Why many farmers and politicians oppose Modi's farm laws

REUTERS, *New Delhi/Mumbai*

India's parliament has approved new farm bills that the government says will unshackle farmers from having to sell their produce only at regulated wholesale markets and make contract farming easier.

Prime Minister Narendra Modi's cabinet had issued emergency executive orders in June to change the longstanding rules that govern the vast agriculture sector, which contributes nearly 15 per cent of the output of the $2.9 trillion economy and employs around half of India's 1.3 billion people.

Opposition parties and farmers' organisations have criticised the government for rushing through the legislation by issuing the emergency orders and accused Modi's administration of getting parliamentary approval without proper debate, scrutiny and consultation.

Under the Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020 - one of the laws approved by parliament - growers can directly sell their produce to institutional buyers such as big traders and retailers.

Many farmer organisations oppose this, saying it will leave small growers with little bargaining power.

Nearly 85 per cent of India's poor farmers own less than 2 hectares (5 acres) of land, and they find it difficult to directly negotiate with large buyers of farm goods.

Farmer leaders have said that wholesale markets, which play a crucial role in ensuring timely payments to small farmers, would lose their relevance and even gradually disappear if large buyers were allowed to buy directly from growers.

Without offering an alternative arrangement to small growers, such as private markets or direct-purchase centres, the new rule does not make any sense, growers have said.

India's grain bowl states of Punjab and neighbouring Haryana also fear that if big institutions start purchasing directly from farmers, the state governments will lose out on the tax that these buyers have to pay at wholesale markets.

Under the Agriculture Produce Marketing Committee (APMC) Act, a law that dates back more than 55 years, it was compulsory for farmers to bring their products to more than 7,000 regulated wholesale markets where middlemen, or commission agents, helped growers sell harvests to either the state-run food procurement agency or private traders.

This was to protect farmers from being exploited by big institutional buyers.

The government now argues, however, that the middlemen of wholesale markets form an extra layer in the supply chain, and that their commission pushes up prices for consumers.

Theses markets are run by local bodies which ensure the price of farmers' produce, including fruit and vegetables, is determined by auctions.

For rice and wheat, however, there is no auction as the government buys at guaranteed prices.

Every year, the government raises the price at which the Food Corporation of India (FCI) - India's state grain stockpiler and top buyer - buys rice and wheat from growers. Most farmers in Punjab and Haryana sell their rice and wheat to the FCI.

Some growers believe that, should wholesale markets start to lose relevance, private buyers could arm-twist farmers to sell at lower rates.

Commission agents help farmers grade, weigh, pack and sell their harvests to buyers. They also ensure timely payments to farmers.

REUTERS

Supporters of India's main opposition Congress party shout slogans during a protest against farm bills passed by India's parliament, in Kolkata on September 21.

SAMSUNG

Seungwon Youn, country manager at Samsung Bangladesh, and Shahriar Bin Lutfor, head of business for consumer electronics, attend the launch of its 2020 QLED television range under 'T Series' in three different categories, QLED, UHD, Smart, at an event in Dhaka recently.

Siemens sees market value of energy spin-off above $20b

REUTERS, *Zurich/Munich*

Siemens expects Siemens Energy to reach a market value of significantly more than 17 billion euros ($19.98 billion) when it floats on the Frankfurt stock exchange next week, a source close to the company said.

The consensus forecasts for the value of the business, which makes gas and wind turbines, is 21 billion to 22 billion euros, said the source. Based on the number of Siemens Energy shares, that would result in a share price of 28.90-30.28 euros apiece.

Siemens declined to comment.

The success of the spin-off can only be estimated after two or three months, with high price volatility expected after the company makes its stock market debut on Sept. 28, the person said.

Siemens Energy, which employs 91,000 people, makes products including combined cycle turbines, generators, transformers and compressors, and will also be involved in wind energy via its 67 per cent stake in Siemens Gamesa Renewable Energy.

Siemens is selling off the business, which has been hit by a collapse in demand and changing energy policies, to focus on smart buildings, mobility and factory automation.

It is giving 55 per cent of the shares in the unit to its shareholders at a ratio of one share for every share two Siemens share. Siemens' pension fund will get 9.9 per cent, while Siemens AG will keep a direct stake of 35.1 per cent.

