Bangladesh Food Situation Report

FPMU

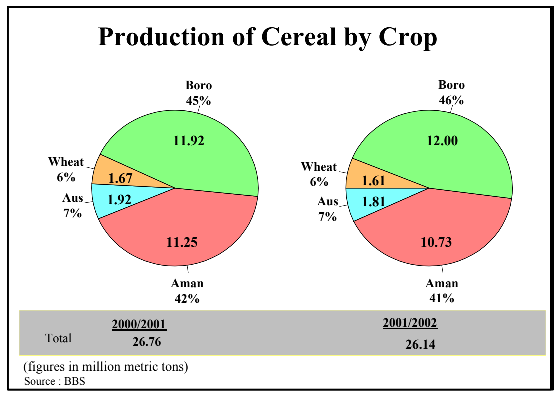
July 2002 **Volume 51**

Overview

The actual production of *aus, aman,* wheat and the estimated production of *boro* is lower than the production target of the year 2001-02. The domestic procurement exceeds the budgetary target for both rice and wheat. The total private sector import was more than that of last 2000-2001, but the share of rice import was remarkably low than the previous years. The total public food grain distribution for 2001-2002 was 17% less than the target and 18% lower than the previous year. The share of targeted distribution to poor and vulnerable was 83% of the total. The closing stock of 2001-2002 was 944 thousand m. ton which was 77 thousand m. ton more than last year.

Production Outlook

Figure-1

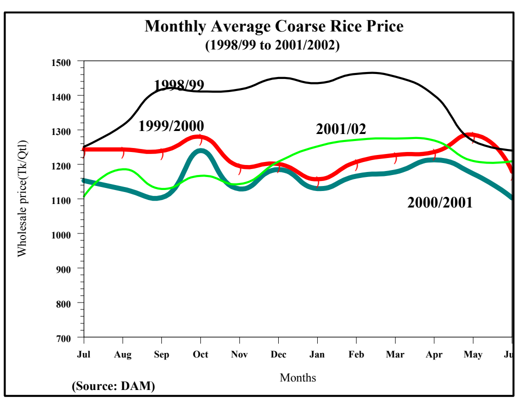


At the beginning of the fiscal year 2001-2002 the expectation of foodgrain production was higher than that of the previous year, but due to natural calamities the target set by DAE (27.92 million m. tons) could not be achieved. The BBS gave a final estimate of *aus,aman* and wheat production of 1.81, 10.73 and 1.6 million m. tons respectively against the target of 1.84, 11.55 and 1.85 million m. tons. *Boro* production may also come down to 12.0 million m. tons against the target of 12.69 million m. tons. *Boro* production received some setback due to natural calamities particularly early flash flood in the district of Sunamgonj, Kishoregonj, Netrokona and the severe thunder storm and hail strom in the district of Rangpur, Dinajpur and other areas of the country.

Thus with actual *aus, aman* and wheat production of 1.81, 10.73 and 1.6 million m. tons respectively and expected boro production of 12.0 million m. tons , total foodgrain production in 2001-2002 is expected to be 26.14 million m. tons.

re 2

Figure 2



Government Action

The size of public food distribution for the FY 2001-2002 was reduced from the initial target of 1.76 million m. ton to 1.45 million m. ton mostly by curtailing the allocation to the monetized channels. Due to government strong commitment to the food security aspects, the lion share of the public food distribution concentrated towards the targeted programs, which was 1.2 million m. ton (83% of total distribution). Government encouraged the growers through price support by large scale domestic procurement. Government procured 1.05 million m. tons (rice 0.726 million m. ton, wheat 0.327 million m. ton) in 2001-2002 which was about 35 thousand m. ton less than the previous year. But the quantity of wheat procurement during 2001-2002 was the largest in the procurement history. There was no commercial import of foodgrain by the government own resources during 2001-2002. On the other hand, by adopting some policy measures like reducing bank L/C margin from 100% to 25% and withdrawal of 10% Regulatory Duty imposed earlier on rice import, government facilitated private sector food grain imports which was 1.28 million m. ton for the year 2001-2002. These steps of the government helped in stabilizing the market prices of foodgrain.

