

Millers account for 23pc of rice value chain

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Sources said finance and commerce ministries are working on the study findings to take further measures to check the sky rocketing of essentials' prices.

Commerce ministry is planning to hold meetings with different business associations by this month following which the government will take initiatives to check the prices of essentials.

The government is examining the CPD study and steps will be taken after examination of the study findings, Finance Adviser Mirza Azizul Islam said while

announcing the country's import policy last week.

The CPD's field survey team found existence of at least eight different marketing chains from production to marketing of rice to the retail market and the millers' margin was the highest, the study report said.

In case of domestic production, the study found that the difference between farm gate price (which included 20 per cent margin for farmer) and consumer's price at retail level was about 40 per cent of the retail value.

While the millers processing

cost was only about 2.3 per cent of the retail value, the margin accrued to the miller was about 23 per cent of the retail value, which appears to be rather high, the study revealed.

However, millers claimed that they determined the buying and selling price based on the market demand and supply situation (through their own market intelligence) taking cognizance of the import, import price and domestic production cost.

It was found in the course of the survey that millers tended to store rice procured from suppliers of various types of rice, during the harvesting season.

Millers process the paddy according to the market demand and the rest is stored from where the rice is milled gradually as per market signal.

Interestingly, various agents confirmed the existence of another invisible but influential agent between the millers and Arotdars (wholesalers).

It appeared that this agent known as 'trustee' in collaboration with millers and importers was largely responsible for retail price determination.

The trustee makes profit capitalising on its networking ability, market information, local influence and market reputation.

Market investigation of the survey however showed that this function cannot be readily substituted in the current context although its elimination could probably make the market more competitive.

The difference between import price and retail price was found to be about 15 per cent with the margin going to the importers, 'trustee', wholesalers and retailers.

Estimate of the rate of return

over working capital appears to show that rice market is rather competitive, although millers often tend to take advantage of the market supply-demand situation.

However, they have to take cognizance of the price of imported rice.

The study said a careful monitoring of the demand-supply situation and ensuring speedy imports in view of this appears to be the required strategy here. Encouraging more competition at the milling stage could be another strategy, it said.

The CPD also conducted studies on the items like wheat, lentil, edible oil, potatoes and onion to find out distribution of consumer's expenditure among different agents in the market from producers to retailers.

LAST WEEK'S CYCLONE

Seven bodies recovered

OUR CORRESPONDENT, Cox's Bazar

The unidentified bodies of seven victims of last week's cyclone were recovered in last two days from Cox's Bazar.

Of the seven, five were found on Teknaf beach and the rest on Baharchara beach of Saint Martin's.

District police sources said more than 50 fishermen and 10 boats are still missing.

Hundreds of relatives of the missing fishermen are still waiting on the Cox's Bazar beach, sources said.

Cox's Bazar Trawler Owners' Association secretary said they have sent a few trawlers in the Bay to recover more bodies and survivors, if found any.