Siemens will reduce its stake over the next 12 to 18 months after the listing, but is in no hurry to exit completely. The pension fund is also likely to offload its stake.

Siemens, whose products range from trains to industrial software, will keep a stake of around 25 per cent in Siemens Energy, the person said, to allow a smooth transition and prevent interference from a third party.

Via a blocking minority, which usually refers to 25 per cent plus one share, shareholders can prevent key corporate decisions at general meetings. Such a stake could be kept for a minimum of five years, the source said.

'British-style' rules for banks after Brexit, says BoE

REUTERS, *London*

Britain will adopt tough but less bureaucratic financial rules after Brexit, starting with simpler regulation of small banks, Bank of England Deputy Governor Sam Woods said on Tuesday.

Britain will soon unveil new legislation for regulating the City of London, which for decades has complied with rules written in Brussels that end in December, when Brexit transition arrangements expire.

Leaving the European Union has raised hopes of a regulatory "Brexit dividend" that will help banks and insurers in Europe's biggest financial centre maintain global competitiveness.

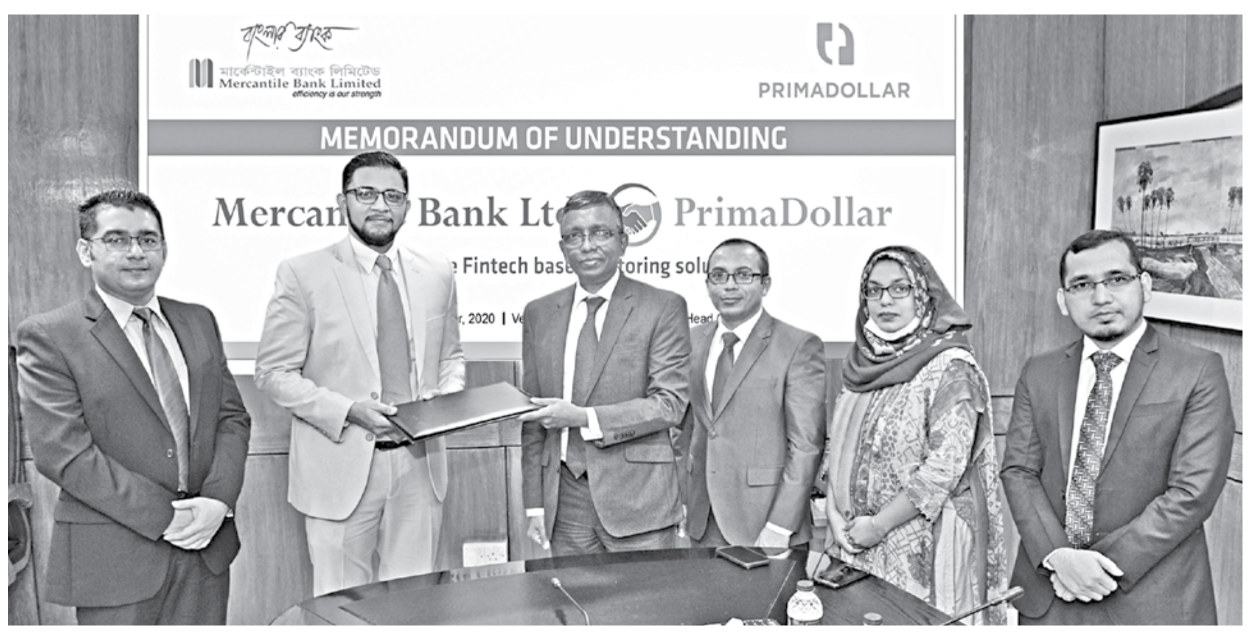
"We should approach that in the spirit of, let's have high standards here in London and here in the UK, but let's get back to a more British way of doing that regulation -- things that can be tough but less bureaucratic," Woods told a City Week online event.

When Britain comes to applying remaining global bank capital rules known as Basel III, it will be "exactly in that format", he said, adding that the BoE would propose simpler rules for smaller lenders in a month or so.

"It would have been impossible to agree in the European context as one person's big bank is another person's small bank," Woods said.

Katharine Braddick, director general, financial services at Britain's finance ministry, said much thought had been given to what makes the City competitive.

