

# Lighten their load

Commercial banks do not give loans to farmers, but crop or agricultural loan is given to these chatal owners or input sellers. Thus, the loan meant for poor farmers goes to people who are not directly related with cultivation, and is used for exploiting farmers and distorting the market price.

A.S.M. SHAHIDUL HAQUE

LACK of finance is identified as one of the main problems for the poor farmers in investing in agriculture in Bangladesh. It was also found in a study that farmers used their own savings in cultivation along with money borrowed from others (money lenders) on interest. The interest rate is generally 10% for every month. Another source of investment is credit, which is received in terms of input from the traders. The interest is built-in into the sales price of inputs used in cultivation. For example, seeds can be purchased on credit at a higher price. Farmers pay back the amount after selling their products.

Farmers generally cultivate their own land, while many take lands under sharecropping. Some farmers also take lease of land from other farmers. Some large and medium farmers sometimes engage sharecroppers to cultivate their land. The decision to cultivate different types of crop is often taken after calculating profit based on market price.

Farmers are very conscious about the costs involved in cultivation and the subsequent return. Financial

capacity, land condition, market price of crop, availability of inputs, knowledge of farming techniques, transportation, storage and other socioeconomic realities force them to decide which crop to cultivate. The decision is not a linear process, though finance is a major component in the decision making process.

It seems that profitability is one of the main reasons for cultivating cash crops. However, poor farmers think about food security and try to cultivate rice as far as possible. Moreover, many farmers are cautious in calculating profitability, and take into account the cost of irrigation, fertiliser, seed, labour and other related cost.

The production cost depends on the land quality, which differs from mainland to char and from char to char. Some farmers may need to spend more on irrigation and fertiliser than others. The difference in production costs also reflects the unwillingness or inability of the farmer to use the right inputs at the right time. Farmers who have income from other sources besides along with agriculture earn more than the farmers who depend on earnings from agriculture only.

Commercial banks do not give loans to farmers because:

- Most farmers do not have updated land papers.
- Most commercial and private banks do not have branches where farmers can get easy access.
- High risk because cultivation in Bangladesh is heavily dependent on nature.
- There is uncertainty about loan recovery.
- Banks do not have enough manpower to monitor the situation.

Micro Finance Institutions (MFIs) on the other hand are also not very interested in giving crop loans to individuals farmers for a season. The want groups and cumulative responsibility for granting loans. Moreover, weekly loan repayment schedule is not at all suitable for crop loan. So, poor farmers do not have any alternative but to go to local money lenders for financing agriculture.

The decision about how much money to borrow or how much credit to take depends on the profitability of the crop they plan to cultivate. If high profitability is assumed, then they may feel encouraged to take more loan or credit. On the other hand, low profitability will discourage them from taking loan and credit. Farmers judge the profitability of certain crops on the previous year's market price.

The judgment can go seriously wrong. For example, the market price of jute this year was comparatively high at grower level. So, the farmers may

decide to grow jute in the next season. Then more supply will decrease the market price of jute. Next year low market price will discourage farmers from cultivating jute. Again, lack of supply will increase the price. The point is market information and market mechanisms are not very clearly understood by our farmers. They depend on limited information and thus suffer more. The scenario is similar for all other major crops production in Bangladesh.

The lion's share of the profit (if any) goes to moneylenders or to input sellers. On the other hand, if loss is incurred then it falls on the farmer. The pressure for loan repayment forces farmers to sell their crops early in the harvesting season when, generally, the market price is low. Moneylenders again take the benefit of low selling price, middlemen, input sellers, bulk purchasers as well as chatal owners who have storage facilities and can invest large sums of money.

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The government, took many initiatives particularly by the central bank, to ensure loans for farmers. Indeed, financial support is vital for increasing agricultural production. There was a time when the agricultural sector contributed about 50% of the GDP, but it



Burdened with debt.

has come down to about 20%. If proper support can be given in terms of finance, quality inputs, technology, fertiliser, irrigation, transportation as well as fair price, this sector can take the country much higher.

The question remains about the role of commercial banks (public and private) in disbursing loans to genuine farmers, who are not receiving loans despite huge allocations. There are problems in the banking process. Surely new and innovative ways and means are required to overcome the barriers for granting loans to needy farmers. The call by the governor to use dhul to identify genuine farmers in the hats reflects the need for such innovations.

Experts from the government, central bank, commercial banks, MFIs, NGOs, educationists, and civil society need to sit together to address this issue. Until and unless the agricultural sector becomes vibrant, the economy of Bangladesh will not be able to break out of the "poverty trap." If the agricultural sector could get only a fraction of the financial support that was given to boost the RMG sector, it could do miracles. Concerned people should think about the financial problems of the poor farmers and suggest ways and means to ensure finance for agricultural production on an urgent basis.

