

### THE GLUT, THEN THE CRASH

Strong prices in the 2024 season encouraged farmers to expand potato acreage massively this year in the hope of better returns. Instead, excessive output triggered a severe glut and eventual price fall.

According to the Bangladesh Bureau of Statistics, potato production reached a record 1.15 crore tonnes last season, far above annual domestic demand of around 90 lakh tonnes.

Cultivated area rose 8 percent year-on-year to 4.92 lakh hectares in fiscal year 2024-25, while output increased 9 percent

Md Mohsin Ali, head of supply chain at Quasem Industries Limited, which produces Sun Chips, said processing capacity stands at just 70,000-80,000 tonnes.

The shortage of modern cold storage designed for processing grade potatoes is one of the sector's biggest constraints, he said. "Therefore, typical cold storage facilities currently delay losses. It does not create value," he said. "Without factories that can absorb surplus, price crashes will continue."

In many countries, he said, potatoes are a staple food and a major industrial input. In Bangladesh, those consumption patterns and industrial linkages have yet to emerge.

According to Ali, weak policy support, lack of dedicated processing policies and limited investment in research and development are major barriers.

### DEMAND EXISTS, QUALITY DOES NOT

Apart from the unavailability of commercial-grade potatoes, the shortage of premium grade crops is visible even in high-end kitchens.

Md Ershad Ali, assistant sous chef at Pan Pacific Sonargaon Dhaka, a five-star hotel, said they serve potatoes to their guests at every meal, with each buffet offering at least one potato dish.

Some international recipes, however, cannot be prepared with local potatoes due to inconsistent size and grading. Overseas, potatoes arrive uniformly graded and ready for consistent cuts and presentation. Local supplies vary widely.

The hotel uses about 500 kg of potatoes each week. That could rise to

"The bridge between farmers and industry is broken," he said. "Without it, neither industrial use nor price stability will be achieved."

M Masrur Reaz, chairman of local think tank Policy Exchange Bangladesh, said processed potatoes generate far higher value than fresh ones. Globally, fresh potatoes account for about half of export volume but only 20 percent of value. Processed potatoes make up a third of the volume yet generate more than half of the trade value.

In Bangladesh, processing is limited to 3 percent to 4 percent of output, while exports stand at just 62,000 tonnes, said the economist. "Without value addition, price crashes during bumper harvests will keep hurting farmers."

Agriculture contributes about 12 percent to the gross domestic product of Bangladesh. The processed food sector accounts for only 1.7 percent.

Mohammad Khurshid Alam, chief scientific officer at the Bangladesh Agricultural Research Institute (BARI), said the short winter season limits dry matter accumulation in potatoes. Excessive use of urea further delays maturity and raises moisture content. He said contract farming and area-based zoning are important, with specific regions designated for processing and export varieties.

Other solutions, the scientist said, include developing high dry-matter varieties through public private partnerships, expanding good agricultural practice certification, improving post-harvest management and rebuilding links between farmers and industry.

## Merged banks' deposits to be transferred to Sommilito Islami Bank next week

STAR BUSINESS REPORT

The process of transferring depositors' accounts from the five banks undergoing a merger to the newly formed Sommilito Islami Bank is nearing completion and is expected to be finalised within the next week, according to Bangladesh Bank (BB).

Once completed, deposits of customers of the five banks will be automatically transferred to accounts at the new bank, BB spokesperson Md Aref Hossain Khan said in a statement yesterday.

Following the transfer, depositors will be able to withdraw up to Tk 2 lakh using their existing cheque books.

Any remaining balance will remain secured in their accounts, and depositors will continue to receive profit on their deposits at the prevailing rates, he said.

The five banks are First Security Islami Bank, Social Islami Bank, Union Bank, Global Islami Bank, and EXIM Bank.

The central bank spokesperson expressed hope that public confidence in the newly formed bank would be strengthened, as it will operate as a state-owned institution.

"People's trust is expected to increase, which should significantly reduce pressure from deposit withdrawals," he added.

### Following the transfer, depositors will be able to withdraw up to Tk 2 lakh using their existing cheque books

The merger of the five troubled shariah-based lenders into a single entity is part of the government's broader effort to stabilise the banking sector and restore confidence amid mounting concerns over asset quality and liquidity, according to the statement.

Last week, the BB instructed the five shariah-based banks undergoing a merger to declare their shareholders' equity at zero after assessments showed the net asset value of their shares to be negative.

"An assessment found that the net asset value per share of these banks is negative," Khan said. "As a result, the shareholders' equity has been written down to zero."

On November 30, Bangladesh Bank granted the final licence to Sommilito Islami Bank PLC, formed through the merger of the five lenders. It is now the largest state-owned shariah-based bank in the country.

The central bank said the approval was part of a broader banking sector reform programme launched in September 2024 to restore governance, ensure accountability and bring discipline to the financial system.