"Openness is at the core of our competitive offering," Braddick said, adding this does not mean a "free for all": "It means we have a set of access regimes that are becoming more comprehensive and over which we have more control."



MERCANTILE BANK

Shamim Ahmed, deputy managing director of Mercantile Bank, and Munawar Uddin, country manager of PrimaDollar, exchange documents after signing a deal at the bank's head office in Dhaka on Monday to facilitate fintech-based export factoring services to the bank's customers exporting under open account credit terms.

Stocks fall below 5,000-mark again after nine days

FROM PAGE B4

Nitol Insurance topped the gainers' list rising 9.86 per cent followed by Global Insurance, Paramount Insurance, Salvo Chemical and Federal Insurance.

BD Welding shed the most, falling 9.48 per cent followed by Golden Son, C&A Textile Familytex and Zahin Textile.

The port city bourse also witnessed corrections yesterday when the CSCX, the benchmark index of the Chattogram Stock Exchange, dropped 83 points, or 0.96 per cent, to 8,514.

Of the 281 stocks, 53 rose, 200 fell and 28 remained unchanged.

Bangladesh should aim to join Asean

FROM PAGE B1

Therefore, the government should build a large truck terminal in Chattogram to house those carriers while being offloaded, he said, while suggesting that the construction of a bay terminal at Chattogram Port and upgrading the Dhaka-Chattogram highway to eight lanes should be completed as soon as possible.

In 2019, the country's premier port handled three million container units, up from two million in the previous year, said Md Zafar Alam, a member of the Chittagong Port Authority.

By this one can understand that although the port's container handling capacity has risen significantly in a short span of time, the handling facilities themselves have not improved as much, he added.

The government has already implemented up to 45 changes to the customs regulations in a bid to better facilitate trade.

However, customs officials need to remain vigilant in order to protect the interests of domestic industries, Alam said.

While delivering his keynote paper, Selim Raihan, executive director of the South Asian Network on Economic Model (SANEM), said Bangladesh ranks 100th on the global logistics performance index, which is the lowest among all its peer countries.

Tariff and para-tariff in trade, border issues, non-automation and customs issues are mainly responsible for Bangladesh's poor ranking in the index, said Raihan, also an economics professor at the University of Dhaka.

DCCI President Shams Mahmud, who moderated the discussion, said his organisation's recent study on Covid-19's impact on international trade found that 42 per cent of all local businesses now need over 15 days from start to finish to deliver their products for export to the sea port.

Similarly, 62 per cent of all businesses wait around 15 days to receive import shipments from the port.

The study also identified that container congestion, port demurrage charges, delays in the customs clearance process, a lack of port infrastructure, hinterland connectivity and high shipping costs are major bottlenecks for the import/export process, which end up increasing operation costs.

Goods shipments are 35 to 50 per cent slower than what they could be due to slow, expensive inland transportation, cumbersome customs and border management processes, inadequate consolidation of terminals, inland clearance depots, trade corridors and a lack of coordination among trade related agencies along the border, Mahmud said.

Abul Kasem Khan, chairperson of the Business Initiative Leading Development, proposed the formation of a separate ministry for logistics services as no particular government body is currently responsible for the industry's wellbeing.

Although, many international companies are trying to come to Bangladesh with investment proposals, they think about the lead time factor because of the poor logistics services available, said Sameer Sattar, a lawyer at the Supreme Court.

Grow crops like onion abundantly to cut import dependence

FROM PAGE B4

We need 0.8 million tonnes of onion in three months considering the shelf life of summer onion and the size of the domestic market is about Tk 4,000 crore considering Tk 50 per kg. To cultivate this amount, we need 28,000 hectares of land and 207 tonnes of seed. And the manpower requirement is 6.8 million.

Major source of this seed is India and the price of per kg seed is Tk 5,000-6,000. The production cost will be around Tk 900 crore. A detailed study is required in this case. The seed of summer variety onion needs to be available for production.

We are not in a crisis for garlic. But there is a shortage of large size garlic suitable for using. We are producing 0.5 million tonnes of garlic in 79,000 hectares of land. We import about 0.6 million to 0.7 million tonnes. Nowadays home-makers prefer large size garlic instead of the small local variety. That's why most of the import is needed. So, we need to focus on research for producing large size garlic. Some 95,000 hectares of land are needed for garlic cultivation to minimise the import.

