

Managing food crisis

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FAHMIDA KHATUN

At the first World Food Summit held in Rome in 1996, the heads of states of all countries in the world had reaffirmed the right of access to safe and nutritious food, consistent with the right to adequate food and fundamental right of everyone to be free from hunger. The world leaders at that time agreed to halve the number of hungry people in the world by 2015.

Now, 12 years on, the dream of the global community is about to wither away in view of the challenge of food crisis and skyrocketing food prices. Food and energy prices have hit at least 40 developing countries during the last year, and is feared to exist for a few more years. During January 2007 and January 2008, food inflation increased between 10 to 34 percent in these countries.

In Bangladesh, it reached 12 percent. Though global food and energy prices were on the increase since 2004-05 the rise during recent months has hit the hardest, with high probability of food and energy insecurity in future.

The reason for food price increase is the low global production of food, which has been lowest

in the last 25 years. Terming the situation as an international crisis the Food and Agricultural Organisation (FAO) warned that the present stock of world food would last only for 57 days.

On the other hand, consumption in some countries such as India and China has increased due to increased income. Along with these, is the export ban imposed by major rice exporting countries.

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Last year, farmers in the US used 20 percent of their maize production to produce high value ethanol, as the US president has announced that the use of petrol had to be reduced by 20 percent by 2017 in the US. Some African countries, too, are producing bio-fuels on 4 million hectares of land. The European Union and India are also planning to produce bio-fuels.

The current food crisis should be an eye opener for these countries, which were planning to reduce their dependence on environmentally polluting petrol and diesel, because alleviating hunger

is the priority at the moment. However, this will not reduce the food prices immediately as there are other factors that affect global food production.

First, the conflict between food and fuel will increase, with high demand for fuels by the rich countries and also the big emerging economies, such as India and China. The distribution of land for agriculture and land for fuels will be a major factor in limited food production.

Second, the ongoing Doha Round Negotiations of the World Trade Organisation (WTO) on agriculture will have an impact on net food importing countries. The objective of the negotiations is to withdraw domestic support given by the USA and the European Union. This implies that food importing countries like Bangladesh will have to buy at a higher price from the global market.

Third, the impact of climate change will be felt more frequently and severely by low-lying countries such as Bangladesh. Frequent floods, cyclones and extreme weather are indications of such danger. This will not only destroy production, it will also reduce the fertility of land and change cropping patterns.

Fourth, every year 90 million people are adding to the global

population, increasing the demand for food.

Given the present and future global scenario of food production, Bangladesh has to follow a two-pronged solution. Firstly, the procurement of boro rice has to be enough to face the crisis. We have learned in a bitter way how the recommendations of the donor agencies and international research organisations to keep rice stock of only for 30 to 45 days has made the country vulnerable.

Now, with a comfortable level of boro procurement, a balance between the procurement price and market price is required so that the farmers get the right price for their produce and feel encouraged to produce more in future and, at the same time, rice is available in the market at an affordable price for the poorer section of the society.

The government has fixed Tk 18 per kg for paddy and Tk 28 per kg for rice as the procurement price. This is a good step towards encouraging the farmers, as the average cost has been estimated to be Tk 12.77 per kg for boro paddy and Tk 20.26 per kg for boro rice. At the same time, rice milling and storage capacity should be increased.

Secondly, in view of the continuous price increase of fertiliser in the international market, the government should buy fertiliser now for the forthcoming aman season to minimise costs.

Ensuring food security also requires revisiting the whole paradigm of development strategy. The future of the economy of Bangladesh lies in a modern and dynamic agriculture sector.



Hard times

In the past, agriculture had been neglected and, as a result, its contribution to the gross domestic production has gone down to only 23 percent at present. However, in terms of employment, it is the single largest sector -- 48 percent of total employment in the country.

In order to develop a modern and high-yielding agriculture sector, we must use technology, marketing, extension and price support. More investment is needed for research and development of agriculture, which gets only 0.15 percent of the total budget. Agricultural inputs should be made available at a lower cost.

Import duty from irrigation pumps may be withdrawn in the budget for 2008-09. Distribution of good quality seeds and adequate fertiliser is essential. Farmers should be provided with modern training so that production can be increased with the use of balanced fertiliser, seed and irrigation.

During this crisis, many countries have banned food export. This has further squeezed the global rice market, where only 7 percent of total global production is traded. And the number of customers for this limited supply is large. Out of 50 least developed countries 41 are food-importing countries. This

only shows that we have to be self-reliant, not merely self-sufficient, by increasing our food production.

Given the fact for food prices will not go down substantially soon, as production cost has increased with high cost of fuel and other inputs, the poor and the low income earners should be provided with opportunities for employment.