The office space for the new bank has been fixed at Sena Kalyan Bhaban in Motijheel. Besides, a seven-member board has been formed for the bank, and former senior secretary Mohammad Ayub Mia has been appointed as its chairman.

However, the official operations of the bank have yet to begin, as the lender is still without a management team.

Earlier this month, the government called for applications by December 22 for the appointment of managing director and CEO of Sommilito Islami Bank.

In a notification, the finance ministry said applicants should hold a postgraduate or master's degree, preferably in economics, finance, accounting, banking, management or business administration from a recognised university.

## BRAC Bank partners with Infrastructure Finance Fund for SME financing

STAR BUSINESS DESK

BRAC Bank PLC has partnered with Bangladesh Infrastructure Finance Fund Limited (BIFFL) to expand access to affordable financing for small and medium enterprises (SMEs), with a focus on strengthening the food value chain.

Under the partnership, BRAC Bank has joined a low-cost loan programme as a participating financial institution funded by the Japan International Cooperation Agency (JICA) to support the Food Value Chain Improvement Project.

The initiative aims to enhance SME capacity in priority sectors by improving access to long-tenure financing at competitive rates, according to a press release.

The partnership agreement was



Md Shaheen Iqbal, deputy managing director and head of wholesale banking of BRAC Bank, and SM Anisuzzaman, chief executive officer of Bangladesh Infrastructure Finance Fund Limited, pose for photographers at BRAC Bank's head office in Dhaka on December 17. PHOTO: BRAC BANK PLC

signed on December 17 at BRAC Bank's head office in Dhaka, by Md Shaheen Iqbal, deputy managing director and head of wholesale banking of BRAC Bank, and SM Anisuzzaman, chief executive officer of BIFFL.

Tareq Refat Ullah Khan, managing

director and CEO of BRAC Bank, Syed Abdul Momen, additional managing director and head of SME banking, Tanveer Kamal, head of structured finance, and other senior officials from both organisations were present at the ceremony.

## Pubali Bank holds 1,500th board meeting

STAR BUSINESS DESK

Pubali Bank PLC held its 1,500th meeting of the board of directors on December 24, marking a milestone in the bank's long-standing practice of corporate governance, regulatory compliance and strategic leadership.

Former chairman Hafiz Ahmed Mazumdar, alongside current board members and senior management of the bank, attended the meeting, according to a press release.

The meeting was presided over by Monzurur Rahman, chairman of the board. Notably, Rahman had also chaired the first board meeting of Pubali Bank after its transition to the private sector in January 1985, reflecting continuity in leadership and institutional stewardship over four decades.

Directors present at the meeting included Habibur Rahman, Rumana Sharif, Azizur Rahman, Rana Laila



Monzurur Rahman, chairman of the board of Pubali Bank, poses with other officials of the bank at the meeting on December 24. PHOTO: PUBALI BANK PLC

Hafiz, Arif Ahmed Choudhury and Shahinuzzaman Yaqub.

Independent directors Shahdeen Malik and Mohammad Naushad Ali Chowdhury, as well as alternate director Nadir Ahmed, were also in attendance.

Mohammad Ali, managing director and chief executive officer of Pubali Bank, attended the meeting

along with senior executives.

Among others present were Mohammad Esha, deputy managing director, Mohammad Liton Mia, general manager and chief financial officer, Md Anisur Rahman, general manager and company secretary, and Md Shah Alam, general manager and chief protocol officer of Pubali Bank Securities Limited.

## Citizens Bank opens Bogura branch



Alamgir Hossain, managing director of Citizens Bank, inaugurates the Bogura branch of the bank in the presence of other officials on December 24. PHOTO: CITIZENS BANK PLC

STAR BUSINESS DESK

Citizens Bank PLC opened its Bogura branch in the Borogola area on December 24.

The branch was inaugurated by Alamgir Hossain, managing director of Citizens Bank, in the presence of deputy managing directors Md Mostafizur Rahman and Md Abdul Latif, along with other senior officials of the bank, according to a press release.

Local business leaders from various sectors, as well as professionals and community representatives, were present at the inauguration ceremony.

## NRBC Bank organises annual risk confce

STAR BUSINESS DESK

NRBC Bank PLC organised its Annual Risk Management Conference 2025 on December 27 at a hotel in Dhaka through a hybrid format, focusing on strengthening risk governance and sustainable banking practices.

Md Sirajul Islam, executive director of Bangladesh Bank, attended the conference as the chief guest, while Md Nurul Haque, independent director of NRBC Bank and chairman of the risk management committee, was present as a special guest, according to a press release.



Md Sirajul Islam, executive director of Bangladesh Bank, and Md Nurul Haque, independent director of NRBC Bank and chairman of the risk management committee, attend the bank's annual risk conference at a city hotel yesterday. PHOTO: NRBC BANK