We don't have adequate storage facilities for onion, garlic or ginger. Bangladesh Agricultural Development Corporation (BADC) has a storage facility for onion but it has a capacity of storing only 200 tonnes. By tuning our existing cold storage or by building new cold storage, we can store onion, garlic and ginger, which will narrow the gap between imports and local consumption.

We may also reduce potato cultivation to a certain level. Bangladesh produces around 11 million tonnes of potatoes every year. If we look at the existing situation, potato consumption of the country has been relatively steady over the past few years whereas export has declined. However, production has been increasing. As a result, farmers are struggling to sell their surplus.

We are on our way to achieving self-sufficiency in maize cultivation. Within five years, the production of maize has doubled because of proper planning and execution. We exported about Tk 146 crore worth of maize to Nepal in the last fiscal year. This is a great success in maize cultivation.

If we follow our success story in maize production and draw up a master plan for 3-5 years, we gain self-sufficiency. Today, farmers are connected digitally and information dissemination has become easier than before.

If we want to engage more people in agriculture then we must give priority to self-cultivation on imported spices such as onion, garlic and ginger. It will save a lot of foreign currency and cut external dependency. It will also create a good scope for the public-private partnership between the government and the private sector.

The writer is executive director of ACI Motors Ltd.

Planning ministry against holding back low-priority projects

FROM PAGE B1

The Ecnec yesterday approved five projects, including the first revision of a project to establish 40 technical training centres in 40 upazilas and one Institute of Marine Technology in Chattogram at a combined cost of Tk 2,597.40 crore.

The Bureau of Manpower Employment and Training (BMET) is implementing the project to create jobs for the unemployed by developing skills through training. The project will help increase the productivity of industries and improve product quality.

According to the revised deadline, the project will be implemented by June 30, 2022. The cost of the project increased to Tk 1,667.07 crore from the Tk 1,331.29 crore initially set aside.

The implementing entity demanded additional funds as the land requirement was not included when the project was approved.

The cost of the project rose because of the delay in land selection and acquisition. The expenditure is increasing as the Public Works Department estimated the construction work as per the rate of 2014 instead of 2017.

The Ecnec approved the "Hilsa Resource Development and Management" project involving Tk 246.28 crore to increase the production of the popular fish and protect mother hilsa and hilsa fries.

The project includes running and management of six sanctuaries, creating alternative jobs for 30,000 fishing families and providing valid nets to 10,000 fishermen. The Department of Fisheries will implement the project.

The meeting approved incorporating 25 beds for the elderly in eight shelters for childreninvolving Tk 73.98 crore. The facilities will accommodate neglected elderly people besides children.

The homes would be constructed in Tungipara of Gopalganj, Lalmonirhat Sadar, Shambhuganj in Mymensingh, Sunamganj Sadar, Maijdee in Noakhali, Baya in Rajshahi, Maheshwarpasha in Khulna and Sagardi in Barishal.

The two other new projects are "Upgrading Digpait-Sarishabari-Tarakandi Road of Jamalpur" involving Tk 376.56 crore and the construction of the Border Guard of Bangladesh's 73 modern observation posts in border areas for Tk 233.52 crore.

Prime Minister Sheikh Hasina, Finance Minister AHM Mustafa Kamal and Planning Minister MA Mannan joined the meeting through videoconferencing from Gono Bhaban while other Ecnec members connected from the NEC auditorium.

Chinese loan deals for four projects hopefully this year

FROM PAGE B1

The embassy's update on it was that the loan has got preliminary approval and it has received the name of a Chinese contractor whom China wants to get the project contract.

On another application seeking a $276.25 million loan for the construction of a "Rajshahi WASA Surface Water Treatment Plant" approved by the Ecnec, the embassy said the Chinese authorities were "evaluating" it.

The last Ecnec and cabinet committee on government purchase-approved project seeking a $125.12 million loan for establishing six full-fledged stations for Bangladesh Television has got initial approval from China. Now the embassy was waiting to be informed by its government of the Chinese contractor nominated to get the contract.