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Crop diversification

Abdul Bayes | Saturday, 18 January 2020

Rice, a crop predominantly influencing Bangladeshi diet seems to have lost some grounds. Urbanisation, sustained income growth and a decline in poverty "are continuing to change consumption patterns and heighten demand for a more diverse range of agricultural products". Consumers aside, the producers also need to diversify their production portfolio with a view to maximising income and sustain that income. Consumer concern for high prices and producers' demand for high prices need some convergence so that the dust is settled at a comfortable point for both sides. This can only happen if producers could be connected with consumers through developing value chains.

According to experts, given positive policy shifts, Bangladesh could become a hub of high-value agricultural products. The domestic demand for non-cereal high value products particularly horticultural produces such as vegetables and fruits and animal products such as fish, poultry, eggs, milk etc. are expected to grow at a much faster pace with per capita income rising on an average at above 4.0 percent per annum. Another source of growth could be external markets including Middle East countries.

By and large, non-cereal crops are now said to emerge as opportunities for farmers to raise their incomes. Unfortunately, however, poorly developed market channels as well as traditional emphasis on infrastructure for rice-based economy hinder the prospect of seizing the opportunities on the horizon. Sadly, there has been little attempt to examine and analyse the non-cereal market both from production and consumption sides. There has also been little focus on the value chain - the process through which the perishable products find ways from farmers to consumers. The recent experiences with onion would perhaps bear the statement. However, discussed below is an attempt to that direction and policymakers should note down the observations to frame their future policies.

The World Bank published "Dynamics of Rural Growth in Bangladesh - Sustaining Poverty Reduction" (authored by Madhur Gautam and Rashid Faruquee). The prelude is perhaps not far from the truth on the ground: "The rural economy of Bangladesh has powerfully advanced economic growth and substantially reduced poverty, especially since 2000, but the remarkable transformation and unprecedented dynamism in rural Bangladesh remain an unexplored, underappreciated, and largely untold story". Needless to say that the document intends to fill that gap. It also attempts to suggest what specific actions Bangladesh might take - given the residual poverty and persistent malnutrition - to accelerate and channel rural dynamism. As mentioned before, the rare attempt for the first time might have generated some doubts in the present day context, but surely the observations demand a closer look.

The document contains one chapter titled 'Connecting Farmers to Markets: Trading in High-Value Products' on the heels of heightened demand for high-value vegetables, fruits, and animal products. The steep growth in the demand for products like meat, milk, fish, egg consequent upon the increase per capita income, awareness and growth of demand in foreign markets, offer a unique opportunity to raise income of farmers and traders as well as generate employment in non-farm sector. But to reap home that reward, the supply chains of these products are needed to be geared up so that farmers can be



connected with consumers in an efficient way.

The survey conducted by the authors on some selected vegetables (brinjal), Fish (pangash), chicken and milk finds encouraging signs in the production and marketing of these high-value products and provide some valuable insights": (a) more educated and younger people are entering farming and trading of high-value products, especially fish and poultry. While the average age of farmers is above 40 years, two-thirds of the traders engaged in supplying high-value products are below 40. Farmers engaged in fish trading, for example, have two more years in schooling. "The retention of human capital in the agricultural value chains studied here is a promising sign that the transformation and modernization needed for meeting increased domestic and export demand will be realized". (b) Farmers seem to have good market access contributed by factors such as living within a short distance of at least one primary market and in many instances multiple markets. And not cited one reason may be the expansion of mobile network with four-fifths of rural households owning a mobile set. "The close proximity of markets is reflected in farmers' nearly universal propensity to sell in the market instead of at the farm gate". (c) The agricultural value chain is well integrated with different layers - farmers to traders to consumers and to geographical coverage. "As a result, information about prices flows smoothly and efficiently from traders to consumers. Smooth information flows ensure better prices for farmers and better geographical integration of markets", and (d) traders face no serious barriers to entry not only in primary markets but also in more established markets. In consequence net margins are reported to be

small signalling prevalence of competitive environment. "Overall, the liberalized marketing environment in Bangladesh appears to producers and consumers quite well" but leaves no room for complacency.

The authors then pick up some weaknesses in the whole chain as perceived by traders. First, transport costs. Congestion and transport delays cause much damages to the perishable products. Transport costs account for a larger part of the total costs. For example, to counter the lack of refrigerated trucks, fish traders transport live fishes in water-filled drums, and thus pushing up costs. Second, there is limited access to formal finance. Most of the activities are done by own finance. Third, the unreliable electricity supply means that there is less incentive to processing and packaging equipment.

Abdul Bayes is a former Professor of Economics at Jahangirnagar University and currently, an Adjunct Faculty, East West University. Abdul.bayes@yahoo.com

Editor : Shah Husain Imam

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Telephone : PABX : 9553550 (Hunting), 9513814, 7172017 and 7172012 Fax : 880-2-9567049

Email : editor@thefinancialexpress.com.bd, fexpress68@gmail.com

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