

Balancing rice price



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REAZ AHMAD

RICE is our staple food, and it has always been a tough job balancing its price in a way that neither deprives the growers nor pummels the urban consumers. Ours is an agrarian economy and rice is the mainstay of the total agricultural output. As a result, the slightest of variations in rice price has a cascading effect on the overall economy.

Inflation rate of food items reached 13 percent in July, measured on a point-to-point basis, according to figures from the Bangladesh Bureau of Statistics (BBS). Overall inflation rate on point-to-point basis also crossed double digit and stood at 10.10 percent during the same month, it was 9.20 percent in June.

Besides, the latest inflationary data showed spiraling prices of food items. Inflation on food items increased by 2.63 percentage point in July to 12.45 percent, compared to 9.82 percent in June.

As Bangladeshi rice farmers occupy over 70 percent of the total land available for producing the staple only, the price of rice always has a significant impact on their

livelihoods. Thanks to the imbalanced dietary habit that we've got in Bangladesh, people here have to depend on rice for more than 75 percent of their daily average calorie intake.

So, rice price fluctuations do have serious ramifications on people who spend an overwhelmingly large sum of their food budget on rice. Here, it's also worth mentioning that people in the lower echelon of income have to spend comparatively more on food.

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Every year, the government does

so that it can release some in the market in time of necessity, i.e. if the market behaves erratically, for the purpose of open market sale (OMS), for running food-aided program like VGD (vulnerable group development), and for relief purposes.

The government procures the food from the growers at a price that it considers to be fair for the farmers. This procurement drive is intended to push up the market price a little, to prevent it from plummeting too low during harvesting season when the market gets glutted. But, more often than not, middlemen, and not the real growers, got benefited from this.

The share of food items in the consumption basket is about 63 percent in the rural areas and 49 percent in the urban area. Seven essential food items, including rice, wheat, flour, lentil, soybean oil, potato, onion and sugar, account for about 37 percent of the annual household expenditure of 20 percent of the population in the lowest income group. Soaring prices of essentials, especially food items, hit them the hardest.

The Daily Star quoted Trading Corporation of Bangladesh (TCB) data on September 11, reporting that the price of coarse rice

increased by 26.27 percent, flour 44.19 percent, lentil 10.40 percent, soybean oil 41.35 percent, onion 80.49 percent and potato 2.63 percent in the last one year. The price of sugar, however, went down by 31.33 percent during the same period.

While the people in the lower echelon of income poverty can do without a hilsa fish, the smallest of which is selling at Tk. 300 a piece now, and can forget about having an apple a day, they probably and certainly cannot make it without rice.

It's heartening that the government has already taken some initiatives to check inflation. In his last Sunday's address, the chief advisor mentioned some government programs, like Open Market Sale (OMS). Price of rice under OMS has been fixed at Tk 19 a kg, against the import cost of Tk 25 per kg. Import of 900,000 tonnes of food grains under government initiative, during the current fiscal year, is now being finalised.

The point to be pondered here is that while the one lakh plus MT rice is made available for OMS, the price of medium quality rice in the market ranges between Tk. 30 and Tk. 40 a kg – which is too much for the middle-income group that neither tends to queue-up for OMS nor finds it easy to buy rice in the market.

This year's two major deluges in quick succession, that hit over half of Bangladesh, wrought havoc on the season's main rice crop – aman. The first time, the seeds were destroyed, and the second time, that we're experiencing now, is washing away many crop fields.

Following the first wave, many

northern farmers had to procure aman seeds at a price higher than the usual, and those who lost the budding aman crops have lost twice.

Now the real predicament the government will be facing is negotiating between the conflicting interests of growers, who would be badly requiring some sort of price support after this flood-damaged aman season, and the consumers, who are already paying through their noses for almost every essential from rice, to green chili to chickpea (the last one largely consumed in the holy month of Ramadan).

The present condition hints that the countrywide floods this season might hamper targeted seasonal crop production and further increase inflationary pressure, though, on September 11, The Daily Star quoted a recent central bank report that expressed optimism about reining in inflation. The present inflationary situation has resulted from the devastating floods and is temporary, said the report submitted to government high-ups.

The report about present economic trends said a downward inflationary trend might be seen within a short time, with the implementation of the government's post-flood programs and increased credit flow from the banks. Besides, prices of essentials may go down as the government encourages private sector importers and increases public sector food import, the report added.

