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Contract farming takes over poultry industry

Big companies allegedly control prices, force marginal poultry farmers to comply with their conditions

MAHBUBUR RAHMAN KHAN

In the last week of March, marginal poultry farmer Delowar Hossain bought nearly 4,000 one-day-old Sonali chicks from a large poultry company. After rearing them for 40 days, when he tried selling them, he found it shockingly difficult to recover his production cost, let alone make any profit.

He bought the chicks for Tk 64 each and by the time they had been ready for sale, his production cost stood at Tk 262 per kg chicken. But the market price was Tk 215 per kg at that time.

Marginal poultry farmers like Delowar are incurring losses due to increasing production costs, which they often find to be higher than the market price.

Big poultry farms control prices and they often lower the market price to increase profit and force marginal farmers to fall in line with their business strategies, according to Bangladesh Poultry Association (BPA).

A syndicate of large poultry farms, greedy middlemen, and poor government monitoring are responsible for the market's instability, said BPA President Sumon Howlader.

The current market situation has driven nearly two-thirds of marginal farmers out of business. There were nearly 1.6 lakh marginal poultry

- » Marginal farmers fail to compete against the contractual farming system due to huge gap in production cost
- » The farmers are forced to fall in line with the big companies' strategies to survive
- » Syndicate of large companies, greedy middlemen, and poor government monitoring responsible for the market's instability, say industry insiders.



farmers in the country. Only 60-65 thousand of them are now in business, said Sumon.

The BPA held a human chain at the Jatiya Press Club on Saturday, protesting price manipulation by big companies. It said that consumers are also suffering as they have to buy poultry meat at a higher price due to such manipulation. It also demanded a rational fixing of prices of poultry feed and chicks.

Representatives of large companies, however, denied the existence of any syndicate that controls market prices. They said market prices are determined by demand and supply.

The production cost in this business mainly comprises the costs incurred to buy one-day-old chicks (DOCs) and poultry feed.

Marginal farmers have to buy both items from large farms because the latter have a monopoly over the production of these. That's why it is easy for large farms to hike the prices of these products with the help of middlemen, said Sumon.

In the absence of proper government monitoring, dealers hiked the price of chicks and feed ahead of the last Eid. As a result, marginal farmers, who made comparatively large investments targeting the Eid market, were deprived of the profit they deserved, " said Sumon.

The production cost, however, is not high under the model of contract farming that the big companies practise, alleges Sumon.

In the contract farming system, the company and farmers sign a deal and the company delivers the chicks, the feed and the medicine for free. In return, farmers rear the chicks and receive a profit of Tk 10-12 for every kg chicken.

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495 BNP men sued over Patuakhali violence

OUR CORRESPONDENT,
Patuakhali

A total of 495 BNP leaders and activists were made accused in two cases filed over the clash between BNP and Awami League activists in Patuakhali town on Saturday.

Forty-five BNP leaders and activists were named as accused in the cases, said police.

Chhatra League's district unit Assistant Secretary Raihan Hossain on Saturday night filed one of the cases naming 29 people and 200 other unidentified BNP men.

Last morning, district Jubo League Organising Secretary Nasir Uddin filed the other case against 16 named BNP leaders and activists and 250 more unidentified BNP men.

Confirming the matter, Patuakhali Sadar Police Station Officer-in-Charge

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Police stop green activists at Bangabazar intersection yesterday. The activists were heading towards Nagar Bhaban to lay siege to it to demand an end to tree felling on Satmasjid Road in Dhanmondi and elsewhere in the country in the name of development work.

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Graffiti on a garbage storage facility in the capital's Mirpur paints garbage collectors as heroes. The makeover of the facility near the historic Jallad Khana Bodhobhumi was recently done by cartoonist Syed Rashad Imam Tamoy.

PHOTO: PALASH KHAN

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Bangladesh losing \$3.3b a year to power cuts

WB report also says electricity generation plants underutilised

REJAUL KARIM BYRON

Bangladesh loses around \$3.3 billion a year due to unreliable power supply to homes, offices, and factories.

This amount is around 1.5 percent of the GDP, said a World Bank report.

Despite impressive gains made in terms of access to energy, power cuts remain regular in Bangladesh, it said, adding that on average there are over 400 storm-triggered electricity outages every year.

Even though Bangladesh's power generation capacity is over 23,000 megawatt, the report said, "Power generation asset utilisation remains low, below 50 percent, due to fuel shortages, poor dispatch, and transmission constraints."

The WB made the observations in the report of First Green and Climate Resilient Development Credit, under which Bangladesh received \$500 million loan. The loan was approved during Prime Minister Sheikh Hasina's visit to the World Bank's headquarters last month.

The WB, however, tagged several conditions for the loan, including six conditions on power and energy.

The government had to comply with two of the conditions before getting the loan.

No capacity payment for rental power plants seeking renewal of contract is one of the conditions that has been complied with by the government on January 8 through a circular.

"No electricity, no payment [without any minimum guaranteed off-take]," the circular read.

Finance Minister AFM Mustafa Kamal in a letter to WB President David Malpass in March said the government plans to run more efficient larger power plants and close inefficient liquid-fuel rental generators and small independent power plants.

He said the government is focused on achieving an efficient fuel mix and reducing the average cost of power generation in future.

He said that in 2010 Bangladesh went for quick rental power plants to close the gap between generation and demand, particularly during peak periods.

Now, only 1 percent of the electricity generated in the country comes from rental plants.

The minister said the government pays a significant amount to rental power plants as capacity payments.

To systematically assess energy-saving potential and improve the efficiency of

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'ACC being used to harass me'

Says Zahangir about probe into graft allegations

STAFF CORRESPONDENT

Suspended Gazipur mayor Zahangir Alam yesterday said a certain quarter was using the Anti-Corruption Commission to harass him during the final moments of his mother's election campaign.

"The Anti-Corruption Commission has summoned me while I'm busy campaigning. Why am I forced to come here during the campaign?" he told reporters at the capital's ACC office.

A day after the ruling party expelled him on May 15, the ACC summoned Zahangir for interrogation over allegations of corruption. He was supposed to attend one session yesterday and another today.

On Thursday, he wrote to the ACC to delay the quizzing by a month. He went to the ACC office yesterday to find out whether the application was approved. He was not quizzed yesterday.

Zahangir's mother Zaida Khatun is running for mayor in Gazipur city. The campaign deadline is 48 hours before the election takes place on May 25.

After the ruling Awami League nominated Azmat Ulla Khan for mayor, a disgruntled Zahangir attempted to run for mayor as an independent, but his candidacy was cancelled by the Election Commission.



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5 CITY ELECTIONS

Questions to be raised for lack of competition

Speakers at Shujan roundtable point at boycott by BNP, other parties

STAFF CORRESPONDENT

The absence of strong candidates running against ruling party contenders in the upcoming elections to the five city corporations raises concerns about the credibility and acceptability of the polls, said discussants at a programme yesterday.

They also said people's expectation of a competitive polls would not be fulfilled as major opposition BNP and other parties boycotted the polls.

Sushashoner Jonno Nagorik virtually organised the roundtable titled "The upcoming city corporation elections: relevant thoughts."

"The upcoming elections to the five city corporations have great significance as it will indicate how the next national polls will be," said Badiul Alam Majumdar, secretary of Shujan.

Without mentioning the name of a major opposition party, he said the party is not joining the five city polls. For this, the polls would not be competitive.

"But election means voters will choose their candidates. As the elections are not competitive, these will not be acceptable," he said.

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