Banks will go broke if interest on agri loans is reduced

Following is the remaining part of Thursday's Jatiya Sangsed proceedings, reports

Soon after several members stood up at a time on point of order, the Deputy Speaker said he would not allow anymore any point of order since the House would have to take up the business of the day.

When some members insisted on holding discussions of felicitation marking the passage of the Constitution Amendment Bills as per the assurance of the chair Wednesday, the Deputy Speaker said let the Leader of the House and the Leader of the Opposition come to the

Sharifuddin Ahmed

Then Sharif Uddin Ahmed (AL-Habigonj) moved the private member's resolution demanding reduction of interest on agricultural loan to seven

per cent. He said Bangladesh is predominantly an agricultural country and the peasants are the backbone of our agriculture. He regretted that though the peasants were the main force for bolstering our economy, nothing had so far been done to save the peasantry from the scourge of flood and protect their crops from in-

Narrating the plight of the peasants, Sharif Uddin Ahmed said they (peasants) kept one portion of their produce to repay the agricultural loan, one portion for the maintenance of their livelihood and one portion for meeting expenditure for production of crops. But when natural calamities like flood and drought, and insects damaged their crops the peasants of our country were reduced to paupers. This state of affairs compelled them to sell their moveable and immovable property and thus the process of landlessness began, he

He told the House that the number of landless peasants rose to 65 per cent at present from 34 per cent at the time of Bangabandhu Sheikh Mujibur Rahman, realising the hardship of our peasants Bangabandhu had written off agricultural loan of the Pakistan period, supplied fertilizer at subsided rate, distributed insects free of cost and exempted land revenue up to 25 bighas of land. During

the Bangabandhu's period agriculture loan was supplied to peasants at the rate of seven per cent. The rate of interest on agricultural loan now stood at 17 per cent. Moreover, the peasants were made to pay interest at compound rate, he

Ahmed said it was a sad commentary that while house building loan was given at 16 per cent interest and industrial loan at 10 per cent interest the peasants had to pay interest at the rate of 17 per cent. This discrimination towards our peasants was unjust and unfair, he said.

He appealed to all MPs to take steps to save our peasantry from ruination in the interest of our country and economy.

Rahmat Ali

Proposing reduction of interest on agriculture loan to 5 per cent Rahmat Ali (AL-Gazipur) said the economy of Bangladesh would continue to suffer stagnation unless the lot of the peasants was improved. Only a breakthrough in agriculture could accelerate the pace of industrialisation, he said.

The Awami League member from Gazipur said the country was spending a huge amount in foreign exchange for the import of foodgrains every year. If a portion of this amount was spent after agriculture the condition of the peasants would improve substantially. he stressed.

Rashed Khan

Workers Party leader from Baker Ganj Rashed Khan Menon laid stress on recasting the whole system of advancing agriculture loan. He said complications involved in getting institutional loans compelled the peasants to approach the money lenders. These money lenders charged interest from 100 per cent to 400 per cent,

Menon said the prescription of the World Bank would not augur well for a country like ours. Pakistan and Indonesia have refused to accept the instruction of the World Bank to withdraw subsidy from agriculture. This refusal has paid off handsomely resulted in augmenting agricultural production tremendously in those two countries, he added.

Surenjit Sengupta

Surenjit Sengupta (GP Sunamgonff expressed his

concern over the increase in the number of landless peasants. Narrating the difficulties of the peasants in getting institutional loans he demanded national consensus on the move to save our peasantry.

Khademul Islam

Khademul Islam (AL-Thakurgaon) said the voters of the country, who are mostly farmers, sent us to this Sangsad to highlight their problems. The prosperity of Bangladesh depended on improving the lot of the peasants. He, therefore, pleaded for reducing the interest rate on agriculture loan to 4 per cent.

Abul Kalam Azad

Abul Kalam Azad (AL-Jamalpur) demanded agricul tural credit at the rate of five and a half per cent interest. The country would ultimately turn into a land of landless peasants if right steps were not taken immediately, he

Mosharraf Hossain

Mosharraf Hossain (AL-Myumensingh with Netrokona) also spoke in the same vein.