However, speakers at a workshop on "Dynamics of Food and Cash Transfers: Policy Discussion on the Results of Food and Cash Efficacy Study," held in the city on September 10, expressed concern

over the second round of flooding in various parts of the country, saying that it might have an adverse impact on the food production and, therefore, both the government and the donors should come up with more food assistance followed by cash incentives and employment opportunities for the affected.

Speaking as chief guest at the workshop, organised jointly by the Economic Relations Division (ERD) and the World Food Programme (WFP), ERD Secretary Aminul Islam Bhuiyan said the major challenge for food security of Bangladesh are the 56 million people of the country who are still below the calorie-intake-based poverty line.

"Of them, 27 million are living in extreme poverty, and they are also severely undernourished. This means our success in the availability of food coexists with very high prevalence of under-nourishment and malnutrition," he was quoted in a Daily Star report.

Presumably, the government would go to any length to support the farmers affected by the deluges, and ensure food security of the people. Unless the government, in league with the donors, NGOs, civil society members and all and sundry, puts in the best efforts, farmers are not going to reap better crops in the next dry season to offset the loss incurred in the current Aman season.

Government support should come in terms of proper and uninterrupted supplies of farm inputs, price support in the form of procuring farm output directly from the growers, ensuring fertiliser and diesel subsidy for irrigation, and guaranteeing that enhanced amount of agro-credit goes to those farmers who need the



AMIRUL RAJIV

credit.

If the government really wants to reach a balance in rice price best serving the interests of growers and the consumers alike, it's high time it provided the best possible support to the farmers so that they can provide the nation a good post-flood farm output without destabilising the market price of rice. Otherwise,

any further shortage of domestic rice output and its supply would mean more import – which both the government and the consumers can ill afford.

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Ex-pats in the country's development



In recent times, various measures have been initiated to harness the potentials of ex-pats, though sadly many of these initiatives failed to go beyond the issue of remittances, the "cash cow" dimension of expatriate contributions. There is now a need to recognise that beyond financial capital, the ex-pats can indeed bring valuable intellectual capital, which has the capacity to contribute to the economic development of the country in a more significant and sustainable manner than the former. Several countries in the world, such as India, Ireland and China have done just that. The key question is, how?

FAISAL M. RAHMAN

A San expatriate Bangladeshi, I very closely follow developments in Bangladesh through Bangladeshi TV channels (which are now available throughout the world), newspapers on the internet, and regular visits to my home country. A news item which caught my attention recently was the coverage in the Daily Star of a high level government and business leaders' dialogue held on September 5. While I am in general agreement with what CA Dr. Fakhruddin Ahmed and Finance Advisor Mirza Azizul Islam had to say, I was quite fascinated by some of the bold ideas put forward by General Moeen U. Ahmed.

I read with particular interest the plans to hold an international business conference on expatriates to bring more non-resident Bangladeshi investments and improve the current capacity deficits, especially in the technological and managerial sectors of socio-economic development.

There is no doubt that expatriate Bangladeshi (ex-pats) are already major contributors to the economic development of Bangladesh. The remittances of Bangladeshi workers abroad far exceed the contributions of any other sector, including the garment industry. In addition to the legal channels, millions more in hard currency come into Bangladesh from the same source.

Today, Bangladeshi can be found in almost every country – from America to Zambia. The range of vocations that Bangladeshi ex-pats are engaged in vary from cleaning kitchens to science and technology research, or lucrative finance jobs like managing hedge funds. They can be found in small numbers in some countries, but they are also to be found in such large numbers in some countries that they have assumed significant positions of importance even in political terms. Local politicians can no longer ignore the Bangladeshi community in important American cities like New York or Los Angeles. Most of the ex-pats successfully compete with locals and excel in the foreign environment. They are listened to, respected, and honoured by their peers in the host countries.

I remember with fondness two days of marathon negotiations with Dr. Trehan for creating a joint venture in Bangladesh, the results of which we should see soon in Dhaka. I found Dr. Trehan to be a colorful and controversial figure, with a fondness for

to the economic development of Bangladesh than hard currency remittances.

