

Commodities



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Onion: a pungent cry

KHONDOKER MD SHOYEB

INDIAN onions would only be included in salads at five-star hotel dining here if Bangladesh could meet demand for the commodity with local produce. The country would not have to sacrifice the timeless tastes of Bangladeshi cuisine because of cooking with the less-in-flavour Indian onions.

This is what Narayan Chandra Saha, an onion importer at Shyambazar in Old Dhaka, feels. He was speaking to The Daily Star on the recent hike in onion prices and its current market scenario.

The businessman pointed at the recent floods in Indian states for the hike. "The floods once again showed us how dependent we are on Indian onions."

Local onions are better than Indian ones, and are more expensive as well. Import makes the balance, Saha said. "If there were no floods, the import of onions would not have been hampered and there would not be any price spiral."

Nearly 80 to 100 trucks laden with Indian onions entered Bangladesh every day since the end of March through the Benapole, Bhomra, Hili and Sonamasjid land ports, he said. On the other hand, nearly 200 tonnes of local onions come to Dhaka from different districts in Bangladesh.

Local and Indian onions are usually priced at Tk 18-20 a kilogram and Tk 20-22 a kilogram this season, Saha said. "But prices of local onions went up to Tk 70 a kg in the absence of its Indian options, thanks to an export ban by the Indian agriculture ministry from December 20, 2010, after the floods."

"The ban influenced Bangladeshi growers to harvest bulb onions even before maturity, in hopes of making some early profit, pulling the onions production down to 8 maunds from 12 maunds."

Bangladesh is not rich in onions. The product is farmed in a few districts, like Faridpur, Rajbari, Ishwardi, Shariyatpur, Kushtia, Pabna, Madaripur, Meherpur, Chuadanga and Manikganj.



Narayan Chandra Saha

Because of the ban, local onions are now sold in the market. "We have already finished selling the onions that came from Ishwardi. We sold three fourths of the onions from Pabna. Now, onions from Faridpur are ruling the market." "But the best onions will come from Meherpur this season after 15 to 20 days," Saha said.

"The bulb onions were never treated as regular onions as those taste much lighter than other varieties and cannot be stored for more than 10 days."

The storage variety of onions will appear in March and can be found in markets till December. These onions have a storage life of 8 to 10 months.

The storage onions provide 4-times better produce than bulb onions, he said. "People are selling storage onions at around Tk 1,500 a maund, almost two times more than the purchasing price of Tk 650-700 a maund last year."

Bangladesh can hardly meet its five-month demand for onions with local produce. Moreover, business-people release the onions in stages, depending on market prices.

This season, storage onions may be priced at Tk 800-900 a maund, while a large portion will be stored, he said.

The storage onions are rain-sensitive. "There will be a huge loss if it rains in February, as growers will not get a second chance to farm the variety again this season."

Bulb onions are usually found till mid March, while storage onion production starts at the end of March. "If there are no natural calamities in the next 2 to 3 months, onion production will be huge this time."

But Bangladesh should work for self-sufficiency in onions, Saha recommended. The government could restrict Indian onions from entering Bangladesh for at least two to three months, when local variety hits the markets, he said. "This will ensure good prices for farmers and inspire them to allocate more lands to produce the vegetable next year."

"Our agriculture ministry should actively work to find out why all the 64 districts in Bangladesh can't produce onions. But the government should think about the consequences of what would happen if the Indian floods did not occur in the peak season of our local onions."

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Asia to face food crisis

KHONDOKER MD SHOYEB

NOT too many good things have happened in Asia in the last few months.

The region has suffered natural calamities, with the most devastating floods appearing before South Asia.

None of Asian countries are self-sufficient in all commodities. The floods hurt even countries that enjoy a comparatively better position, in case of food security.

Floods have washed over many South Asian countries, including Sri Lanka, India, Pakistan and Nepal, resulting in food inflation.

Bangladesh, one of the poorest countries in the world, depends on others for most of its food items. It is hardly possible to find a commodity that Bangladesh does not import.