Social safety net programs such as vulnerable group feeding, vulnerable group development, food for work and allowances for the destitute will have to be broadened, and a guaranteed employment scheme has to be ensured so that the purchasing power of the

poor is increased. Food security and eradication of hunger cannot be addressed fully through the availability of food only. Adequate food availability creates the necessary condition for eradication of hunger, but the ideal condition for food security is achieved through effective entitlement, that is, through a combination of purchasing power and public provisioning.

The problem of food security is deeply rooted in the larger issues of poverty and deprivation, and also linked with policies within and outside the borders of the country.

As Amartya Sen wrote: "There is no 'magic bullet' to deal with the entrenched problem of hunger in the world. It requires political leadership in encouraging democratic governments in the world, including support for multi-party elections, open public discussions, elimination of press censorship, and also economic support for independent news media and rapid dissemination of information and analysis. It also requires visionary economic policies which both encourages trade (especially allowing exports from poorer countries into the markets of the rich), but also reforms (involving patent laws, technology transfer etc) to dramatically reduce deprivation in the poorer countries (June 2002, The Observer)." While dealing with the food crisis the policy makers have to keep this in mind. It is a multifaceted phenomenon, and, therefore, the solution has to be a multifaceted one.

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Woes of the housing industry

So why is this important sector of our economy ailing? It directly employs about 1 million people, contributes about 15% to the country's GDP, and has provided a lucrative and respectable employment to the country's engineers and architects, which hitherto was limited to either poorly paid government jobs or migration to the Middle East.

ARSHI HAIDER

It is often said that the housing industry is a fair barometer of the country's economy. Invariably, a successful and thriving economy is represented by a booming real-estate market. A few good examples are Hong Kong and Singapore in the recent past, and India, China, Dubai at present.

This "barometer" has also performed pretty accurately in Bangladesh, or, more specifically, in Dhaka. For certain periods of time over the last ten years, our economy has been prospering, and during that time the housing industry has witnessed a boom. But if one is to assess the present health of our economy, based on the condition of the housing industry, then it can surely be termed "poor."

In the last five years, the members of the Real Estate and Housing Association of Bangladesh (Rehab) constructed the following numbers of apartment units in Dhaka: 2003 - 4465 units, 2004 - 5075 units, 2005 - 5785 units, 2006 - 6433 units, and 2007 - 5800 units.

As we can see, the rising trend of growth was suddenly jolted in 2007. One quarter of the way into 2008, from the unofficial information available, the situation has deteriorated further.

So why is this important sector of our economy ailing? It directly employs about 1 million people, contributes about 15% to the country's GDP, and has provided a lucrative and respectable employment to the country's engineers and architects, which hitherto was limited to either poorly paid government jobs or migration to the Middle East.

Furthermore, the housing industry has been responsible for the setting up of the numerous factories -- cement, sanitary ware, ceramic tile, UPVC pipe, brick, electric cable, and aluminium section -- and has single-handedly revived the fortune of the doomed M.S. rod industry.

The simple answer to the above question is the total apathy of the successive governments towards this sector. Instead of nurturing of the housing industry with encouraging policies and incentives, it has been repeatedly held back by regressive policies.

Implementation of the following suggestions will be helpful for this ailing sector.

- Housing was declared as an industry in 1991. But, to date, it has not been recognised as an industry, and not been given any benefit. To give a boost to this ailing sector, the government

should extend a 5-year tax holiday in line with the facility offered to other industries.

Until last year, the income tax on this sector under section 53 FF was a flat rate of Tk.150/sqm. In the last budget, this was increased to Tk.250/sqm. This amount is payable even if the company makes a loss.

However, if the company makes a profit of more than Tk.625/sqm, then even though the law has made no provision, the income tax authority will impose income tax at 40% on the profit above Tk.625/sqm. If, under section 53 FF, Tk.250/sqm is the final settlement of tax liability, on what grounds is the income tax department imposing taxes beyond the stipulated rate?

This may force companies to under-declare profits and hence create black money.

- If housing is an industry, why is it paying electricity, gas, water, and sewerage charges at the highest rates? For example, the garment industry pays a flat rate of Tk.3.80/kwh for electricity but the housing industry, during construction, is paying Tk.10.60/kwh. Utility services should be provided to this industry at rates that are commensurate with other industries.

- Capital goods, plant and machinery can normally be imported by industries at a low duty tariff. For the housing industry, importing capital goods such as shuttering materials, props, and overhead cranes etc, should be accorded the same facility.

Presently, we are practicing archaic methods by using wooden planks and bamboo props. This is not only expensive but also depletes the environment of precious trees.

- The housing sector uses many imported items, such as wooden doors, mortise locks, electric switches, waterproofing compounds etc., which are all basic raw materials for this industry and should, therefore, be allowed to be imported at a low import duty rate.

