

Bangladesh rural economy reels from shutdown

The experts believe our rural economy needs similar stimulus the government has announced for the export-oriented sectors

গ্রামীণ অর্থনীতির উপর লকডাউনের প্রভাব II দ্য বিজনেস স্ট্যান্ডার্ড



Omor Faruque gets a production of around 1,500 eggs a day at his poultry farm in Kishoreganj's Pekundia upazila. But now, most of the eggs are not being sold in the wake of a drastic fall in demand – first because of a rumour that the consumption of chickens and eggs can cause coronavirus and now because of the countrywide shutdown.

The farm owner said his daily expense for poultry feed and medicine is Tk10,000.

The pressure for paying for poultry feed and medicine forced him to sell all the eggs that he had accumulated in the last eight days for Tk3.90 per piece against the usual price of Tk7.40 a piece on Monday.

He sold all the eggs for Tk54,600 which was much lower than their usual value of Tk105,000.

"If this situation lingers, it will be very difficult for me to continue the business," he said.

Around 83,000 poultry farmers across the country with around Tk42,000 crore in investments have fallen into bad times because of the ongoing countrywide shutdown that is being enforced to stem the coronavirus outbreak.

Not the poultry sector alone, all farm sub-sectors including livestock, fisheries and vegetable farming are now reeling from the coronavirus fallout, putting more than 47 lakh workers at risk of becoming jobless.

Moreover, during this shutdown a large number of low-income people have moved from cities and towns to villages jobless. These people are more vulnerable now since they are not covered by any of the government's social safety net programmes.

The experts believe our rural economy needs similar stimulus the government has announced for the export-oriented sectors.

Poultry demand and price fall

Khandakar Mohsin, general secretary of the Bangladesh Poultry Farm Protection National Council, said the country's poultry farms produce 4.25 crore eggs daily.

But in the absence of preservation facilities, one-third of the eggs are being sold at a price that is 45 percent lower than normal.

If the situation does not become normal in the next few days, their stored eggs will decay, he added.

HOW SHUTDOWN HITS RURAL BUSINESSES

POULTRY



Country's
83,000 POULTERERS have
TK42,000 CRORE investment



Daily egg production –
4.25 CRORE; one-third sells at
45% lower price



Per day production of
broiler chicken –
3,500 TONNES. Demand falls
drastically, so is price. Per kg
sells at **Tk70** from **Tk100-Tk110**



1.65 CRORE one-day-old
broiler chicks are dumped
every week



Transport
cost hiked by **30%**



Jobs of
47 LAKH WORKERS
in the sector at risk

DAIRY



Number of
dairy farms –
2.50 LAKH



Per day marketable milk
production – **1.5 CRORE LITRES**;
of them, **25 lakh litres**
remain unsold



1.2 CRORE PEOPLE
involved in the sector face
risk of losing employment

FISHERIES



Demand for fish
fell significantly



All hatcheries
remain closed

More than 3,500 tonnes of broiler chickens are produced a day in the country. Now, poultry farmers are reluctant to sell mature broiler chickens because both demand and prices are falling drastically.

As a result, they are beginning to dump a big portion of the 1.65 crore new broiler chicks produced every week, Khandakar Mohsin said.

Dairy farmers struggle to sell milk

Since Milk Vita and other companies in Pabna and Sirajganj have stopped buying milk during the shutdown, dairy farmers are now forced to sell their produce for only Tk10-15 per litre against the regular price of Tk45, and for payments in arrears.

Even then, as much as a 4 lakh litre portion of the produced milk remains unsold.

Daily income for Khan Dairy Farm in Pabna's Atgharia area was Tk2,700 from the sale of 60 litres of milk collected from six cows. Now its sale has come down to 25 litres with the fall in demand. The earning has also reduced to Tk600 per day with the milk price dropping to Tk25 a litre from Tk45.

The farm now distributes milk among local people in the absence of an adequate number of buyers.

The dairy farm's owner Sajib Hossain Rony said, "Our earning has decreased but fodder prices have doubled. I need to spend Tk1,500 for feedstuff every day."

Now it has become very tough to arrange Tk24,000 in wages for his two workers.