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Let me profile couple of case studies to demonstrate this. One is about a fellow Chicagoan named Sam Pitroda. Sam Pitroda is credited with revolutionising the telecommunication sector in India. Recruited as technology adviser to the Indian government in the 1980s by then prime minister Rajiv Gandhi, Sam Pitroda brought telephones to the most isolated regions of India through small, rural exchanges. Most importantly, he lit the flames of imagination that technology can provide access, and that access can be a true leveling force through transfer of knowledge. The current Indian Prime Minister Manmohan Singh has just appointed Sam Pitroda as chairman of the National Knowledge Commission. The name of the commission is indicative of its mission.

The other person is Dr. Naresh Trehan, who was at one time one of the most successful cardiologists practicing in New York. In his case too, Prime Minister Rajiv Gandhi was instrumental. The Indian Parliament passed a special piece of legislation granting Dr. Trehan exemption from income taxes as an incentive for him to give up his lucrative practice (rumoured to be earning \$2 million a year in New York at that time) and come to India. Rajeev Gandhi also put Dr. Trehan in touch with the Escort business conglomerate in India which funded the creation of a world class heart hospital chain in India.

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imperative steps are:

- Creating a database of successful ex-pats. Our embassies could play an important role in identifying such people throughout the world.
- Creating a number of national commissions consisting of experts drawn from expatriates and local residents. The commission should address within a strict timeline issues of national urgency and importance. Some ideas to consider might be – Economic Infrastructure Challenges to Facilitate Foreign Investment and economic Growth; Accreditation of Healthcare facilities; Use of Technology to Provide Education and Access to the Poor or Accessing Foreign Commercial Markets for Bangladeshi Products and Services.
- Offering incentive packages to attract "brain" in addition to remittances. This may include tax breaks, appointment of more "honorary consuls" from Bangladeshi expatriates, and assisting the experts with support services when they visit Bangladesh.
- Facilitating granting of "dual citizenship" to create stronger bonds, and allowing foreign residents to vote in the upcoming elections.
- Using expatriates as lobbyists in various foreign countries. They understand the levers of powers in the country of their residence and have credibility with local politicians.

While I cited the successful examples of India in using expatriate knowledge, China too has sought the help of successful Chinese expatriates from around the world. Once China decided to open itself to outsiders and chose the path of export to fast track growth, it invited successful Chinese expatriates to come back for short periods of time (at Chinese government expense, even though most paid their own way) to educate them on foreign markets, customs and buyers. They can be better consultants than those who are familiar with "both systems?"

Let's hope that the initiative on getting expatriates involved in the development process will be more than conference speeches, and that we will see real, concrete steps. Those who are familiar with the expatriate community know of their deep love for Bangladesh and their sense of patriotism. I can guarantee that the invitation to get involved will be reciprocated far beyond the expectations of anyone.

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A man given to reflection and introspection, Sadeque Bhai spoke with knowledge and intelligence. His experiences had mellowed his outlook as well as sharpened his senses, so his comments on most subjects were well thought out and provided a new perspective. A good listener and a highly knowledgeable person, his participation in conversations was both invigorating and enjoyable to those who were present. A humane person and a family man, he was a loving father and a responsible husband. A patriot, he exerted himself, as much as he could, to help the poor and the disadvantaged. As an education minister, he helped numerous people and tried to improve the education sector of Bangladesh. A kind and sensitive man, he was very close to the people of Keshabpur in Jessore, and had time for all no matter how humble their station in life.

SELINA MOHSIN

M R. A.S.H.K. Sadeque, former civil servant and education minister, was my Sadeque bhai. He passed away on the September 9th. This reality is difficult for me to grasp. Memories of him are vivid, and all attributes of this remarkable man come to mind. Perhaps this testifies to the quality of the man himself.

Sadeque Bhai and Bhabi were a unique couple, and complemented each other. Sadeque Bhai would sometimes get irritated over trivial things but Bhabi would always remain calm and serene.

She had a most endearing smile that gradually suffused and lighted up her pretty face. For me, it was like sunshine. She looked after Sadeque Bhai like an experienced gardener lovingly tending a rare plant.

I had known Sadeque Bhai for a good many years, but it appears I have known him all my life. We met in different countries. In Geneva, we met fleetingly, when he said something ironic about life and diplomatic service and we both laughed. As education minister, he attended the Commonwealth Education Ministers Meeting in Botswana. There, we used to hold long discussions on numerous topics, some humorous and some serious. From time to time, he would visit London, when I was working in the Commonwealth Secretariat.

