

No breathing space for the poor

Govt must step up efforts to bring down food prices

Whoever said that poverty is “violence with tacit consent” couldn’t be truer at the moment. And this violence – in the form of relentless assaults on the wallets of the poor – seems to be getting out of control in Bangladesh. According to a survey of the World Food Programme, 68 percent of the people are struggling to buy food. The sky-high prices of food – which 88 percent of the surveyed identified as a major challenge – are getting harder to deal with; 64 percent said they took loan, and 29 percent of families said they used their savings, to buy food in August.

With food and non-food inflation hovering near double digits, the poor could really use some breathing space. High inflation, according to experts, is affecting people’s purchasing capacity, and thereby compromising their health and future. As revealed by Bangladesh Bureau of Statistics, food inflation reached 9.08 percent in September, after hitting 9.94 percent in August – the highest since FY 2012-13. Meanwhile, non-food inflation reached 9.13 percent in September. How will the poor survive in such a situation?

They are being forced to spend less and less on food, as they can’t cut spending on rent, utilities, healthcare and transportation, the costs of which have also jumped. While talking to this newspaper, some people described how they are struggling to pay for even the most basic food items. Rice, for example, is being sold at nearly record high prices. Prices of wheat, the second most consumed cereal in Bangladesh, reached “new record levels in September, over 70 percent above their year-earlier levels”, according to the Food and Agriculture Organisation. The prices of most vegetables also remain generally high, while eggs, once considered a low-cost source of protein for the poor, are now out of reach for many.

The government is apparently leaving no stone unturned to control the situation. For example, to increase the supply of rice and contain its prices, it has reduced import tariff and gave permission to 320 private firms to import 13.4 lakh tonnes of rice. The food directorate also signed contracts with India, Vietnam, Myanmar and Thailand to import 530,000 tonnes of rice under government-to-government arrangement. But continued inflation, unfriendly weather affecting domestic rice production, and the Russia-Ukraine war are proving to be too potent a combination to be contained with such measures. These are taking away for food gains made by Bangladesh.

Evidently, things have reached a point where the extremely high living cost has created a dystopian reality for the ordinary people. While increasing food supply through production and import is a priority, it is equally important to bring food prices within reach through greater market interventions. Also, as experts have suggested, it is important that the government creates a national relief fund, instead of separate food programmes and project-based initiatives, to provide long-term food assistance to low-income groups. True, some impediments like the Russia-Ukraine war and erratic weather will remain indefinitely. But their consequences can be minimised through implementing proper policies.

Where did the DU house tutors go?

They must be held accountable for their negligence

It is disappointing to know that the majority of “house tutors” of Dhaka University, who are supposed to act as guardians of students, hardly ever visit their halls for months on end. A report in this paper has revealed that although there are specific guidelines for house tutors to visit their designated blocks or floors at least once a week, and hold meetings with students once a month, these instructions are largely ignored by most. So why are they not turning up?

Reportedly, there are 150 house tutors for the men’s dormitories and 73 for the women’s dormitories. But after interviewing students, our correspondents found that many of them have not even seen their house tutors, let alone have meetings with them. Others have said their visits have been rare and after long gaps. This is very unfortunate, to say the least.

Almost all the halls of DU are controlled by the cadres of Chhatra League, and ordinary students are compelled to pledge allegiance to them if they want to stay in the halls. As the media has reported, there have been incidents of physical and psychological abuse of students by some leaders of the student front who enjoy continuous impunity for their crimes. Students in the halls need someone they can trust, and with whom they can share the problems they are facing. The conspicuous absence of the house tutors points out to the general lack of control and accountability of the authorities over these dormitories.

House tutors get residential facilities and honorariums for this post, which makes them obligated to carry out their basic duties. If they are willing to enjoy these benefits, why are they not willing to provide basic guidance and counselling to the students as required by the university guidelines?

Compared to the men’s dormitories, house tutors in the women’s halls were reportedly much more proactive. Female students told this newspaper that their house tutors did come to the halls once a month, and often called them to their offices to listen to their problems and allocate seats relatively impartially. In a situation where politics dominates even when it comes to seat allocation, it is laudable that these house tutors of the women’s dormitories are trying to live up to the role they have been entrusted with. This begs the question: if they can do their job despite political pressure, why can’t those from the men’s dorms follow suit?

It goes without saying that the university authorities must investigate the reasons behind the continuous absence of these house tutors and their failure to contribute to the welfare of the students. It is high time students and their overall wellbeing were given priority, rather than maintaining the status quo that has proved to be so deleterious to campus environment in general.

