

The dark horse ...

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demand can create more employment opportunities, even as productivity improves. There are considerable opportunities for technological development to network and connect small hold farmers together, and into markets. Even though there is so much to do, Bangladesh has many unfair advantages in agriculture and so while we develop sustainable systems geared into the rest of the world, Bangladesh can lead the world.

We talk a lot about food security in Bangladesh, but the narrative so far is superficial. We cannot truly achieve food security without securing the inputs for the agriculture sector. Take the potato sector as an example. The current annual demand for potato seeds is around 700,000 tons out of which around 7% is produced by domestic producers at present. This is an alarming situation that needs to be addressed. Put another way, we are importing the air we breathe. Any unforeseen turbulence in the international seed market will create havoc for potato farmers. Geopolitically, those economies put their supplies first and their chemical industries, leading to further imports. Therefore, we must invest in building our capacity to supply our own agricultural inputs and not

be at the mercy of global fluctuations, or foreign policy making. Let's remember, this is food we are talking about. Bangladesh has 160 million people to feed every day. The private sector can and should take the lead here.

There is a lot of debate about whether profit maximising companies squeeze small hold farmers, who then become victims of corporate greed. We feel that this argument is simplistic. Corporate greed is not a specific problem to the agriculture industry. Greed can happen in many forms and any industry. That is why the government regulates the private sector. What is true, is that the agriculture sector needs greater efficiency and a profit motivation, more than pure profits, can add this to the mix in the way government and NGOs cannot. In other words, if an agriculture seed company has better sales in a given year, then that means that more farmers are enabled to buy more local seeds, which is a real imperative to invest. Without profitable private companies in the agriculture sector, the long run scenario is bleak: reliance on donor funds for technology transfer, constraints in fertilizer production and distribution, lack of value addition in the supply chain are just some of the problems that will continue to haunt us. Bangladesh cannot be a developed country and still dependent on external stimulus.

The government must guide the invisible hand and nurture small farmers to aggregate into cooperatives and support small & medium agricultural enterprises to grow. The opportunities for employee and shared ownership, profit sharing and sharing economies are exciting. On balance the government has already made certain positive moves. Bangladesh Bank for example, offers low interest loans for the agriculture sector. These cannot be stop-gap measures, we need flexible and quite sophisticated



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markets matched to different levels of scale, as well as enabling growth between them. The low interest loans set by the central bank soon cumulate to higher interest rates when they are facilitated through the commercial banks. The sizes of the loans are too small for scaling up production for many small & medium enterprises without having to provide collateral. This incomplete system is also mismatched to international markets, even those which would target Bangladesh as a priority.

The government does not have to provide all the solutions; the private

sector, through the market forces, will innovate and create the breakthroughs. The private sector does not just have to be dominated by profit making or distribution, but the profit and social motivations can work much better together. What the government needs to do create the playing field for the private sector to flourish. When this happens you will hear about graduates of Dhaka University or BUET creating a 'start-up' that provides an innovative solution to solve a disease problem in agriculture, or enable a breakthrough in productivity.

Kaushik Basu, the Chief Economist

of World Bank, during his recent visit to Bangladesh mentioned that Bangladesh is on track to be the next Asian Tiger. There is no doubt that industrialisation and growth of the service sector are crucial in this journey, but we should not forget that what has sustained Bangladesh so far must also propel Bangladesh to its next leap, and that is agriculture.

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