

# 'Policies must align financial services with farming cycles'

Agriculture remains the backbone of Bangladesh's economy, contributing about 11 percent to the country's GDP and employing nearly 40 percent of the population. Yet the sector faces persistent structural challenges alongside new global pressures from the ongoing war in the Middle East. In this interview with Porimol Palma of The Daily Star, Professor AHM Saiful Islam of Bangladesh Agricultural University discusses the sector's realities, vulnerabilities, and key policy priorities.

**The war in the Middle East has raised concerns about energy and fertiliser supplies. How does it affect agriculture in Bangladesh?**

The war has impacted the supply of all types of fuel. When diesel prices rise, it creates a chain reaction across the agricultural sector. The cost of irrigation and fertilisation increases, directly raising production costs. This contributes to inflation, which is already close to double digits. Ultimately, this affects everyone's livelihood, especially the poor, who spend a large share of their income on food. When people spend most of their income on staple foods like rice, they cannot afford nutritious items.

**The government has yet to increase fuel prices, except for jet fuel, though global prices have gone up. What would be your suggestion?**

The duration of the war is an important factor. In the short term, I would suggest not increasing prices for agriculture-related fuels like diesel because the impact on the poor would be significant. If the war continues, the government will need to maintain subsidies, creating pressure on public finances. Therefore, it is crucial that we strengthen our domestic production capacity of both fertiliser and energy. We should explore our own resources, such as gas in the Bay of Bengal, and diversify import sources. We should also diversify our import basket.

**There are also issues of efficiency in irrigation and fertiliser use in Bangladesh. How can farmers improve such practices?**

Farmers often use more water than necessary through flood irrigation. But research shows that keeping fields continuously flooded is unnecessary. Smart card systems, introduced by the Barind Multipurpose Development Authority in the Barind tract, are helping

address this issue. Under the traditional flat-rate system, farmers paid a fixed amount for unlimited water, so they had no incentive to conserve it. With usage-based pricing, farmers use only the amount of water they actually need. If the loopholes are addressed and the system is expanded further, it will be beneficial. At the same time, the government is trying to expand climate-smart irrigation methods such as Alternate Wetting and Drying for paddy cultivation, which improves the efficiency of both water and fertiliser use.

**This system also has implications for groundwater levels and diesel-dependent irrigation.**

Exactly. When more water is extracted, more diesel is required, especially as groundwater levels fall. In places like Rajshahi and Rangpur, it is already difficult to lift water using tube wells. Even with submersible pumps, it now takes much longer to fill tanks than before. Since we are currently in the Boro season, the situation may worsen in the coming weeks. There have already been reports of water crises, particularly in Rajshahi. If we relate this to the Middle East war, the situation could worsen further because irrigation in Bangladesh is largely diesel-dependent, making it highly sensitive to global fuel price fluctuations.

**The new government has planned to introduce Farmers' Cards. What is your view on this?**

It can bring all subsidies under a formal "one-stop" system. Currently, subsidy distribution suffers from targeting errors—either deserving farmers are excluded or undeserving individuals receive benefits. Proper targeting and timely delivery will make the system more effective.

**You have researched agricultural supply chains. What are the major issues here?**



AHM Saiful Islam. PHOTO: COURTESY

Sometimes there is surplus production, but products are not available in the market. Many blame middlemen, but our research shows they are necessary. The problem is not their existence but inefficiency. Direct selling without intermediaries is often not cost-effective due to the lack of economies of scale. What we need is a competitive market structure. However, that is largely absent. Perfect competition requires many buyers and sellers, but in reality, a few large players dominate the market. This leads to collusion and prevents efficient price formation. In such situations, government intervention becomes necessary. However, in Bangladesh, by the time action is taken, prices have already spiked or harvest seasons have passed, harming producers. Efficient planning is therefore crucial.

**How can this planning be made more efficient?**

A major problem is the lack of reliable data on demand and supply. Without accurate statistics, we cannot determine deficits or make informed decisions. We need an early

warning system that provides production and demand estimates before harvest seasons so that timely decisions can be taken. Such a system would improve market efficiency and reduce volatility.

