



Workers are seen packing a mountain of paddy into sacks at a local market in Singra upazila of Natore. Although the government's paddy procurement drive began two months ago, results have been inadequate so far as farmers are getting better prices in local markets.

PHOTO: MOSTAFA SHABUJ

# Govt's food procurement from local harvest falling short

MOSTAFA SHABUJ and SOHEL PARVEZ

The government's paddy procurement drive is far below its target for this year even though two months have gone by since the process began at the end of April.

The Directorate General of Food (DG of Food) could only procure one-fifth of its target to buy paddy grown in the immediate Boro season. In case of milled rice, its performance is much better but still below the official target as of the end of June.

The agency could procure 53 per cent of the targeted 11 lakh tonnes of grain used to build up public food stock and conduct distribution programmes under the state's various social safety net schemes.

It aimed to buy 70 per cent of the total rice procurement target by the end of June this year.

However, the DG of Food has fallen behind as it could buy only 20 tonnes of wheat out of the 150,000-tonne target due to a lack of interest amid growers resulting from better market prices compared to government rates.

Farmers, millers and food officials said the high price of paddy and 14 per cent limit on moisture in the crop discourages many growers from taking their produce to purchase centres of the food office as most of them do not have the facilities to measure moisture content.

Abdul Mazid, a farmer in Gobindaganj upazila of Gaibandha, said growers are reluctant to sell at government rates as the current market price of paddy is higher.

Besides, there is a lot of hassles in selling to the government as farmers have to have a bank account and reduce moisture levels in their paddy to the permissible level.

"In addition, production costs were higher this year so I would incur losses had I supplied my produce to the government warehouse," he added.

Echoing the same, Alamgir Kabir, the district controller of food in Naogaon, said they are lagging behind in procurement as the current market prices are higher than the government's purchase rate of Tk 27 per kilogramme (kg).

"Due to unfavorable weather, rice production was bad and millers try to provide us low quality rice and we have to check it," he added.

The government is buying parboiled rice at Tk 40 per kg this year, which is below the current market price of the grain.

Naogaon is a major rice producing district in the country's northwest and the local food office has attained 49 per cent of its target to procure 49,400 tonnes by signing contracts with millers.

In case of wheat, Kabir said just a single farmer had sold one tonne of the crop to the state food office before the Russia-Ukraine war began.

"The market price of wheat was not as high at the time," he added.

Meanwhile, the district food office in Gaibandha has been able to buy 27 per cent of its total Boro paddy procurement target of 11,649 tonnes by June 27.

In regards to rice, it signed deals with millers to purchase 42 per cent of the 29,402-tonne target for the cereal grain. However, the local food office has failed

to get any wheat so far.

Antara Mollik, district food controller of Gaibandha, said farmers in the region mainly grow coarse paddy that is priced around Tk 950 per maund, which is below the government's purchasing rate.

"So, farmers are eagerly giving us this paddy and our progress is better than any district in Rangpur," she added.

**Directorate General of Food could only procure one-fifth of its target to buy paddy grown in Boro season. In case of milled rice, its performance is much better but still below target**

Md Ashrafuzzaman, district food controller of Bogura, said his office will be able to achieve its procurement target as they have agreements with more than 1,200 millers in the region.

"Millers must supply rice to the state go-downs or else they will face penalties for their failure to comply with the rule," he added.

"Still though, it is difficult to arrange grains at the moment as farmers are getting better prices in local markets."

Md Belal Hossain, proprietor of the Bushara Auto Rice Mill in the Santahar area under Adamdighi upazila of Bogura, said they signed a contract with the food office to supply 1,390 tonnes of parboiled rice, of which they have already supplied 800 tonnes.

Md Raihanul Kabir, director of procurement at the DG of Food, said the government mainly wants to ensure fair

prices for farmers and that the trend of rice procurement has been normal so far given previous trends.

The DG of Food could not attain its paddy purchase goal from growers for the last two years and this would be the third year in a row if it fails to buy the planned 650,000 tonnes of paddy.

In case of rice procurement, it fell short of its target for the last three years since 2019, according to food ministry data.

The food office planned to buy 70 per cent of the grains by June, 90 per cent by July and 100 per cent by August.

AMM Shawkat Ali, a former food adviser of the caretaker government, said the recent floods caused by recurrent rainfall might have affected the drying of paddy harvested in the May-June period.

"Realisation of the procurement target has become vital this year to build an adequate public food stock," he added.

Ali went on to say the government should go for reforms in the domestic procurement of paddy and wheat by increasing the moisture content requirement to 17 per cent from 14 per cent so that farmers can easily sell their grains to state go-downs.

Ali then said the government should allow private traders to import rice freely while also ensuring strict quality control.

The former food adviser also suggested the government consider importing in joint ventures with the private sector.