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# Chasing a chimera

Leaders have sung the song of change and the voters have responded passionately. Has the change set in? This question has remained unanswered, as no visible change has taken place in Bangladesh so far.

Z.A. KHAN

DEMOCRATS swept to power in the US hustings of 2008 promising change. Liberals won a landslide victory after 54 years in Japan assuring change, the slogan of change helped Awami League to win in Bangladesh, and in India Congress used the "change card" effectively to route BJP while in Nepal change has demolished the 150 years old monarchy to install democracy (thankfully).

For whom the bell for change tolled is a realistic question, the answer to which is hard to come by -- especially in the context of the third world countries. Leaders have sung the song of change and the voters have responded passionately. Has the change set in? This question has remained unanswered, as no visible change has taken place in Bangladesh so far.

Unfortunately, the professional political leaders, whose mouths turned dry highlighting the need for change, have changed gear since they sat on the driving seat. The chameleons of our political domain wear tailor made facades befitting (benefiting?) the situation. The apple cart has turned turtle as change is not seen to be in the offing as yet. It is still the same old wine in a new bottle.

Denial, deceit and slyness continue

to befall the simpletons called voters. People wanted democracy, which has been willfully made captive. They voted hoping for at least food, shelter and clothing, but they continue to starve and live on rooftops or in makeshift houses; our textile industry is in a coma or too feeble to produce affordable cloth to clothe the people. Cyclone Aila left many on our coastline destitute, and who have been left with no choice but to parade in the pavements of Dhaka's affluent neighbourhoods with begging bowl. They regretfully refuse to admit that "they too belong" here, there or anywhere. They feel they are non-existent.

We prayed to the wind to bring change. It has gratified us (or a few lucky ones with accidental pedigree), but I very often wonder when the wind will generate a catastrophic cyclone to turn the change a full circle and inflict same-side injury. May Allah spare us of such an all-devouring cataclysm. Awestruck benefactors of humanity are still hiding their light behind the bushel.

The power of humanity injected by Henry Dunant, the founder of the Red Cross movement, has been torn apart (not everywhere), which is enormously affecting its bid to protect the endangered millions of people in the third world. The deprived and the aggrieved

millions are moving from pillar to post, asking, "what change have you brought for us? We neither feel nor see any visible change in our political culture. We hoped that new leadership would emerge to implement a new agenda, which would transform the current political demeanour (as it has a colonial stance) into one that would

the majority of the people have a roof over their heads. They barely have an overhead cover, which cannot protect them from natural vagaries that generate diseases -- which hastens their extinction.

Will their extinction give relief to the political leadership? Yes, it will if they think that the fewer the people the

south and south west of Bangladesh to kill people to herald the cleansing of the nation of unscrupulous politicians and businessmen.

We are already getting a glimpse of their strategy. Crossfire operations may sign the death warrants of a few, but it cannot stop hungry wolves from attacking the perpetrators of denial and deprivation. I personally do not support the politics of violence, but I am not sure whether my likes or dislikes would impress them not to resort to violence.

What is the remedy then? The premise of this paper may not be fitting for an analytical approach to the subject. A few general suggestions can be made for the researchers to draw a cue from, and to conduct mental gymnastics so that some solutions can be evolved. Many scholarly studies had been pursued and suggestions given in the past, but they were not favoured by the political leadership. The following may be considered for research:

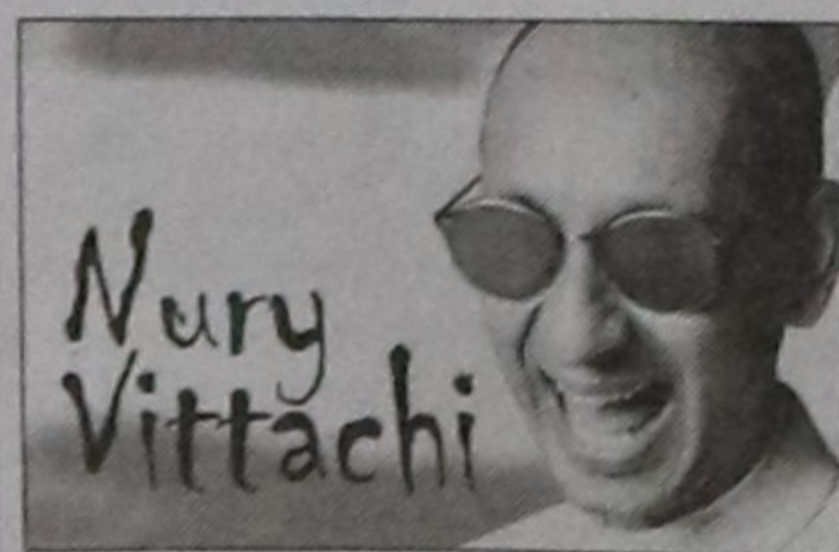
- Political leadership should not be installed. The leaders must climb the ladder from ground zero. This will enable the people to know them and to assess their ability to lead.
- Leaders must be proactive to promote networking with the community, neighbourhood and individuals so that they are able to ascertain the people's mood.
- All political institutions should be built or renovated for democracy, which is now a captive, to flourish.
- Political parties must hold national conventions at least once every alternate year to enable them to upgrade