**Small-scale farmers often complain about difficulties in accessing loans. Many depend on informal lenders charging high interest.**

Banks often have funds available to lend, but farmers avoid them due to complex procedures. By the time loans are approved, the cropping season may already be over. Formal loans involve high transaction costs, collateral requirements, and often insufficient loan amounts. Repayment schedules also do not align with agricultural cycles, which include a gestation period. For example, rice farming requires at least three months before returns, while cattle fattening may take six months. However, many lenders demand immediate repayments, which is unrealistic. Although some NGOs have introduced flexible loan structures, most still do not align with agricultural cycles. In contrast, informal lending provides quick access through personal networks. Therefore, policies must align financial services with farming cycles.

**As Bangladesh is an agrarian country, shouldn't our industries also develop surrounding agriculture?**

Yes, certainly. While we can develop other industries, we have a natural comparative advantage in agro-based industries. There is strong potential for such industries in economic zones, but they have not received sufficient emphasis. Exporting processed and value-added products instead of raw materials can generate higher returns. For instance, dried fish has strong export potential, but food safety and nutrition standards must be ensured to access global markets. There

is also significant potential in livestock and fruits if efficient processing and packaging industries are developed. Our export basket can become more diversified through these efforts. I strongly suggest investing in cold chains and cold storage for perishable products. Public-private partnerships can play a key role. Additionally, ICT and AI can help attract youth to agriculture and support domestic production of import-dependent items such as spices.

**What level of priority should agriculture receive from policymakers, given the importance of food security?**

Agriculture should receive the highest priority. Despite its importance, no dedicated commission has been formed for the sector during the tenure of the interim government. Although total allocations may increase, agriculture's share in the budget relative to GDP is declining. Given global uncertainty and Bangladesh's dependence on imports, strengthening agriculture is essential for ensuring long-term food security and economic stability.

**What would be your concluding remarks?**

Agriculture is the backbone of the country. From the shocks during the Covid pandemic to the ones from the Russia-Ukraine war, agriculture has sustained us. We often say our agriculture is resilient, but it is also vulnerable to both external and internal shocks. Over the last 10 to 15 years, agriculture has supported the economy at several critical moments compared to other sectors. Had it performed poorly during Covid and the early phase of the Russia-Ukraine war, the country's situation would have been far worse. However, the sector still faces vulnerabilities, and we are not fully utilising its potential. We must take deliberate steps to harness it more effectively and ensure its long-term sustainability.

## A rebuttal to rebuttal: 'Evidence, not assumptions, should guide education reform'



Dr Manzoor Ahmed is professor emeritus at BRAC University. He was the convener of the consultation committee on primary and non-formal education appointed by the Ministry of Primary and Mass Education, as well as of the consultation committee on secondary education appointed by the Ministry of Education. Views expressed are his own.

MANZOOR AHMED

There is much to be said for evidence-based decision-making, but it is not a fool-proof formula. I am happy that Dr Shamsul Arifeen Khan Mamun has taken the time to read my op-ed piece on education reform ("We need education reforms that actually work," *The Daily Star*, March 15) and wrote a rebuttal ("Evidence, not assumptions, should guide education reform," *The Daily Star*, March 19).

The title suggests the main argument of his rebuttal. The writer asserts that my points about education reform were based on assumptions, not supported by research evidence. First, the writer objects to the contention that the main reason for students in our schools resorting to private coaching is poor teaching and learning in our classrooms. He cited examples of Singapore and Korea, where private tutoring is common and contributes to "educational success." He cited the evidence of a study which showed that private lessons improved students' educational outcome, but omitted the second conclusion of the same study that private coaching induced students to

resort to "rote memorisation" and impaired students' critical thinking.

My original argument was that the much-discussed policy prescription of banning or severely restricting private coaching was not the solution; rather, attention is needed to improve classroom instruction and rethinking examinations which encourage memorised answers. In any event, the ban and restriction could not be enforced because the conditions supporting the practice were not addressed. The rebuttal missed this point and ignored the context of our schools.

The author objects to the suggestion that a holistic system view—analysing the connections between inputs, processes, and outputs—is needed in education reform, because piecemeal, ad hoc and fragmented actions did not produce desired results. The writer cites some critiques of the systems approach, but ignores others providing contrary conclusions. In fact, the seminal Coleman study in the US, which he cites, concludes that students' socio-economic background mattered as much or more in

students' school performance as actions taken in school. The inference drawn by researchers and policy-makers is that student socio-economic background should be seen as a critical input factor.