Dhaka, Bangladesh, August 25, 2002

Food Aid and Commercial Imports

In FY 2001/02, against the budgeted quantity of 575 thousand metric tons, the actual arrival of food aid was only 509 thousand metric tons, about 3.7 percent higher than that of previous year (491 thousand metric tons). Though initially there was budget provision for 350 thousand (rice 150 and wheat 200) metric tons from own resources the government has not imported any foodgrain due to satisfactory level of public stock throughout the year.

In response to stable market price situation of rice in 2001/02, the private traders were not encouraged to import rice. The private rice imports was only 118 thousand metric tons in comparison to 528 thousand metric tons in 2000/01. On the other hand, the private sector wheat import was more than doubled (1171 thousand metric tons) compared to the previous year (534 thousand metric tons). In 2001/02 total private imports of foodgrain (1289 thousand metric tons) was about 20 percent higher than that of previous year (1087 thousand metric tons).

Table 1: ***Imports of Foodgrain***

(000' MTs)

Category of Imports	2000/01	2001/02												
		Actual												Total
	Total	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Rice														
Govt. Com.	**0**	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Food Aid	**32**	0	0	0	2	0	0	0	0	0	0	0	6	**8**
Private	**529**	2	1	1	3	5	3	2	3	6	43	14	35	**118**
Wheat														
Govt. Com.	**0**	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Food Aid	**459**	2	0	84	75	91	119	31	28	0	72	0	0	**501**
Private	**534**	120	41	64	46	91	69	19	84	134	132	91	280	**1171**
Total	**1554**	124	42	149	125	187	192	52	114	140	247	104	321	**1799**

International Prices

Annual average price of Thai parboiled rice (5% broken) in 2001/02 was US$ 198 per metric ton (FOB Bangkok), 5% higher than the annual average price of 2000/01 (US $187 per metric ton). In 2001/02 intra-year price variation was not significant (ranging from US$ 214 per metric ton in September/2001 to US$ 188 per metric ton in April/2002). But except April 2002 for the last nine months price changes were minimal and remained stable at around US $193 per metric ton. In June 2002, 5% broken parboiled rice price was US$ 195 per metric ton for which equivalent C.I.F price at Chittagong port stands at around Tk. 12.50 per kilogram which was about 9% higher than C.I.F price of Tk. 11.50 per kilogram at Chittagong port in June 2001.

International wheat prices remained low, ranging from US$ 121 (May 2002) to US$127 (November 2001) per metric ton for US wheat (FOB Gulf HRW#2). FOB price of Hard Red Winter #2 wheat at US Gulf port was US$121.73 per metric ton in May 2002 compared to US$ 135.64 per metric ton in May 2001, a decline of about 10 percent in one year. Equivalent CIF price of HRW#2 wheat at Chittagong port is estimated at Tk. 8.80 per kilogram.