Ebadur Rahman Chowdhury (JP-Moulvibazar) suggested that all the resolutions incorporated in the Thursday's order of the day should either be accepted or rejected right now without further discussions on them.

Razzak Ali

But Deputy Speaker Sheikh Razzak Ali said though many MPs were speaking on the same issue they might have different views and different suggestions to offer.

Chief Whip Khander Delwar Hossain supported the stand of the Deputy Speaker.

The House reassembled at 7.38 pm after the Maghreb prayer with Speaker Abdur Rahman Biswas in the chair.

Asaduzzaman

The Speaker gave the floor to Asaduzzaman (AL-Magura) to move his amendment on interest on agriculture loan. Asaduzzaman said 70 per cent farmers had become landless gradually due to various reasons. He said farmers were not getting reasonable price of their produce. They have to sell paddy before harvesting due to financial crisis. He said the jute growers were also deprived of reasonable price of their produce while

the middlemen are becoming richer every day

These middlemen were being provided with financial support in the form of bank loan and insurance.

He said 85 per cent of our population are farmers and they deserve special consideration as they are the main force in productivity. He suggested reduction in the bank interest for agriculture to two and a half per cent from the present 17 per cent.

Azizur Rahman

Azizur Rahman (AL-Moulvi Bazar) said bank interest on agriculture loan should be reduced to six per cent for making the country self-sufficient in food. He said in an agricultural country like ours farmers must be saved from paying interest at compound

Ansar Ali

Ansar Ali (Jamaat-Satkhira) said interest is prohibited in Islam. Our state religion is Islam. So no interest should be charged on agriculture loan, he

The Jamaat member urged the government to provide loan to the farmers without in-

Abu Lais

Moving his amendment on the resolution of reducing interest rate of agriculture loan. Abu Lais Mohammad Mobin Chowdhury (JP-Sunamgani) suggested reduction in the rate of interest without affecting the original amount of the

Mobin Chowdhury said people were raising question on the exemption of loans including interest by the new government. He said this would encourage the Loanees not to repay the loans and they might wait for the next election so that they could get exemption from repaying loans by the incumbent government.

He, however, called for reducing the rate of interest charged on the agriculture loans in the interest of national economy and the farmers.

Abdur Razzak

Abdur Razzak (BKSAL) In his amendment proposed that the seven per cent interest be replaced by five per cent and said the interest on the agricultural loan was an important matter for farmers.

He said subsidy from the

Dr Toufiq Ali

Scientists are now convinced that human activities, particularly since the indus-

trial revolution, are changing the composition of the earth's atmosphere. One of the

major consequences of these changes will be a rise in temperature, commonly

agricultural sector was being withdrawn at the instance of the World Bank and added that the prescription of the World Bank would not solve our prob-

lems. The BKSAL leader termed the interest of the farmers as crucial for the nation since 85 per cent of country's population were farmers and urged the House to fix the rate of interest not exceeding five per

Tofael Ahmed

Tofael Ahmed (AL) said the rate of interest on the agricultural loan is the highest while it should have been the lowest for the sake of a community. which is vital for our survival.

The commercial and industrial loans are more concessional, he said and urged the House to consider something that would benefit the farming community.

Tofael Ahmed said the Finance Minister had made certain remarks on industrialists and this brought sharp reactions from the business cir-

The Prime Minister had to pacify them, he said and asked what is being done for farmers.?

Salauddin Yusuf

Salauddin Yusuf (AL) said much of the foreign exchange of the country is being spent for import of foodgrains but seldom any effective step is taken for increasing the production capacity of farmers.

Demanding five per cent interest rate for agricultural loan, he said subsidy must be given in this sector.

Yusuf also demanded elimination of corruption from the system of extending loans to farmers since loans are not generally available without

Rafigul Islam

Professor Rafigul Islam (AL) said the plight of farmers is little heard despite the fact that this should have been attended most.

He said the rate of interest must not be more than five per cent and said if there is any resource constraint to meet this, the government should make it up from other sources.

Harun-ur-Rashid

Sheikh Harun-ur- Rashid (AL) proposed that the rate of interest on the agriculture loan be four per cent since the farmers constituted the bulk of

the population of the country.