Whenever he came to London he had a few special things to buy for Bhabi, and off we went shopping. I once purchased a bag for Bhabi which Sadeque Bhabhi had wanted to buy for her. Seeing what I had done, he immediately went to the perfume counter and bought a gift for me. No amount of remonstration from me could stop him. "I am like your elder brother, so don't say anything," he replied. After we finished shopping he would come to my place to have tea and spend some time in conversation.

I recall, in the summer, the fresh green leaves of the London plane trees would sway in the breeze against an ultramarine sky as we looked out of the large windows of my sitting room while my house-

keeper served tea and cakes.

Lazy afternoons spent happily in quality conversation. What a lot of topics we discussed! Once Sadeque Bhai came to London with Bhabi and we went to the theatre to see "King and I." After the theatre we came to my place for a late dinner and held a discussion on the characterisation of the King of Siam. Bhabi smiled and said: "I will eat while you two talk."

I would visit Bangladesh regularly while I was in the UK and always went to see Sadeque bhai and Bhabi. While the latter offered delicious hors d'oeuvres, Sadeque Bhai would press me to eat. Hospitality is common in Bangladesh, but hospitality with good cheer and conviviality is not. Later, when I returned to Bangladesh for good, the bonds of friendship and affection deepened, and I would ask Sadeque Bhai's opinion, advice, suggestions on almost all matters on a regular basis. He gave them after deep reflection, based on his long experience. If he thought advice was not necessary he left it to my discretion. But he was interested in the final outcome. This showed his concern and thoughtfulness.

He was a rare man whose friendship was not given lightly. But, when friendship was given it was with great deal of generosity and thoughtfulness. Sadeque Bhai had a heart problem from the age of 35, and if I did not hear from him for three days I called to find out how he was doing. He did the same with me. I would invite Sadeque Bhai and Bhabi regularly, and they would reciprocate with pleasure and good will.

Sadeque Bhai and I discussed almost all topics that we found interesting. And there were numerous. These included history, art, books, architecture, culture, philosophy, childhood experiences, children, current affairs, travel, environment, mutual friends and many others. He had the capacity of bringing a new dimension to most topics under discussion. I wanted to learn bridge and we held several bridge sessions. I used to learn bridge from his experience, while laughing and chattering at the same time. He

was the elder brother I never had, as well as a friend -- a very rare combination indeed.

A few months back, Sadeque Bhai and Bhabi went to USA as their daughter was giving birth to a child. It was a long trip. "I will miss Dhaka, especially now," he said. I replied: "Don't worry, I will send you e-mails with as much information as I can, and do come back soon." Later, I would send e-mails regularly with news of Bangladesh, about people we knew, about the weather, and little interesting things. He would read them out loud to Bhabi. In July, I wanted to go to Singapore and sent him a mail with numerous queries, and promptly came the detailed reply.

Sadeque Bhai returned to Bangladesh in end July. Bhabi was still in USA looking after her daughter and the new baby. Sadeque Bhai felt his wife's absence acutely. I understood, and would sometimes tease him over the phone: "Sadeque Bhai, now you realise how much you love Bhabhi?" He would grumble and reply: "Yes." It was rather strange that such a seasoned civil servant and a politician, who could speak objectively for hours on various topics was essentially shy. He was unable to express his profound feelings for his wife. This was expressed through gifts, thoughtful actions, and telephone calls to her whenever she was away.

He came to see me two weeks before he died. We discussed his trip to USA, my visit to Singapore, and other proposed trips while we ate "chanachur" and "shami kebab." Religion came up during the discussion, and I told him of the latest book by Karen Armstrong. He replied that he had bought a very good book on religion and I should read it. He would bring it next time when he came to see me. I invited him to have dinner with me and my son but he declined. He wanted to go home and call Bhabi in USA.

Soon after, my mother has a serious accident and I was extremely busy with work and hospital duty. I could not speak to Sadeque Bhai for quite a few days. Late one night, when I returned home from the hospital, I found a

message from him to call. I called him next morning and he informed me that he was going to Keshabpur in Jessore and would be back in a few days. "I will see you as soon as I return, and don't exhaust yourself," he said. "If Bhabi is staying