



The Financial Express

Choice is not for rice alone

Abdul Bayes | Saturday, 20 July 2019

It is an interesting observation that, even in rural areas, the per capita consumption of rice has gone down. Well, that could have happened due to the lack of the purchasing power to buy rice in the market. But the price of rice, reportedly on a rise, reflects effective demand along with the almost sustained rise in per capita. Even a rickshaw puller in Dhaka city or an agricultural labourer in a village tends to consume an increasing amount of non-rice foods. Thus, seemingly, the era of predominance of rice influencing Bangladeshi diet seems to have slowed down. Urbanisation, sustained income growth and decline in poverty "are continuing to change consumption patterns and heighten demand for a more diverse range of agricultural products".

There has been a shift in the definition of food security also - from access to rice to access to various items of food for healthy life. 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' expectation for high prices need some convergence so that the dust is settled at a comfortable equilibrium point for both sides. This can only happen if producers could be connected with consumers through developing value chains.

Given positive policy shifts, Bangladesh could become a hub of high-value agricultural products. This is because per capita income is reported to be rising on an average at above 4.0 per cent per annum. This increased income fuels faster domestic demand for non-cereal high value products, particularly horticultural produce such as vegetables and fruits and animal products such as fish, poultry, eggs, milk etc. Another source of growth could be external markets including Middle East countries. By and large, non-cereal crops are now emerging 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 moments of opportunities. 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. However, here is an attempt in that direction and policymakers should note down the observations to frame their future policies.

Drawing upon the World Bank's "Dynamics of Rural Growth in Bangladesh - Sustaining Poverty Reduction" (by Madhur Gautam and Rashid Faruque), one can realize that 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". The exercise 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 need a closer look.

'Connecting Farmers to Markets: Trading in High-Value Products' is a very important chapter 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 increased per capita income, awareness and growth of demand in foreign markets, offers a unique opportunity to raise income of farmers and traders as well as to 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 efficient way.

The survey conducted by the authors on some selected vegetables (brinjal), Fish (pangash), chicken and milk find 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 younger than 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 respect to 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 enter not only primary markets but also 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 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 for processing and packaging equipment.

But what has been missing in the document is the issue of domestic regulations (and their violations) regarding the healthy food systems. In fact, much of the health hazard is caused by production, consumption and distribution of perishable products. Prominent companies allegedly produce milk that contain antibiotic. It is high time that we paid attention to healthy foods rather than foods only.

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Published by Syed Manzur Elahi for International Publications Limited from Tropicana Tower (4th floor), 45, Topkhana Road, GPO Box : 2526 Dhaka- 1000 and printed by him from City Publishing House Ltd., 1 RK Mission Road, Dhaka-1000.

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