Inflation in Bangladesh has been steadily rising in fiscal 2009-10, Bangladesh Bank said in its annual report for the year. "The declining trend in average inflation that started from October 2008 ended in October 2009 and then began to rise in November 2009."

Inflation in Bangladesh is largely driven by food prices. The annual average and point-to-point food inflation depicted mainly upward trends in fiscal 2010. The annual average food inflation surged to 7.54 percent in November 2010, up from 5.1 percent in October 2009 against 7.2 percent in fiscal 2009.

Food prices in international markets have been soaring mainly because of a crop failure in Australia, following an invasion of locusts and a wet summer in Canada. Wheat prices already reached a two-year high, acting on a ban on grain exports due to drought in Russia and rotting stocks of grains in India.

The UN Food and Agriculture Organisation said in a report early this month that sugar and meat prices were at their highest levels since its records began in 1990. For wheat, rice, corn and other cereals, prices were at their highest since the 2008 crisis.

The South Asian countries, particularly the Saarc countries,

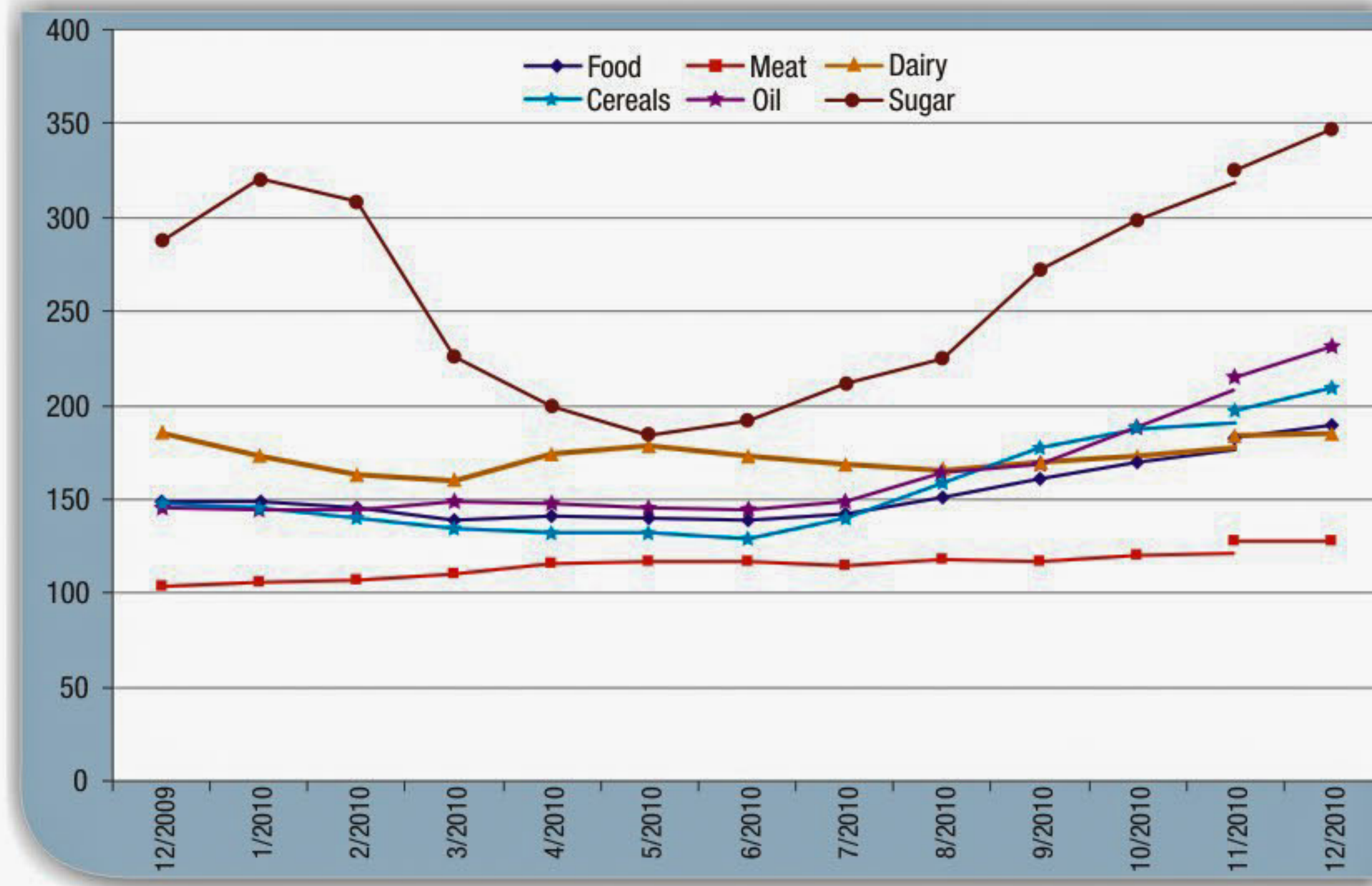
depicted higher inflation in fiscal 2009-10. Among those countries, India, Nepal and Pakistan showed double digit inflation. India topped the list with 18.3 percent inflation in December 2010 and Malaysia was the lowest with 1.7 percent inflation in June 2010.