Is Bangladesh ready to face a global food crisis?



MACRO MIRROR

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FAHMIDA KHATUN

Against the backdrop of a severe economic crisis manifested through high inflation and an energy crisis, the world must confront a growing problem of food shortage. We face the real risk of massive hunger and famine. The Covid-19 pandemic disrupted economic activities and the supply chain, leading to people losing their employment and source of income. Consequentially, consumption declined at the household level, particularly in low-income families.

On the heels of the pandemic, the Russia-Ukraine war broke out, worsening the global economic situation. Ukraine, an important source of global food supply, used to be called the world’s breadbasket as several countries relied on the country for wheat. But food exports from Ukraine have fallen since the Russian invasion. As a result, countries have had to import food from elsewhere, which has pushed up transportation and logistical costs as well as delivery time, causing food prices to skyrocket. The effects of climate change have disrupted harvests around the world, while the risk of changing weather events due to climate change has also intensified. As a result, the world is now headed towards an unprecedented food crisis. The Food and Agriculture Organization (FAO) of the United Nations has projected that crop and food production will decline by 1.4 percent globally.

When there is a food crisis, countries resort to protectionism. This was observed recently when a few countries banned exports of their food products. The spirit of global cooperation gets lost in the urgency of saving one’s own people. The rules of the multilateral trading system also get diluted during such a crisis.

Bangladesh’s growth in agriculture since independence has been significant. Growth in yield and output of cereal production has helped the country to become self-sufficient. Access to food has also grown on average, despite an increasingly large population and a small area of land. Due to the diversity in diet that includes protein and vegetables, the nutritional status of Bangladeshi population has increased, and stunting, underweight and wasting have gone down. The Multiple Indicator Cluster Survey (MICS) 2019 by the Bangladesh



FILE PHOTO: AFP

Bangladesh, like many food-producing countries, has seen a drop in production due to adverse weather events.

Bureau of Statistics (BBS) and Unicef reveals that chronic malnutrition, which is measured by stunting levels, declined to 28 percent in 2019 from 42 percent in 2013. Food availability has increased due to the Green Revolution that the country experienced over the decade. Government policies for the agriculture sector have helped to achieve such a revolution. Therefore, Bangladesh could avoid hunger and famine.

However, the FAO projection is alarming for Bangladesh. According to FAO, Bangladesh is among the 45 countries that will face a food crisis. Therefore, a strong and inclusive food system should be built. During the pandemic, agricultural production and supply systems in many countries were disrupted. But Bangladeshi farmers were able to grow a good harvest of rice. A few measures are urgently needed to tackle the incoming crisis in such circumstances.

First, with high fuel and fertiliser prices, farmers now find it difficult to grow food; so there should be subsidies for food production. The government should ensure that small farmers receive such subsidies. During the pandemic, the government provided Tk 5,000 each for farmers, but many did not receive that due to formalities needed at the banks. Now

to a record level, which is hitting all sections of the population hard, it should provide subsidies on diesel so that farmers can cultivate and maintain the food stock needed for the country. In case of fertilisers, not only the price but availability, too, is a concern for farmers. The government must make fertilisers available at affordable prices for them.

Second, it is a good sign that the prime minister has urged for higher food production and not to leave even one inch of available land uncultivated. Our policymakers are understandably worried. Higher crop availability will require higher productivity. Though agricultural yield per acre in Bangladesh has increased over time, it is still lower than many food-producing countries. For further increase in yield, higher investment in innovation and development is required. Technological innovations are necessary to improve productivity and sustainability in the agriculture sector. Our scientists have invented several varieties of rice, including the water-tolerant ones. They can also find innovative ways to increase yield and utilise land more productively.

Third, even if there is more production, storage facilities are inadequate in the country, due to

which food cannot be stored for long. So, the government should build more storages and procure crops from farmers at a fair price, so that their cost of production is well covered, and they can have a profit margin. Without a good price, farmers get discouraged for the next season, which fuels the food crisis. It is a vicious cycle.

Fourth, though the whole world

is now looking for food, Bangladeshi policymakers must also immediately arrange for importing the required food to have a buffer. The market should not be controlled by a small number of food importers, who then control the price. It is a common phenomenon that during a crisis, only a small number of players take the opportunity to mint money at the expense of the common people’s struggle to survive in an inflated market.

