

Massive investment in agriculture: An answer

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Sustainable economy to ensure long-term food security cannot be achieved without making substantial investment in agriculture to contribute towards increasing gross domestic products.

A country depending on higher import bill cannot claim to be risk free on the strength of its growth of remittance or foreign exchange reserve, whatever it might be. For Bangladesh, there is no scope to be complacent with the record high reserve of foreign exchange of 610 crore and 37 lakh dollar as on March 6. Equally, it does not make any sense to be too happy to see the foreign remittance of 71 crore and 50 lakh dollar in the month of January.

Besides, the gradual growth in our foreign exchange earning from export of knitwear and woven garments, along with the export of some non-traditional items like vegetables, flowers and foliage, agro-processed foods, footwear, and pharmaceuticals, has given an impression of a stable and bright economy.

No doubt, these are indications of economic strength, but not the answer for a sustainable economy in a country like ours where domestic demand increases rapidly with increased growth of population.

To ensure macro-economic stability, agriculture must be prioritised in comparison to other service sectors. Agriculture, comprising of crops and non-crops like forests, fisheries and livestock, accounts for 19.49% of GDP and employs over 63% of the of skilled and unskilled workforce in our country.

Bangladesh, no doubt, is endowed with fertile soil, appropriate ecological diversity and abundant ground-water resources. This is a unique country having opportunities of generating farm and non-farm activities with minimum efforts and investments.

Unfortunately, the potential of the agriculture sector has not been exploited adequately in spite of comparative advantages in the production of high-value crops, fruits and flowers. Substantial initiatives have not been taken to explore the avenues of increased production of different

varieties of agro-products, in spite of the commitments outlined in the National Agriculture Policy and the commissions constituted thereafter. In fact, it is difficult to gain remarkable successes or make visible break-throughs unless big entrepreneurs come forward with major investment in the agro-based and processing industries.

Most economists strongly feel that the widespread poverty, growing inequality, rapid population growth and rising unemployment, find their origins in the stagnation and often retrogression of economic life in rural areas where agriculture is the mainstay.

The reasons for such deterioration are:

- 1 Drastic reduction in public investment in agriculture.
- 1 Lack of adequate external resources for investment in agriculture.
- 1 Highly subsidised agriculture in developed countries.
- 1 Dumping of agricultural products by developed countries.
- 1 Sense of complacency of green revolution activities.

Apart from the above, the agriculture sector in Bangladesh has some inherent constraints that contain its growth and maintain a gradual decline in its contributions to GDP. Some of these are as follows:

- 1 Dependence on nature, but having no long-term scientific ways to combat the vagaries of the same.
- 1 Rapid decrease in the availability of cultivable land due to construction of houses on fertile agricultural land or on the ponds, canals or rivers. Unfortunately, there is no rule in rural areas regarding the house building.
- 1 Widespread poverty among the marginal farmers engaged in agriculture, and most of them are deeply indebted with the micro-credit or agricultural loan from the banks.
- 1 Lack of required capital for agricultural activities with modern implements and

innovative methods derived from R and D.

- 1 Uncertainty of fair prices of agricultural commodities due to underdeveloped marketing system and packaging procedures for export, especially for horticulture and fruits and foliage.
- 1 Inadequate, or absence of, cold storage or cold chain system to maintain market prices stable round the year.
- 1 Availability of high yielding variety of seeds and preservation of the same to increase the farm products.

These constraints must be overcome with massive investment in the agriculture sector and devising of pragmatic approaches to increase the production, failing which we shall have to pay an abnormal price for import, as we see even now.

The import of rice during the current fiscal year already stands at 29.95 lakh metric tons, and this might reach 40 lakh tons by June. Surprisingly enough, the price of rice from India might be claimed to be 650 dollar per metric ton, but each ton is being sold at 330 dollar in the district of Burdwan in West Bengal. If the imported price reaches such a level, the local market price could be more than Tk 45.00 per kilogram.

In such a situation, with possibilities of more acute problems, the only answer is to increase local production through more investment with private-public partnership. There should be a package of incentives, financial and technical, to invite investment in agriculture. A few of them are as follows:

- 1 Technology transfer through intensive training or development of human resources. For this purpose, Bari, Irri, Bina, Cerdi and other agricultural colleges and universities may take concerted efforts under the leadership of the Ministry of Agriculture.
- 1 Set up more modern research outfits with tissue culture faculties in addition to the facilities now available at Bari, or strengthening the existing facilities.
- 1 Review the Seed Policy and allow the import of seeds of high-value crops, and distribution of the same to the marginal farmers.
- 1 Establishment of the EPZ for agro-processing industries. The EPZ for agriculture products established at Ishwardi, should be made

functional with all available facilities.

- 1 The rate of interest for bank loan for investment in agriculture should be reduced, and the spread should not be more than 3% without service charges.
- 1 The subsidy for fertiliser and seed should be increased reasonably.
- 1 The Equity and Entrepreneurship Fund of Bangladesh Bank should create more opportunities for investment in agriculture.
- 1 Duty rebate and cash incentive facilities for the export of agriculture and horticulture products should be more pragmatic.
- 1 Investment for diversification and growth of high-value crop will be rewarding. There is enough scope for production of mushroom, broccoli, baby corn, French bean, capsicum, orchid and other ornamental plants. Due to the possibilities of export of these crops, investors in the private sector will find it attractive.
- 1 There exists ample scope to derive edible oil from rice bran at Natore, Chapai Nawabgonj and Dinajpur. A large number of medium-size rice bran oil processing mills could be established at Rajshahi division. Besides, there is enough opportunity to export fine and aromatic rice like Kataribhog, Kalizira Chinigura etc. the production of which could increase with incentives.
- 1 Wheat price round the world is increasing fast, and it might increase more due to crop failure and infestation in Canada and some European countries.
- 1 Potato is the third staple food, next to rice and wheat. Bangladesh can produce 45 lakh MT in a year. Establishment of potato-based agro processing industries for french fries, potato chips, potato flakes with high yielding seeds can earn crores in foreign exchange.

Thus, investment in the agriculture sector to attain a sustainable economy in the country is the only answer to avoid any catastrophe in food autarky in the country. This should be taken into consideration during the finalisation of the budget of the 2008-2009 financial years.

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