Many steps have been taken by the countries as well as many international organisations to ease the situation. G20, a forum of the finance ministers and central bank governors of 19 countries for international economic development, is working to find ways to bring down soaring food prices. Rhee Chang-yong, who represents South Korea at the G20, said working-group talks were under way, aimed at improving global cooperation to resolve food security problems.

India has made several attempts to temper the inflation -- scrapping import taxes for onions, banning their export and ordering low-priced sales at government-run shops. But there was no quick fix

India has made some attempts to temper the rise in the past month -- scrapping import taxes for onions, banning their export and ordering low-priced sales at government-run shops. But there was no quick fix. The situation is now settling down as Indian food inflation eased for the second straight week in January, tracking lower fruit and vegetable prices. Analysts expect food prices to moderate by February, but they would still remain high.

FAO FOOD PRICE INDICES (DEC 2009 TO DEC 2010) 2002-2004=100



An Indian vegetable vendor protests onion's price hike.

The onion crisis that has been continuing in Bangladesh, India along with Pakistan is nearly over, and its price is expected to calm down significantly in the coming days.

"A substantial quantity of onion has been damaged because of the heavy rains in the Nashik area. Our expectation is that with the arrival of stocks from Uttar Pradesh, Gujarat and Madhya Pradesh in the next 2-3 weeks, prices will come down," said Indian Agri-

culture Minister Sharad Pawar last month.

Onion prices in various agriculture produce market committees (APMC) in Nashik, the main trading centre for the bulb, have soared to a high of Rs 7,100 per quintal, resulting a huge hike in Bangladesh's onion price. The price here went up to around Tk 70 a kilogram due to an export ban by the Indian agriculture ministry on December 20, 2010, after the floods.

The situation is improving by

the day. Seventy-eight trucks loaded with a huge consignment of onions reached the APMC market in Jamalpur on January 18, bringing the wholesale rate of onions down to Rs 30 a kilogram that will certainly encourage India to withdraw the export ban on Bangladesh and help cool prices.

"After the untimely winter rains ruined our crops and bad reports started flowing in from the market, farmers from the Saurashtra region started working hard on the next harvest scheduled in January," said a wholesaler of APMC market, Jamalpur.

India has not yet withdrawn the export ban on onions, said Narayan Chandra Saha, an importer at Shyambazar in Old Dhaka. "We are hoping that from February 1 there will be no such ban."

"But there is a problem. NAFED -- the regulatory agency for onion exports -- has not yet lowered the minimum export price of onions from \$1250 per tonne that was fixed with the export ban. Naturally it remains at \$250 in this period of time."

But he hoped that prices would come down in two to three months, when a large quantity comes from Meherpur in Bangladesh, the biggest produce of the commodity this season.

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