He said persons taking crores of Taka as industrial and commercial loans could get away without paying the interest on time but the farmers were subjected to all kind of harassment when there was irregularity on their part to pay the interest on time.

Nazrul Islam

Principal Nazrul Islam (AL) contended that the farmers were the back bone of country's agricultural production but the nation did little for them. What is the utility of politics unless the politicians or the House can do something for them? he asked.

Mustafizur Rahman

Advocate Mustafizur Rahman (AL) said he had no amendment but an addition to the original proposal.

All the arrear taxes of the farmers be exempted, he urged and said it was assured before the fall of the autocratic government that their condition would be improved once the anti-people government was toppled.

Rahman said people would one day ask what was the necessity of breaking Pakistan or more recently the removal of an autocratic government through a mass movement unless the condition of the farmers - 85 per cent of our population — is improved.

Matiur Rahman Nizami

Maulana Mattur Rahman Nizami (Jamaat-e-Islami) proposed interest-free bank loan.

From economic point of view, he said, interest is the weapon of exploitation while from humanitarian point of view it is inhumane. Third World countries are being subjected to exploitation by the Zionist rich through the interest-based economic system, he said.

Maulana Nizami demanded interest-free economy and said it is not possible overnight. This could come in phases, he said and urged experiments on this idea since many in the world are thinking in this way. He said Islam is a scientific religion and interest-free economic system is certainly practicable.

attention of the Deputy Minister for Finance to these suggestions and urged him to take concrete actions to ameliorate the sufferings of the

would be required. It may be-

changes in the management of

farms. On the whole, there will

while, during the summer,

there may be excess of water.

This raises difficulty with irri-

gation requirements. Fertilizer

needs will also change. To

maintain soil fertility, greater

fertilizer application will be

essential. The cost of control-

ling pests, insects and diseases

will also rise. Soil drainage and

control of erosion will be even

more necessary, in the pres-

ence of heavier monsoonal

Effects of Changes in Sea-

Level

global sea-level has risen by

about 10-15 cm over the last

It is generally accepted that

location.

rainfall.

Abdus Shahid

Speaking on the reduction of interest on the agricultural loan Abdus Shahid (AL-Moulvibazar) moved his amendment on the resolution and said the proposed rate should be brought down to three per cent.

Shahid also drew the attention of the chair to his private member's resolution on the announcement of Pay Commission report which was discussed without taking a decision on it. He called for a decision on his resolution on the Pay Commission report.

Matin Khashru

Tabling his amendment on the private member's resolution Abdul Matin Khashru (AL-Comilla) proposed for giving interest-free loan to the farmers. He called for introducing it for at least one year on an experimental basis for the benefit of the farmers.

Tabibur Rahman

Tabibur Rahman Sardar (AL-Jessore) moving his amendment on the resolution said the rate of interest should be reduced to five per cent to give incentive to the peasants.

Mujibur Rahman

Taking the floor State Minister for Finance Mutibur Rahman drew the attention of the chair to the portion of Matiur Rahman Nizami's speech where he (Nizami) addressed the State Minister as Deputy Minister of Finance. He said Nizami was wrong in his statement as there was no Deputy Minister at the moment. He called for expunging the words Deputy Minister from the proceedings.

The Speaker said the words State Minister would be deemed to have been included in the proceedings in place of the words Deputy Minister.

The State Minister for Finance then said the popular democratic government of the Bangladesh Nationalist Party was materialising the com mitments given to the people one after another to achieve a self-reliant economy. The State Minister for

Finance said it was a tragedy for the nation that the forces of autocracy had captured state power with the help of barrels of guns under the cover of darkness at a time when the country was proceeding fast towards achieving self-reliance

in food. He said the autocratic government during its nine years of rule had also frustrated that possibility.

He said the BNP government exempted agricultural loan upto Taka five thousand along with interests in fulfilment of its commitment to the people. He said as a result, the government would have to pay Taka one thousand erore to the banks.

He said the government was going to take various steps for increasing production in fields and factories.

Referring to the reduction of interest on agricultural loan he said the range of reduction as proposed by different members vary from two and a half per cent to seven per cent.