- Cement is one of the main raw materials used in the housing industry, which local manufacturers are selling at a highly inflated Tk.350/bag. Imported cement would cost Tk.250/bag. However, the import duty structure has made it unfeasible to import cement.

The government is penalising the housing industry in order to provide protection to the cement manufacturers. The housing industry should be allowed to import cement as an industrial raw materials at the lowest import duty rate.

- It is heartening to see that the government has finally woken up to control the sky-rocketing price of M.S. rod. Many projects were taken up by the developers when the price of M.S. rod was Tk.45,000/ton, which has shot up

to Tk.75,000/ton now.

The developer has, in the meantime, sold the apartments on a costing of Tk.45,000/ton for M.S. rod. How is he going to recover his losses? It is understood that the government is considering giving subsidy for this abnormal price hike to contractors who have taken on government construction projects. Why not extend the same subsidies to the real estate developers?

- The cost of registration of property in Bangladesh is probably one of the highest in the world. After paying stamp duty, gain tax and registration charges, the total amount comes to 15% of the property value.

This cost should be brought down to 10% maximum. Furthermore, once this registration cost is paid for the purchase of a particular apartment, there should be a maximum of 5% registration cost involved for resale of the apartment. This would also give a fillip to the secondary market.

- From 1999 up to the fiscal year July 2006 - June 2007, Section 19B of the Finance Act allowed legitimising undeclared wealth by investing in the purchase of apartments. After 1/11, the present government abolished this provision. This was a big blow to the housing industry.

I remember meeting the finance advisor around this time last year along with some members of Rehab, and when we made a request that he not withdraw this provision in the ensuing budget he was adamant.

He said that this provision in the Finance Act was morally unacceptable

and went against the basic philosophy of the present government. As responsible citizens we could not argue with the honourable finance advisor on issues of morality. However, I did wonder whether it would mean that the said undeclared wealth would now go into the hands of a real estate developer in Dubai or Malaysia.

Nevertheless, it was encouraging to note from a recent newspaper article that the government is now once again considering allowing undeclared wealth (not ill-gotten wealth) to be invested in industries. Since housing is an industry, one would hope that it is not exempted from this policy.

- The Bangladesh Bank allocated Tk.100 crore, available for the fiscal year 2007-2008, for housing loans for the middle and lower income groups. So far, the financial institutions have apparently disbursed less than 8 percent of the money available for the year.

The terms and conditions for this loan have been made so impractical that virtually everybody is disqualified from availing it. The authorities should rationalise the policy so that the middle-income buyer of flats can easily avail this loan.

Housing is one of the basic rights of every citizen. "Housing for all" should not merely be an empty political slogan. The government should create an environment with encouraging policies so that the housing industry can flourish, and this will also be a great boon for our national economy.

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In Asian elections we are all losers

TODAY is the anniversary of the first time a US president appeared on TV: Franklin D. Roosevelt in 1939. These days we have wall-to-wall coverage of these guys. Who cares? The three people campaigning for the job today may have very different faces, but from an Asian point of view, they are triplets. They are all in favour of money, democracy, and the continued export of American, er, "culture." (I use the term broadly.)

Elections in this region are much more varied and curious than Western ones. Often we have to choose from a list only one name long. Sometimes dead people stand for election (India). Sometimes dead people win (North Korea). Sometimes people win whom we soon wish were dead (lots of places).

Hundreds of articles are written about people who win elections, so let's instead focus on the losers (a term which in Asia usually encompasses failed candidates plus all the residents of the place in question).

First prize in the losers category goes to the members of a historical association in Beijing who raised 240,000 yuan and gave it to a man claiming to be revolutionary leader Sun Yat-sen making a political comeback. The flaw in his argument: Sun has been dead for eight decades. But the imposter tricked the history-lovers by the incredibly clever trick of telling them that rumours of his death had been et cetera, et cetera. The supporters accepted this argument, despite it indicating that Sun was one and a half centuries old (Sun died in 1925 aged 69). Police eventually arrested the guy.

No doubt these history-lovers, chastened by the experience, will divert their funds to some worthier candidate, and are at this moment actively inquiring whether Confucius or Buddha are standing for local party chief somewhere.

Occasionally one encounters a person who is a loser by choice, such as Ajit Kumar Jain, who wants to get into the Guinness Book of Records as the world's ultimate loser (when that position is vacated by Britney Spears, that is.) The factory worker from India's Madhya Pradesh has stood in seven national, nine state, and seven civic elections, and proudly lost them all. He uses a handcart as a campaign vehicle and his total expenses for his latest bid for national power added up to the equivalent of \$7. In terms of publicity achieved against money spent, he's probably performing better than Barack Obama or Hillary Clinton.