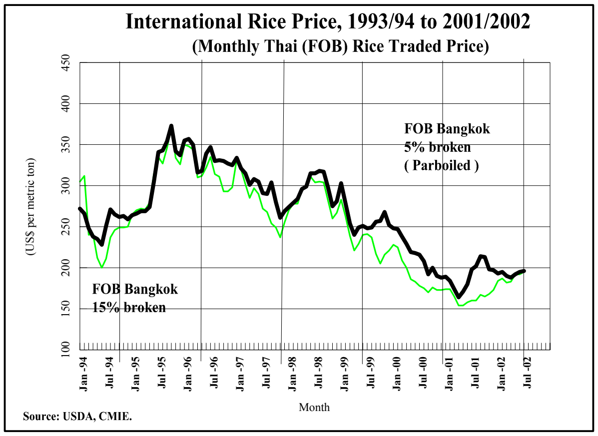


Figure -3

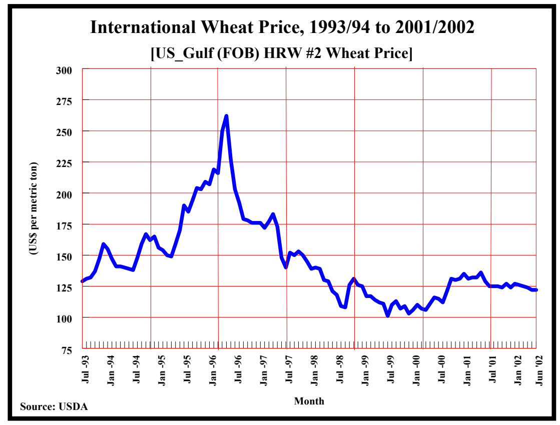


Figure-4

Domestic Prices

The weekly paddy price at intensive production areas at the beginning of 2001-2002 was Tk. 5.20/kg, which was the lowest price of the year and 2nd lowest price of the last 5 years. This price raised upto Tk. 8.11/kg in the last week of August/01 then it came down sharply from the first week of May/02 having ample supply from *boro* harvest. The intra-year price variation was 56%. The Market prices always remained below the corresponding government procurement prices of Tk. 8.00/kg (*aman*) and Tk. 8.40/kg (*boro*).

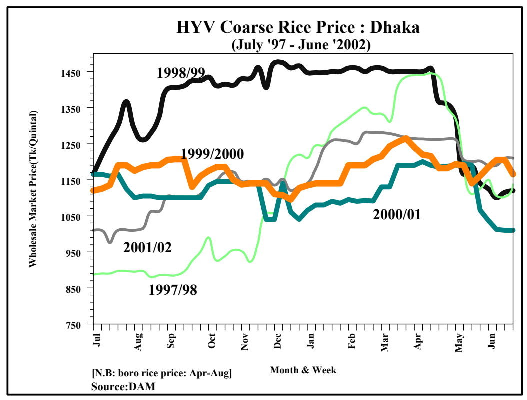


Figure -5

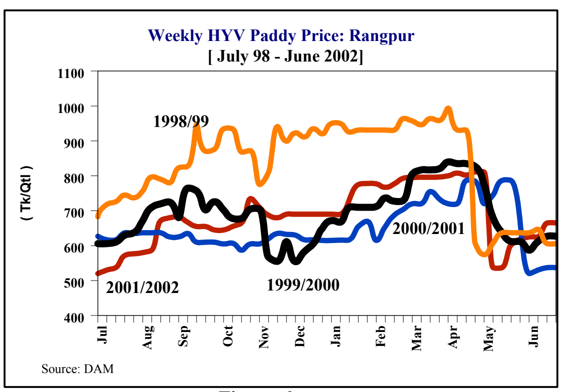


Figure-6

In the beginning of 2001-2002, the national average coarse rice price was Tk. 1107/kg. That was the lowest price of the year. It raised upto Tk. 12.75/kg in the month of May/02 and then came down to Tk 12.09/kg with the harvest of *boro* crop.

Similarly the Dhaka market wholesale price of coarse rice was also low (Tk. 10.10/kg) at the beginning of 2001-2002, which came down to Tk. 9.75/kg at the 3rd week of July/01. Then the price gradually increased and raised to Tk. 12.82/kg in March/02. However, the price again come down to Tk. 12.20/kg in July/02. The intra-year price variation was 31%.

The price of Dhaka wheat in July/2001 was Tk. 9.70/kg which came down to the year's lowest in the 4th week of May/02 at Tk. 9.25/kg. The intra-year price variation was about 5.4%, which indicates that the average wheat price was almost stable during 2001-2002. Private sector import along with own production of wheat augmented as well as smoothened the supply during 2001-2002. Unlike paddy and rice price the wheat price was almost stable through out the year.