their capabilities, which should match the need of the hour.

- Any "idee fixe" in choosing the leadership should not be buttressed.
- The tenure of the party posts should be decided on the basis of performance and not by the legacy of pedigree.
- The old must make way for the new to refurbish the parties to make them time and environment friendly.
- A mechanism must be evolved at state level to discipline prodigal politicians from using money power to coerce or cajole or entice people to support their personal agenda.
- Assessment of the government's performance in implementing pre-election pledges should be made objectively by the think-tanks designated by the Parliament or the Election Commission, and this should be made public. This will help people to decide on their future course of action.
- Corruption should be routed, and the corrupt should be unmasked through legal means to arouse public abhorrence and create social boycott. The media could be enormously helpful.
- Rules should be enacted in the parliament to restrain government officials from a taking partisan stance.
- Political violence must be curbed by legal measures, and zero tolerance should be shown during implementation.

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# 22 phrases from referees letters



MY friend candy so gave up her job as an accountant to focus on raising her three little boys (or four, if you count her husband).

One recent lunchtime we gave her the job of sorting out the bill after a restaurant meal for 50, among whom were meat-eaters, vegetarians, children, people on strange diets, individuals doing religious fasts, and my

youngest child, who would only eat items colored green. (Now you know why I carry bottles of food coloring with me).

Working out who should pay what was harder than sorting out the collapse of Lehman Bros (and involved roughly the same amount of money).

"Why don't you go back to work?" I commented. "You do the same thing but get paid."

But I wasn't serious. The job market is a mess. One financial headhunter friend said she was seeing mass layoffs and staff-shortages at the same time. "And sometimes in the same firm," she said.

But the thing she said that really stuck in my mind was this. Ninety per cent of "referee" recommendation letters contained the same few

phrases. "There are only about 20 of these terms, and people just use them in a different order each time," she said.

After 17 years reading referee letters and meeting the candidates they supposedly describe, this headhunter now recognizes what each phrase really means.

First, the adjectives. "Loyal" means "Couldn't get a job anywhere else."

"Quick thinker" means "Comes up with amazing excuses for failing every task."

"Ambitious" means "Obnoxious." "Aggressive" means "Highly obnoxious."

"Has leadership qualities" means "Highly obnoxious and tall."

Then come the phrases describing

personal qualities.

"Good communicator" means "She is the office gossip."

"Team player" means "Bone idle when left to himself."

"Social" means "Heavy drinker."

"Highly social" means "Party animal," and "Works hard, plays hard" means "Certified alcoholic."

Then come the phrases describing work habits.

"Self-starter" means "Runs his own small business on office time and thinks we don't know."

"Shows Initiative" means "Runs a major listed company on office time and thinks we don't know."

"Good sense of humor" means "Spends his time forwarding joke emails."

"Works long hours" means "Always misses deadlines."

Particularly important are phrases showing "gray area" skills.

"Good negotiation skills" means "Expert in bribery."

"Good dealmaker" means "Expert in corruption."

"Never takes no for an answer" means "Expert in blackmail."

"First in the office every morning" means "works as an industrial spy checking you out on behalf of your competitors."

And last but not least, there are the phrases giving clues about the candidate's personal qualities.

"Has long list of qualifications" means "spent ten years at university because he was unable to tear himself

away from beer, bowling and bars."

"Meticulous" means "covers his tracks well."

And "Live-wire" means "Sexual harasser."

The most dangerous phrase to find in a referee letter, she told me, was "fun to have around." She said: "I've seen it twice, and both times it meant 'this guy is completely useless but he's a friend of my daughter so I promised to write a positive recommendation.'"

Anyway, it's time for me to wrap up this posting and do some serious work. I've just remembered that my last appraisal form said I was loyal, social and fun to have around. I thought it was a compliment.

To know more referee letters visit our columnist at [nuryjtypepad.com](mailto:nuryjtypepad.com)