The writer also cites studies of production function (how inputs relate to outputs in education) and implies that these studies indicated an abandonment of the systems approach in educational reform. Production

**The main argument of my original article was that we need to adopt a holistic and systemic view and move away from partial, fragmented and ad hoc actions in a fire-fighting mode to initiate sustainable and effective reform. To continue with the analogy, the aim should be to prevent the risk of fire by taking necessary steps, rather than dousing the fire after it happens.**

function analysis is a specific application of systems thinking. Actually, the studies pointed out the difficulties of applying the industrial model of production function in education, but suggested adopting a nuanced approach in analysing the relationship. One study he cited (Wenglinsky, 1997) considered

that the production function analysis is "salvageable" when applied with care. The other study (Hanushek, 2020) reaches the logical conclusion that how resources are used is more important in influencing educational outcomes than how much resource is provided. Neither suggested an abandonment of the production function analysis nor had any specific observation about the system approach. The writer's conclusion is an example of the dangers of selection bias, faulty analysis, and misinterpretation of evidence.

The writer also objects to the suggestion that scholarship examinations at the end of class five and class eight in our schools are not helpful to the majority of students. These exams divert attention and effort of teachers from the majority of poorly performing students in a class to a small number of better performing students who would sit for the scholarship exam and earn a name for the school. Plain logic and sufficient empirical evidence show that scholarship exams did nothing to improve instruction for the majority of students. Talented students should be encouraged to do even better, but any action that benefits a few at the cost of many cannot be an acceptable solution.

There is no basic disagreement with the proposition that evidence should guide reform. There is more to it than this statement implies. To begin with, who determines what the problem is, how do they make that decision, and what evidence do they choose to look for. Do policy-makers selectively pick evidence to justify a pre-determined political agenda, ignoring research that does not support a

preferred position? This is indeed a risk that is present in decision-making in a complex and sensitive area as education reform. Absence of a holistic system view also increases the risk of picking and choosing isolated problems and partial solutions or non-solutions.

The writer's rebuttal itself illustrates the danger of decontextualised and technocratic picking of evidence to justify policy decisions. Logic, common sense, and democratic participation of stakeholders mediated by a guiding framework of moral and ethical principles have to be applied in defining problems and making evidence-based decisions.

The main argument of my original article was that we need to adopt a holistic and systemic view and move away from partial, fragmented and ad hoc actions in a fire-fighting mode to initiate sustainable and effective reform. To continue with the analogy, the aim should be to prevent the risk of fire by taking necessary steps, rather than dousing the fire after it happens.

The discussion of specific policy actions in my article was to illustrate the importance of a system view as opposed to isolated actions. The key action recommendation was the recognition of the need for a policy-making and decision-making culture and mechanism that permits a dedicated team of professionals with relevant competence and experience to be engaged in designing the reform and guiding its implementation. This would include seeking relevant evidence and analysing its pertinence. I hope the policy-makers see the logic of this approach.

CROSSWORD BY THOMAS JOSEPH

**ACROSS**

- 1 Dr's orders
- 5 "Art of the Fugue" composer
- 9 Parking pro
- 10 Patriot Allen
- 12 "Thereby hangs---"
- 13 Blow away
- 14 Green tools
- 16 Spotted
- 17 Smelter supply
- 18 Peach canners gadgets
- 20 Outcome
- 22 Water whirl
- 23 Comes close
- 25 Superfruit berry
- 28 Power

**DOWN**

- 1 Grow up
- 2 Cheers
- 3 Shoulder
- 4 Church topper
- 5 Ogre
- 6 Cash dispenser

**7 Pursued**

- 8 Danger
- 9 Mist
- 11 Full of info
- 15 British pop star
- 19 Final, e.g.
- 21 Hand or foot
- 24 Cattle thief
- 25 Kitchen wear
- 26 Confine
- 27 Duds
- 29 To-do list
- 30 Ate greedily
- 31 Moved carefully
- 33 Foils' kin
- 37 Air
- 39 Secretive govt. org.

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**YESTERDAY'S ANSWERS**

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