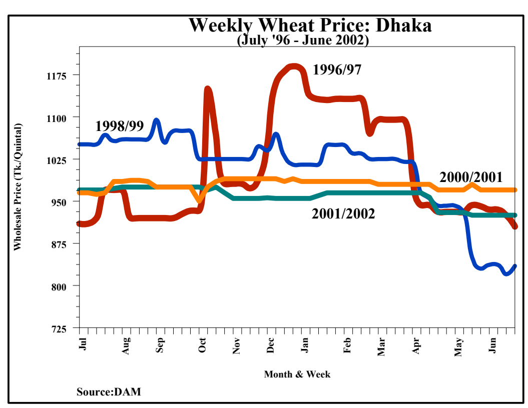


Figure-7

Figure 8

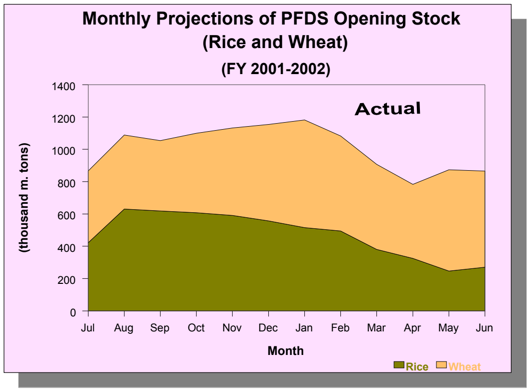
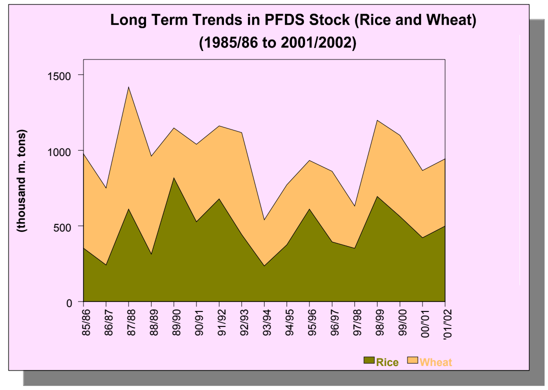


Figure 9



Public Food Operations

Table 2: *Monthly Public Foodgrain Operation, 2001-2002*

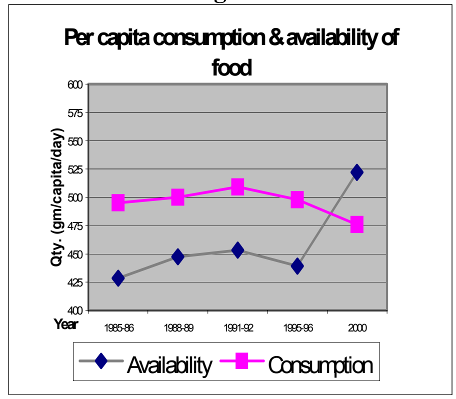
(July 2001 – Jun 2002 Actual Figures)

(000 MTs)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	*Jun*	Total
Rice													
Opening Stock	422	631	619	608	591	557	515	495	380	325	246	*270*	
Accumulation													
Procurement	222	0	0	0	0	9	45	43	15	0	76	*316*	**726**
Food Aid	0	0	0	2	0	0	0	0	0	0	0	6	**8**
Govt. Com. Imp.	0	0	0	0	0	0	0	0	0	0	0	*0*	**0**
Distribution													
Priced	11	10	11	11	10	11	11	11	11	11	11	*9*	**128**
Non-Priced (including FFE)	1	1	0	7	23	40	53	147	58	67	40	*83*	**520**
Closing Stock (a)	631	619	608	591	557	515	495	380	325	246	270	*500*	
Wheat													
Opening Stock	445	458	435	492	541	597	667	588	527	458	628	*595*	
Accumulation													
Procurement	34	0	0	0	0	0	0	0	17	192	40	*45*	**328**
Food Aid	2	0	84	75	91	119	22	28	0	72	0	0	**493**
Govt. Com. Imp.	0	0	0	0	0	0	0	0	0	0	0	*0*	**0**
Distribution													
Priced	8	8	10	10	11	11	9	13	11	11	*14*	*10*	**126**
Non-Priced (including FFE)	14	14	15	15	24	37	90	73	75	82	*58*	*184*	**681**
Closing Stock (b)	458	435	492	541	597	667	588	527	458	628	*595*	*444*	
Total Stock (a+b)	**1089**	**1054**	**1100**	**1132**	**1154**	**1182**	**1083**	**907**	**783**	**874**	**865**	***944***	