Fifth, poor and low-income families should be supported during this critical time. Adequate food should be available in the open market at affordable prices. The vulnerable people need direct cash support so that they can buy food and do not go hungry.

Finally, there is a need for appropriate policies and strong institutions for procurement, marketing, and distribution of food to ensure food security. Broader reforms are needed in case of land, pricing, subsidy and fiscal policies to have a modern agriculture sector. Therefore, tackling food insecurity and avoiding hunger and famine require not only good agricultural policies, but good macroeconomic and sectoral policies as well.

Uncertain times ahead for RMG business



RMG NOTES

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MOSTAFIZ UDDIN

Recently, I have been asked these questions a lot: “How bad are things?” “How serious is the downturn in RMG orders in Bangladesh?” “Are things as bad as they were at the beginning of the pandemic?” “Are fashion brands refusing to pay for cancelled orders again?”

I keep my ear close to the ground on these issues and, obviously, ready-made garment (RMG) makers talk. This is a close-knit industry where all of us look out for each other. So I have a reasonable idea about what is going on at the moment.

Here, I will attempt to set out a few of the trends I am seeing as well as outlining three possible scenarios for the coming 12-18 months.

First things first: is the current turmoil worse than how things were during the pandemic – particularly the early 2020? In some ways, yes, things do seem worse. All of the RMG manufacturers in the country recognised that the pandemic was unprecedented. Also, from a relatively early stage, it became clear that a vaccine was on the horizon and most policymakers agreed that this would allow economies to reopen. With government support, most manufacturers were able to ride out the pandemic. They could see light at the

end of the tunnel, as bad as things were.

The situation at present feels different. There is a sense of being adrift at sea, somewhat rudderless. Many manufacturers were already struggling post-pandemic. This sharp decline in orders feels like the final nail in the coffin for some. I would not be surprised to see many smaller operators fail completely.

In terms of trends, we are seeing several things. The first is the pushing back of orders, for weeks or even months at a time. It is obvious why this is happening. Reports in the Western media show that fashion retailers are sitting on huge stocks. They are still trying to shift the stock from last season and even the season before that. Sales are down and consumers are tightening their belts. This is having a knock-on effect on garment makers in Bangladesh, who are waiting to see when orders will be finalised.

Very few RMG makers I know of have orders beyond December. Moreover, the run-up to December is traditionally the busiest time of the year. Yet, apart from some specialist items – e.g. suits – orders are simply not coming in.

A related trend is that RMG manufacturers are being asked to hold onto goods – fashion retailers are delaying the delivery. Some

manufacturers have become an extension of the warehouses of fashion brands – a trend we saw in the early months of the pandemic. This is creating pressure on the manufacturers, while the production lines sit idle.

Are the retailer brands demanding discounts? Unfortunately, yes. Some brands are complaining about exchange

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rate fluctuations as a justification for demanding discounts – of 25 percent or more, in some cases – on orders. What this fails to account for is that RMG manufacturers are also impacted by the fluctuation in exchange rates. They have also been hit by the rising costs for fuel as well as raw materials such as cotton (the price of which has fluctuated wildly these past two years). As garment makers, we cannot afford to absorb all cost increases along the supply chain. It is simply not financially feasible.

So how do all of the above play out? Here, I outline three potential scenarios.

First, the government, fashion retailers and garment makers can all work collaboratively to navigate our way through the current crisis. The last thing any of us want is a return to the early pandemic days when garment makers were left with stockpiles of cancelled orders that the retailers refused to pay for. Last time around, enlightened brands such as H&M led the way and ensured that the minimum standards were adhered to in terms of paying for placed orders and keeping manufacturers in the picture.

Obviously, this collaborative approach is the best way forward, but even here, we may have to accept that the next 12-18 months would be incredibly tough financially.

Second, the markets will dictate how events unfold. There is a theory that the global economy would begin to pick up on its own accord in mid-2023. If things do pick up, and the current economic turmoil proves to be a short-term blip, this is something I could see our industry riding out. We learnt hard lessons during the pandemic, and we are nothing if not resilient.

Third, and the worst, is that the world enters a long and protracted recession akin to the financial crisis of 2008. This is one where buyers lack the will (or ability) to support their suppliers and instead play hardball. We see a return to the cancelled order crisis of early 2020 as fashion retailers shore up their balance sheets. If such a scenario were to play out for two or more years, I would fear greatly for the future of our industry. The big boys would probably survive, but for the rest, we would be entering the realms of the unknown.

For all our sakes, then, let’s hope that the third one never comes to pass.