Mujibur Rahman said besides meeting the administrative and other expenditures the banks had to give interest on savings. The government was giving subsidy at the rate of one per cent on agriculture interest. If the resolution to reduce interest rate to seven per cent was accepted the banks would go broke.

Narrating how the huge amount of outstanding and defaulted loans was putting pressure on the banking sector, he said if the private member's resolution was accepted the government would have to give staggering subsidy, and consequently the loss would to be realised by imposing additional taxes.

The State Minister for Finance disagreed with the suggestion that reduction of interest to seven per cent on agriculture loan would help step up production.

Referring to allegation of corrupt practices by bank officials in sanctioning loans, he categorically said the government would definitely take legal action against the corrupt officials if specific cases were brought against them. The BNP government was determined to stamp out corruption from all levels to bring discipline on the economic front and peace is social life, he

He urged the mover of the resolution and those bringing amendments to it to withdraw

Speaker Abdur Rahman Biswas adjourned the House at 9-36 Thursday until 11 a m

=Feature

IVING in Bangladesh, we are keenly aware of the dependency of agriculture on climate. And judging that agriculture contributes almost half of our gross domestic product, its prospect is of vital interest to us. Concern with the possible impact of global warming on

our agriculture is only natural. **Vulnerability to Climate**

Change While scientists are not unanimous, best available predictions for Southern Asia, including Bangladesh, indicate that by the year 2030, warming may vary from 1° to 2° C throughout the year. Higher land and air temperatures would increase both evaporaand transpiration. Precipitation(rainfall) may change very little in winter and generally increase by 5-15 % in summer. Summer soil

moisture may increase by 5-Of the climatic changes being predicted, several may be singled out as being critical. With increased temperatures, there would be increased frequency of occurrences of days with temperatures above acceptable limits. Seasonal droughts now seen in Northern Bangladesh may aggravate, while monsoonal rainfall in Sylhet may increase.

Inappropriate temperature and inadequate rainfall are the main climatic limits curtailing the growing period for crops. For developing countries as a whole, almost 63% of the land area is climatically suited to rain-fed agriculture. In Bangladesh, of the net sown area of 21.8 million acres, only 5.5 million acres (about 25%) is irrigated. The dependency

on climate is apparent.

Effects of Climate Change Likely changes in agroclimate i.e., thermal limits to cropping, indicate that areas in Siberia and Northern Canada may become suitable for cultivation. In Bangladesh, warming may affect the cropcalendar. Where more than one crop is harvested in a year, adjustment may pose serious obstacles.

Crops often exhibit a nonlinear response to heat and cold stress. Changes in the probability of extreme temperature events could have significant impact on cropping pattern and yield. Areas such as northern Bangladesh may be subject to higher frequency of drought, or a similar frequency of more intense drought than at present, with disastrous im-

Global Warming and Bangladesh Agriculture pact on crops. In India, for example, lower-than-average rainfall in 1987 reduced food-

grains production from 152

million tons to 134 million

Agricultural pests and discases may increase, particularly during our winter periods. Where precipitation increases, fungal and bacterial pathogens are also likely to increase in severity. "New" and migrant pests may become established as climatic conditions become more favourable

for them. Water resources for irrigation are likely to be affected. Increased intensity of rainfall in the monsoon periods may mean more runoff, but no increase in percolation. As a result, there may not be any increase in water during the current dry periods. However, during the flood season, we may expect greater flow of waters, with increasing intensity of flooding. Changes in intensity of rainfall may affect rates of soil erosion and desertification. In the longer run, our soil base status may change, with a tendency for soil leaching and consequent

reduction of fertility. Crop yields and productivity will be affected by global warming. Studies indicate that in Northern India, a temperature increase of 0.5° C is estimated to reduce wheat yields by about 10%. There are reasons to believe that the situation in Bangladesh will not be different. However, a temperature rise, in conjunction with higher rainfall and the fertilizing effect of carbon dioxide, may even increase rice yields. A higher temperature in our winter could reduce the growing period for several crops, and perhaps help in-

crease output. Higher order effects may also be expected. Production costs may increase, as energy and fertilizer prices increase. Greater regional variation on net returns, profitability and farm incomes may be expected. Global food supply may decrease, with serious repercussions on our food security.