Food and Nutrition Security status

Figure -10



The traditional supply oriented approach of finding availability of foodgrain in Bangladesh shows considerable improvements in the past few years. The per capita daily availability of foodgrain was nearly 16oz up to 1998/1999 and since then it continues to be above 18 oz. In 2001-02, the projected quantity of per capita daily availability shows around 3% decline over the previous year.

According to HIES 2000, the per capita foodgrain intake shows decrease over the past two surveys. However, there are considerable variations in foodgrain intake among rural (479 gm) and urban (373 gm) households. The national average of foodgrain intake in 2000 was 476 grams equivalent to 1666 kcal. The share of calorie from foodgrain also shows declining trend over the years. In 1991-92, it was 78.5% which came down to 75% in 2000. Average protein intake has also been declining to some extent over the past three surveys.

As far as the national level is concerned, foodgrain intake (476 gms) as well as overall calorie intake level (2240kcal) are satisfactory. However, there is widespread distribution problem causing poverty head count ratio still at the level of 44.3% equivalent to about 5.6 million people lying under food-based absolute poverty line (2122 kcal). The hard core poverty (1805 kcal) head count ratio, though declined over the years, still counts more than 24.5 million people. The concern is that there is more and more urban people lying under poverty (55.5%) ostensibly due to increasing migration from rural areas for jobs and better living.

The income incidence of poverty declined by about 9-percent during the last decade, a decline by about one percentage point per annum in terms of both the upper and lower poverty lines, while real per capita mean expenditures increased by 2.5 percent per year. Rural poverty remained more extensive than urban poverty throughout the decade based on both poverty lines. However, rising income inequality has reduced the rate of poverty reduction. So despite coming close to food security at the national level, the massive problem of poverty prevents food security at the household level in Bangladesh. However, targeted interventions like VGF, VGD, FFW, FFE etc., covering almost 85% of the total PFDS in recent years, have been playing a vital role in poverty reduction.. For example, for each 1 kg of wheat provided to Food for work beneficiaries, their wheat consumption increases by 0.30 kg (*the marginal propensity to consume*). It is likely that other targeted programmes have a much higher effect on consumption demand.

The production and consumption of all food items except rice, roots and to some extent fishes is much lower than the minimum requirement. The most alarming situation prevails in the production of meat, milk and eggs on the nutritional viewpoint. While the production of meat and eggs increased slightly, production of milk virtually did not change. Intake of pulses, tubers & vegetables, oils and milk are also quite inadequate. The more concern is that per capita consumption of these items has been declining over time. Although the country does not have protein deficiency in terms of quantity, but as because meat and pulses intake is low, the quality of protein may not be satisfactory. Not only that, vegetables and fruits intake are not as per Recommended Dietary Allowance.

The consumption of such diets in low-income groups has resulted widespread malnutrition among them. Several studies depict serious malnutrition in women and children. HKI (Helen Keller International) reports that almost 50% of women have BMI<18.5; 45% are anemic and 25% Vit-A deficient. Again 55% of children under 5 years of age are stunted, underweight and anemic ; 25% are Vit-A deficient. So, nutritional situation is not only bad today, it has overwhelming impact on the future generation of the country. Nutrition, therefore, although not the centerpiece of development but being an important factor deserves more attention than it has received.

This report is published by the Food Planning and Monitoring Unit, Ministry of Food. For detailed information/ data call FPMU Tel: 9550634/ 9557686, Fax: 9559328, E-mail: fpmu@citechco.net