As of July 3, food grain stocks in state warehouses stood at Tk 16.25 lakh tonnes, up 11 per cent year-on-year.

## 125 firms to import 2.5 lakh tonnes of rice

AKANDA MUHAMMAD JAHID

The government has permitted 125 companies to import a total of 246,000 tonnes of rice in order to cool down the domestic market for the staple grain in Bangladesh.

The fresh decision came just four days after it allowed 95 other food companies to import 409,000 tonnes of rice.

The firms have been asked to bring the rice – 204,000 tonnes of non-basmati boiled rice and 42,000 tonnes of non-boiled atap rice – by August 17, according to a food ministry notice issued on Monday.

The companies were asked to open the letters of credit (LCs) by July 25. If they fail to comply, the import permissions would be cancelled, it said.

The importers have been asked to inform the district food offices about how much rice is to be imported, sold and stored.

Traders will have to sell the rice in the same bag that would be used to import the grain, said the food ministry.

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## DIVERSIFIED JUTE PRODUCTS Exporters to get 20pc incentive

STAR BUSINESS REPORT

Exporters of diversified jute products such as food grade bags, clothes, yarns and twines will receive a 20 per cent export incentive, according to a Bangladesh Bank notice.

They, however, will have to ensure the use of the natural fibre equivalent to at least 50 per cent of the export price, said the central bank on Tuesday.

Applications seeking the incentive currently pending with banks or audit firms as well as fresh applications will qualify for the support.

The incentive for hessian, sacking and carpet backing cloth is 12 per cent, according to a previous Bangladesh Bank circular.

Jute and jute goods exports fetched \$1.13 billion in the last fiscal year, down 2.91 per cent year-on-year, data from the Export Promotion Bureau showed.

## Oil price rises after sell-off

AFP, Hong Kong

Oil prices rose Wednesday after suffering a painful drop the previous day, though the euro remained wedged at a 20-year low and equities mostly fell in Asia as recession fears continue to flow through trading floors.

Both main crude contracts were pumelled Tuesday as investors grow increasingly worried that leading economies will contract this year or next owing to sharp central bank interest rate hikes aimed at fighting decades-high inflation.

The main US contract WTI sank nearly nine percent below \$100 a barrel for the first time since April, while Brent shed around 10 percent on expectations that any recession will slam demand, despite tight supplies caused by the Ukraine war.

And Citigroup said in a note that a recession could lead prices to as low as \$65 this year if Opec and other major producers do not step in to provide support and companies do not invest.

There are also signs that the high cost of fuel is hurting demand, in turn pushing prices down.

## China's oil import from Russia soars to a record level

REUTERS

China's crude oil imports from Russia soared 55 per cent from a year earlier to a record level in May, displacing Saudi Arabia as the top supplier, as refiners cashed in on discounted supplies amid sanctions on Moscow over its invasion of Ukraine.

Imports of Russian oil, including supplies pumped via the East Siberia Pacific Ocean pipeline and seaborne shipments from Russia's European and Far Eastern ports, totalled nearly 8.42 million tonnes, according to data from the Chinese General Administration of Customs. That's equivalent to roughly 1.98 million barrels per day (bpd) and up a quarter from 1.59 million bpd in April.

The data, which shows that Russia took back the top ranking of suppliers to the world's biggest crude oil importer after a gap of five months, indicates that Moscow is able to find buyers for its oil despite western sanctions, though it has had to slash prices.

And while China's overall crude oil demand has been dampened by COVID-19 curbs and a slowing economy, leading importers, including refining giant Sinopec and trader Zhenhua Oil, have stepped up buying cheaper Russian oil on top of sanctioned supplies from Iran and Venezuela that allows them to scale back competing supplies from West Africa and Brazil.

Saudi Arabia trailed as the second-largest supplier, with May volumes up 9 per cent on year at 7.82 million tonnes, or 1.84 million bpd. This was down from April's 2.17 million bpd.

Customs data released on Monday also showed China imported 260,000 tonnes of Iranian crude oil last

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An oil tanker unloads imported crude oil at Qingdao port in China's eastern Shandong province on May 9 this year.

PHOTO: AFP

## Eurozone consumers cut food spending

REUTERS, Brussels

Eurozone consumers cut spending on food, drinks and tobacco for the second straight month in May amid a spike of prices, according to estimates from the European Union statistics office Eurostat released on Wednesday.

The drop in essential purchases came as total retail sales in the 19-country currency bloc slightly rose in May on the month, but below market expectations.

Eurostat said consumers' purchases increased by 0.2 per cent in May month-on-month after they had tumbled by 1.4 per cent in April.

Economists polled by Reuters had expected a 0.4 per cent rise on the month.

Compared to last year, retail sales also grew in May by 0.2 per cent, Eurostat said, beating market expectations of a 0.4 per cent fall.

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