Effects of Increased Carbon Dioxide

As anticipated global warming will be associated with increased carbon dioxide

referred to as "Global Warming." Carbon Dioxide, produced primarily from fossilfuel burning, is identified as one of the man-made gases contributing most to this process. This article suggests areas of possible influence of increased carbon dioxide and such warming on agriculture in Bangladesh. (CO₂) in the atmosphere, scientists have devoted considerable attention to the study of

its effects on Photosynthesis, respiration and growth. As photosynthesis is the net accumulation of carbohydrates formed by the uptake of CO2 increased CO2 results in increased photosynthesis. A doubling of CO2 increases the instantaneous photosynthetic rate by 30-100%, depending on other environmental conditions. The balance between photosynthetic gain and loss of carbohydrate from plants by respiration is the resultant growth.

In an overwhelming majority of cases, the effect of increased CO2 on productivity has been beneficial — if all other factors are maintained constant - and a 10-50% increase in dry matter accumulation (and, growth) can occur in most plants with doubling of ambient CO2. Of course, interaction with other environmental conditions are critical. It has been demonstrated that in adverse conditions (e.g. water shortage, salinity, air pollution) the relative effect of increased COo is greater than under optimal

Two main groups of plants differ in their fundamental carbon fixation bio-chemistry. Generally, in the presence of elevated levels of CO2, the growth response of C3 plants e.g., wheat, rice, root crops, trees, legumes) is larger than that of C4 plants (e.g., maize, sorghum, sugarcane, millet). The C3 group account for most of the world's plant biomass; while C4 crops account for about one -fifth of the world's food production. The potential increase in C3 growth may be curbed by increased C4 weeds, and vice versa. At the same time, insects will have a ten-

dency to eat more to survive.

Some changes in plant de-

velopment may also be expected. In the presence of increased carbon dioxide, some plants may flower earlier. This will shorten the life-cycle of certain crops, requiring ad-

justment in sowing calendars. pected to change as total starch and carbohydrate content rise with increased carbon dioxide. The nutritional value and taste of fruits, grain and vegetables may change. However, the nitrogen content in leaf, stems and fruits is generally reduced. Sweet potato, for instance, is known to de-

tions in Stomatal aperture.

Environment

Yield quality may be ex-

velop lower protein content. An unusual side effect of increased CO2 is to reduce the water requirement of plants by

OR Rio de Janeiro's six

million residents, next

year's UN Conference on

Environment and Development

is more than an international

gathering. It represents a

chance to tackle some of the

appalling problems facing the

mayor, describes the "Earth

Summit" as "the last chance to

avoid an irreversible deteriora-

tion of a once splendid city".

For Rio, once "the wonder

city", is now plagued by

poverty and crime as homes.

transport systems and the in-

sive face-lift to turn it into an

ecological showpiece before

the conference: improvements

are planned for 1,000 city

federal and local government

cash is being spent on provid-

ing and upgrading facilities for

an expected 30,000 foreign

ters, kings and princes.

About US\$1 billion of state,

Rio is undergoing an expen-

frastructure face collapse.

Marcello Allencar, Rio's

former Brazilian capital.

reducing transpiration (per unit leaf area) through reduc-

Reduction of transpiration of about 23% to 46% has been observed in C3 and C4 plants. However, scientists are wary of predicting lower water requirements due to two reasons: a) higher temperature may increase transpiration, and b) greater growth may increase leaf area, and consequently transpiration.

Likely Adjustment at the

Farm Level

be increased water demand during the winter season;

Changes in crop type may be required. In the case of rice, quick-maturing varieties

by Carlos Castilho

use part of the cash to pay for badly-needed urban improvements.

One beneficiary is the infa-

for 20 years for lack of funds. The 14 kilometre (about nine miles) link between Rio and the international airport will cost US\$140 million and is due for completion only weeks

politicians, bureaucrats and lobbyists, including perhaps 120 presidents, prime minis-The money is for transport. hotel accommodation and security for the visitors. But the to their hotels.

before the conference.