"I have no way out but to sell a bull worth Tk1.5 lakh at Tk90,000 to arrange pay for my farmworkers. If this situation continues for long, I will run out of capital," said the farm owner.

Industry insiders said around 2.5 lakh dairy farm owners are facing problems with respect to selling milk due to a significant fall in both demand and prices.

Now around 1.2 crore people involved in the dairy sector either directly or indirectly are at risk of losing their employment.

As their storage capacity is exhausted, pasteurisation plants have stopped procuring milk. These plants absorb 6-7 lakh litres of the country's daily marketable production of 1.5 crore litres of milk.

More importantly, sweetmeat makers – a major buyer of dairy farms' milk – have also closed.

Md Anisur Rahman, general secretary at the Bangladesh Dairy Development Forum, said the sale of pasteurised milk has halved in a week, and the storage capacity of companies has been exhausted.

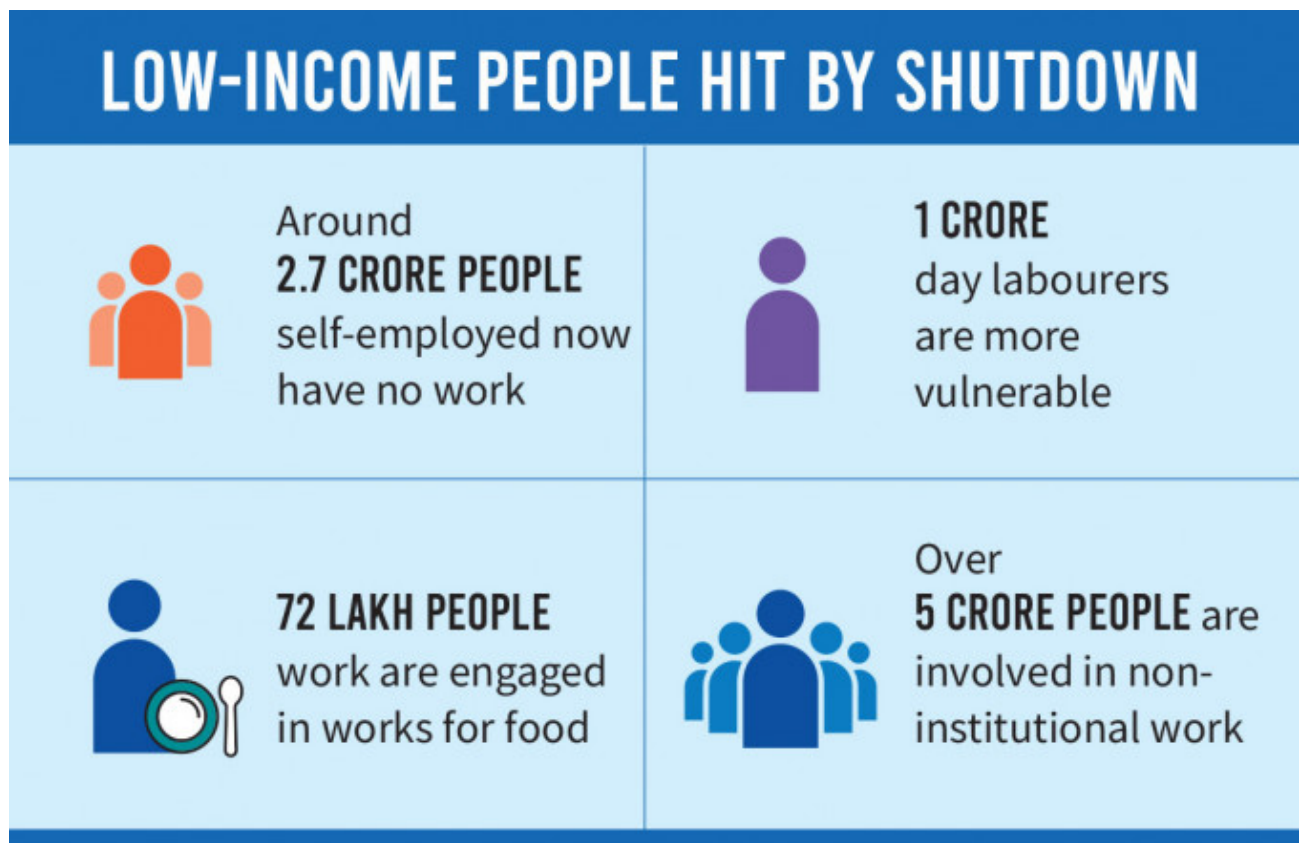
Fisheries sector sees low demand

The fisheries sector, which contributes 23 percent of agricultural production, is also facing uncertainty under the adverse impact of the coronavirus outbreak.

