

The rising price of rice

M. ABDUL LATIF MONDAL

THE newspapers of the country have been highlighting the steep rise in the prices of essentials including rice for about the last two weeks. It is really big news when aubergine sells at Tk. 80 a kilogram and coarse rice at Tk. 18 per kilogram. Fine rice sells at a much higher price. The Prime Minister in her address to the nation over television and radio on October 10, marking three years in office for the BNP-led four-party alliance government, related "the increase in the prices of some commodities to price increases in the international market."

In a press briefing on October 14, the Minister for Commerce stated: "Prices of all essential items including rice, lentil, flour, and onion are on a continuous rise, which is absolutely undesirable. But the most worrying aspect of the market situation is how to bring down the price of rice." He further remarked that three days of continuous sunshine would have a positive impact on the price of rice.

But even after brilliant sunshine for the last few days the price of rice continued showing an upward trend and the rice traders were saying that the price of rice would not come

In 1998-99, when the country was visited by the devastating floods, import of 34.80 lakh metric tons of foodgrain in the private sector contributed to avert the catastrophe to a large extent. The government also did not come up this year with a food distribution programme to check the price spiral of foodgrain. The allegation is already there that the government lacked proper planning to handle the situation. The poor people of the country are suffering from hardships for the mistakes of the government. Immediate appropriate steps are necessary to remove their sufferings.

down before the *aman* harvest. It may be mentioned that the purchase of rice costs about 50 percent of the income of lower income groups, both in the rural and urban areas. Further, rice provides about 93 percent of the country's total cereal intake. Moreover, the price of rice has always been a sensitive issue to the government and the opposition in the country.

Domestic production plays the most important role in the fluctuation of the price of rice in the country.

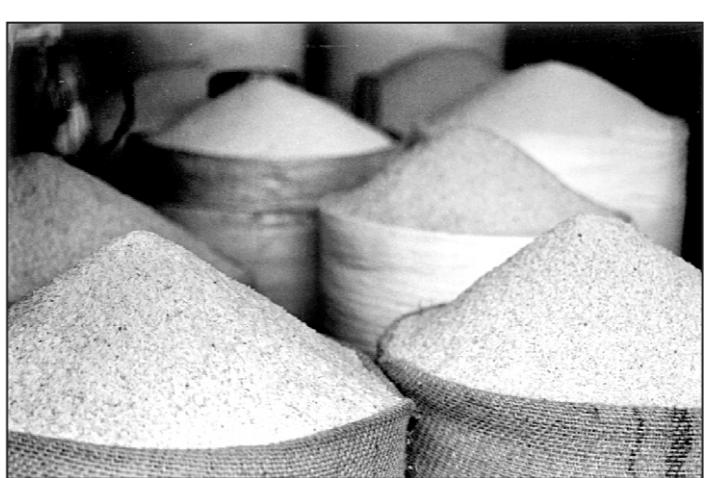
The Food Ministry's Database on Food Situation Bangladesh-2003 reveals that rice production in 2000-2001 stood at 250.85 lakh metric tons. But production of rice in 2001-2002 and 2002-2003 could not reach the level of 2000-2001. However, recent data reveals that in 2003-2004, rice production stood at 261.90 lakh metric tons which

means an increase of 11.05 lakh metric tons compared with 2000-2001 production. However, it should be noted that this marginal increase in rice production has been negated by net population growth of about 1.5 percent annually.

Secondly, domestic production of wheat, which provides for about 7 percent of the country's cereal intake, declined to 12.53 lakh metric tons in 2003-2004 from 16.73 lakh metric tons in 2000-2001.

Thirdly, there has been a sharp decline in food aid in recent years. The average yearly food aid of 9.3 lakh metric tons in the nineties came down to only 2.54 lakh metric tons in 2002-2003. It is learnt that in 2003-2004 food aid stood at 2.89 lakh metric tons only.

Fourthly, there has been a sharp decline in the import of rice in the private sector this year due to the



increase in prices in the international markets. Particularly, withdrawal of subsidy on foodgrain export by India has affected the import of rice in our private sector. It is reported that "importers did not get the expected amount of supply from India against their letters of credit."

Available data reveals that against 3.62 lakh metric tons of rice imported in the private sector between July and October, 2003, only 1.18 lakh metric tons of rice have been imported in the private sector between July 1 and October 13, 2004. Import of wheat in the private sector has also fallen short. The Ministry of Food and Disaster Management must be aware of this foodgrain availability situation. It should also be aware that due to floods, heavy rains, and other natural disasters, the price of

foodgrain shows an upward trend in the months of September and October almost every year.

Data available from the aforesaid source of the Ministry of Food and Disaster Management shows that in the month of July 2000-2001, 2001-2002, and 2002-2003, the average wholesale price of coarse rice per quintal was Tk. 1103, 1107, and 1228 (which comes to Tk. 11.03, 11.07, and 12.28 per kg) respectively.

In the month of October of 2001-2001, 2001-2002, and 2002-2003, the average wholesale price of coarse rice per quintal escalated to Tk. 1240, 1169, and 1343 (that comes to Tk. 12.40, 11.69, and 13.43 per kg) respectively. The retail price did not mark any significant difference.

It should be admitted that although the floods of July-August

and the recent heavy rain ravaged other sectors of the economy, yet there was little damage to crops like paddy and wheat. This is because of the fact that harvesting of *boro*, *aus*, and wheat had been finished before the floods came. The government thus cannot credibly come with the argument for damage to standing paddy or wheat by the floods.

It appears that the government could not visualise the sharp decline in the import of foodgrain by the private sector. In 2003-2004, foodgrain import in the private sector amounted to 29.66 lakh metric tons of which rice was 15.53 lakh metric tons. In 1998-99, when the country was visited by the devastating floods, import of 34.80 lakh metric tons of foodgrain in the private sector contributed to avert the catastrophe to a large extent. The government also did not come up this year with a food distribution programme to check the price spiral of foodgrain. The allegation is already there that the government lacked proper planning to handle the situation.

To conclude, the poor people of the country are suffering from hardships for the mistakes of the government. Immediate appropriate steps are necessary to remove their sufferings.

M. Abdul Latif Mondal is a former Secretary, Ministry of Food, Government of Bangladesh

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