The capacity of Galeao airport, already America's largest, is being expanded by a quarter.

face-lift with new public squares, auditoriums and parks. The Rocinha shantytown, the biggest in Latin America with more than 350,000 inhabitants, is to be improved at an estimated cost

addition to urban improvements we will make a green revolution in Rio, trying to transform the city into a showcase of ecological reforms."

Guanabara Bay, which re-

century; how much of this is come more difficult to grow due to global warming is not wheat unless changed varieties known. However, scientists can be introduced. Storage of predict that there will be a furwheat seeds would also bether rise of 10-30 cm by the come more difficult. There year 2030. By the end of the may also be small shifts in crop next century, the rise may even reach one meter. Bangladesh has been identified We can expect large as one of the countries most vulnerable to seal-level rise, with a rating of 10 (on an as-

cending scale of vulnerability The direct effect of sealevel rise are several. Some agricultural land could be flooded permanently. There could be loss due to marine erosion. River and tidal regimes would be disrupted, together with greater storm surges, leading to frequent in-

indation. Being in a deltaic region, Bangladesh would naturally face severe consequences. For example, 15 per cent of our land mass could be inundated with a 1.5 meter rise, with another 6 per cent below 3 meters made vulnerable.

and industrial waste a day from

6,000 industries and six cities

is to be cleaned up. A US\$500

million loan from the

InterAmerican Development

Altogether, 21.3% of agriculceives 500 tonnes of human

Bank will finance the work. The "green revolution" will include the aerial bombardment of the deforested Rio mountains with 90 million seeds of tropical trees and the reforestation of the Tijuca Forest, said to be the biggest

urban green area in the world. Leonel Brizola, Rio Governor and opposition leader, is planning an ambitious programme for the miserable city suburbs known as the "baixada fluminense" (outsiders' club), home to more than three million people. Their appalling conditions are widely considered to be the main reason for Rio's spiralling crime rate.

Violence is the biggest headache for the officials preparing the Earth Summit. About 25 murders are commit ted every week in the poor suburbs and the 40 big "favelas" (shanty-towns). One in five "cariocas" (Rio residents) have been robbed at least once. according to a recent survey.

tural production could possibly be lost, mainly rice, sugarcane and jute. Saline intrusion into surface water and groundwater could have disastrous effects. Actual or threats of inundation could force relocation of farming and farm personnel - an almost impossible task, given the density of population and

intensity of cropping. **Concluding Comments**

Scientists do not have very clear answers to all our questions on the environment; in some cases, it would even be difficult to expect definitive predictions. After all, there is no means to test hypotheses. One cannot experiment in the atmosphere, unlike the confines of a laboratory where one can perform a controlled experiment. In the face of uncertainty, it is extremely difficult to suggest specific policy re-

sponses. A further complication is that research on many related issues is being carried out primarily in developed countries. Generally, the results of such research cannot be extrapolated directly on to the developing countries, particularly in the context of agriculture. Although research on the responses to global warming is not a priority issue for us now, Bangladeshi researchers will soon have to consider the various issues involved, and how

Fortunately for us, not all these effects of global warming will be observed with a "Bang." Most of the effects will be very gradual, almost imperceptible on a day-to-day basis, but having profound impact over a longer period. Sometimes, as indicated in the case of photosynthesis, the impact may even be favourable. The positive responses could counterbalance, to some extent, the negative consequences.

we respond to them.

The industrialized nations account for an overwhelming. majority of the anthropogenic emissions of greenhouse grees that contribute to global warming. Yet, the effects of such warming will be felt by all, including Bangladesh. There is very little that we can do now, on our own, to either prevent global warming or to mitigate its consequences. Furthermore, our priorities lie elsewhere - socio-economic development of our people. But, as we look into the future, and plant for succeeding generations, we do need to consider policy options to tackle a very real problem.

Brazil Cleans up for the Earth Summit

Rio authorities are trying to

mous "red line" motorway, so named because promised improvements have been delayed

More than 130,000 trucks and cars already clog the existing road daily. City authorities say that without the new motorway, conference visitors would face long delays getting

Three new hotels are being built and all the roads leading to the Rio-Centro convention. hall are being improved. Old Rio is also getting a

of US\$15 million. Mayor Allencar says: "In

The Jamaat leader drew the

their proposals. on Sunday (August 11).