But perhaps the title of "ultimate loser" should not go to someone in the political field at all, but to an exam candidate. When Shivdan Yadav of Rajasthan was 18, he said he would get married, after he had passed his Class 10 examination. He failed the test, so his parents asked the girl they had lined up for him to wait a year. He failed the next year as well, and the one following. Shivdan took a vow that he would not marry without a Class 10 pass. He is now in his late 50s, and has taken the same exam 38 times without success. He was still single last time I checked.

Don't worry about the girl. Terrified of reaching old age (that is, her twenties) without a husband, she married someone else 40 years ago. Perhaps it was Sun Yat-sen. After all, way back then he would have only been a sprightly 112-year-old.

On the subject of total losers, check out our columnist's website: www.vittachi.com.

Art for Ray's sake

Satyajit has left a priceless heritage in the field of art. The many international laurels, such as the Legion of Honour personally conferred by late French President Mitterrand and, finally, the Oscar that he won, are only a modest realisation of his unique qualities. For such a person, seventy is certainly too early to die. The world today is so much the poorer. How one wishes he had lived longer.

MOINUDDIN CHISTI

APRIL 23 was the sixteenth death anniversary of Satyajit Ray. The extraordinary talent of Satyajit Ray came to mean a great deal of pride and honour for anyone born in the sub-continent. What started as a daring exposure of life under rural poverty in Pather Panchali, Ray continued in his long journey and went on to open up new vistas in the difficult task of cinematic art. To this world of art, however, Ray was a relative newcomer. But, such was the power of his creative genius that he met with success almost from the very start.

Like a boy peeping in wonder through the key-hole, Ray put his eyes on the camera only to discover

outside a world full of pathos and poverty, struggle and starvation. But the pangs and conflicts of the middle class and the rich were also created by him with equal ease and perfection.

Life supported on eked out existence however, did never lose its meaning to him. Humanity to him was more important than affluence, values more sacred than abundance. Ray's overriding concern was for human suffering matched only by his abiding interest and faith in human values and human capacities.

His works are to be seen in reality and not in the surreal. He was searching truthfully, through the camera, to portray life as it is and the world that really exists. In so doing, he laid bare the stark reality that

shakes and then crushes a man, but never destroys him completely.

He takes us almost on a guided tour into the lives of the people, into the thatched huts and also into their ballrooms and parlours. Every bit of it is created with care, compassion and skill, and with an unequalled mastery.

Watching Ray's films is like getting involved in them. It is impossible not to get deeply and passionately addicted to his works. One would walk out of his movies almost a new man, enriched with a hitherto unknown emotional experience.

In each of his films, Ray would delve deep into unknown fathoms of the human mind to bring out the various intricacies in human relationships. He would also discover

music and poetry; beauty and colour in the meadows, in the grass, in the woods and in the skies, which an ordinary eye would overlook.

He would make us see the difference between a character and a comic, between the real and the fake. In the celluloid world of make-belief, Ray told his stories with unpretentious simplicity, making no effort to either hide or show more than what was necessary.

With the sensitivity of the great artist that he was, Ray portrays in the cinema what in different circumstances would appear in a good painting or poetry. In other words, he was creating in film such an art form that it raised itself to a sublime level.

Ray was an intellectual and an artist. To him life was a mistake or, at best, an accident, but must be lived on, however futile. The rural landscape finds expression in Ray's films like never before.

With the sensitive eye of an artist, each of his films goes to extraordinary lengths in recreating nature that is. The beauty of the night breaking into a wintry dawn, for

example, is photographed with amazing and incredible accuracy, placing the camera at the most impossible angles.

Ray had two main advantages. First, the Indian, now the sub-continent, cultured society starved of good films, and secondly, the Bengali intellectual tradition. The class of erudite gentry that was reared in the true tradition of Tagore and partly Nazrul gave lead to a quiet yet powerful neo-realist movement that continued to inspire Ray in making his films.

He searched the materials of his marvels from the contemporary society that was locked in a grim battle for survival and in crisis of values.

Never did he have to look outside to collect his elements; nor was poverty his primary or only concern. With a Bengali intellectual class ready and eager to see a new form of art, Ray did not have to worry much about the reception of his creations.

The educated and non educated cine-goers were there all the time, waiting, perhaps, for a Ray to appear

in the celluloid world and show what they had already been enjoying in literature, poetry and, of course, paintings and music.

What sets Ray apart from others is probably his uncanny perception of life and people. The recreation of the faces, sometimes with suffering and age write large on them, the characters and nature that we see around us, is done with such superb craft that they assume special significance. We are made to see and often forced to agree with the message that lies underneath all his works, not so subtly.

Satyajit has left a priceless heritage in the field of art. The many international laurels, such as the Legion of Honour personally conferred by late French President Mitterrand and, finally, the Oscar that he won, are only a modest realisation of his unique qualities. For such a person, seventy is certainly too early to die. The world today is so much the poorer. How one wishes he had lived longer.

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