Saiful Islam, a fish farmer in Netrakona's Kendua upazila, said he cultivated 17 tonnes of pangas fish in a one-acre pond. He now expects a production of 17 tonnes with each fish now weighing more than 1 kilogram.

But he cannot sell mature fish because of low market demand. No buyer is interested in buying more than 4 to 5 tonnes at a time. They are also not ready to pay more than Tk70 for each kilogram of fish.

He will have to incur a loss of Tk2 lakh, although he hoped to make a profit of Tk3 lakh after deducting his cultivation cost of around Tk14 lakh.



Saiful told The Business Standard that now he has to spend Tk10,000 extra every day in buying 200kg fodder for the fish. And he has no option but to approach moneylenders to arrange this amount.

Some 28 out of 34 hatcheries in Jashore were shut from March 28.

Firoz Khan, president of the Jashore Fish Hatchery Owners' Association, said Jashore meets 60 percent of the country's demand for fish fry. They have been forced to keep all hatcheries closed in the peak season because of the countrywide shutdown.

As a result, hatchery owners have to incur a loss of Tk10 crore a week. Fish cultivation will also be disrupted across the country, he added.

Prices of vegetables fall drastically

With no work on the paddy fields at this time in the Bangla month of Chaitra, a large number of agriculture workers get engaged in vegetable cultivation. But the impact of coronavirus is also being felt in agriculture.

Aktarul Alam, a vegetable farmer at Durgapur village in Rangpur's Mithapukur upazila, said he has grown vegetables on 225 decimals of land.

The price of eggplants has dropped to Tk10 from Tk55 per kg in a short time. Hence, he is now preparing to root out the plants and cultivate another vegetable on the land instead.

He worries about a fall in price of all varieties of vegetables. Long beans sell at Tk10, down from Tk40 a week ago. Tomatoes and bitter gourd are also selling at Tk4 and Tk10 per kg respectively.

Traders do not want to buy any vegetables except for potato owing to a low demand in Dhaka, Aktarul said. He is now struggling to pay daily wages to 15-20 labourers.

Every year he earns Tk3-4 lakh in profit. If the present situation lingers, a big portion of his savings will run out.

Rural economy needs support

A huge number of low-income people moved to villages from cities virtually with no money in hand. Around 2.7 crore self-employed people, officially categorised as "own account workers", are out of work.

This section of the workforce is more vulnerable during this period of abrupt shutdown, as neither they nor their employers are covered by any sort of financial bailout or social safety net programmes of the government.

Experts are emphasising the need for policy attention to support the rural economy in the same way the government has responded to the export-oriented industries.

Dr Zahid Hussain, former lead economist of the World Bank Dhaka Office, said returnee villagers from local cities and abroad are not bringing money into the rural economy right now, and that is creating a pressure there.

Dominance in informal employment is depriving a large number of the rural population of any financial benefits from their employers.

Dr Zahid suggested a rapid and sizable government programme to support the hand-to-mouth people in Bangladesh to avert a social and economic crisis.

The people returning to villages are not included in the existing social safety net, and an overhauled programme should include them.

He also acknowledges that the stretched fiscal resources will make it harder for the government to finance such things, but it has options to borrow from international agencies under special programmes, and the government can also print more money.

Dr Shamsul Alam, member of the Planning Commission's General Economic Division, also fears that if the coronavirus crisis is prolonged, a large proportion of the rural population will face hard consequences.

In addition to programmes like VGD, VGF, Food for Work, and selling rice at Tk10 per kg, much bigger initiatives may be needed, which will be difficult for the government to carry out alone without external assistance, he pointed out.