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HISTORY OF THE MINISTRY OF FOOD

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Bangladesh Food Policy Project**

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PREFACE

The International Food Policy Research Institute (IFPRI) Bangladesh assigned us to write about the gradual evolution of food policy and its management in the country in the half century period 1943-93. The work was expected to be completed within three months. It was indeed an uphill task, specially when the relevant data and records of many periods were not available inspite of our best efforts to trace the missing links in quite a large number of departmental libraries and archives.

We apologize for not being able to present the facts, complete in all respects, within the time allotted for the purpose but assure that the gaps would not prevent the discerning readers from drawing conclusions about the emerging trends in food policy and management in all their aspects during the past five decades with special stress on post independence era from 1971.

We faced dilemma at the magnitude of variation in statistical data and had to rely mostly upon the figures of the Ministry of Food, DG Food office, BBS, World Bank, USAID, WFP and IFPRI in the appropriate areas. The variations however still persist but these do not influence or mislead in any significant way the trends in the tables and figures prepared carefully for the report.

We are grateful to the Ministry of Food, Food Planning and Monitoring Unit, IFPRI, USAID and WFP for liberal assistance with data, reports, studies and records etc. without which it would not have been possible to write the report.

We shall consider our labor to be well rewarded if the readers can get an idea about the food policy and its management pursued by different governments of this country during the past 50 years.

5th June, 1994
Dhaka

A. W. Nuruddin Ahmed
Dr. Lutful Hoq Chowdhury

ACRONYMS

AC	=	Atta Chakki
ADB	=	Asian Development Bank
ADG	=	Additional Director General of Food
ADP	=	Annual Development Programme
AGD	=	Approved Grain Dealers
ARM	=	Automatic Rice Mill
BBS	=	Bangladesh Bureau of Statistics
BCS (Food)	=	Bangladesh Civil Service (Food)
BDR	=	Bangladesh Rifles
BIWTC	=	Bangladesh Inland Water Transport Corporation
BRAC	=	Bangladesh Rural Advancement Committee
BSC	=	Bangladesh Shipping Corporation
BSFIC	=	Bangladesh Sugar and Food Industries Corporation
CARE	=	Coordinated American Relief Everywhere
CCDR	=	Chief Controller of Dhaka Rationing
CD	=	Canal Digging
C & F	=	Cost and Freight
CIDA	=	Canadian International Development Agency
CO	=	Chief of Operations
CSD	=	Central Storage Depot
DANIDA	=	Danish International Development Agency
DCF	=	District Controller of Food
DGF	=	Director General of Food
DMSS	=	Director of Movement, Storage and Silos
DPA	=	Director of Personnel and Administration
DPEC	=	Development Projects Evaluation Committee
DSDM	=	Director of Supply, Distribution and Marketing
EEC	=	European Economic Community
EP	=	Essential Priority

FAO	-	Food and Agriculture Organization of the United Nations
FAQ	-	Fair Average Quality
FFW	-	Food For Work
FIGS	-	Federal Grains Inspection Services of the US Government
FM	-	Flour Mill
FOB	-	Free on Board
FPMC	-	Food Planning and Monitoring Committee
FPMU	-	Food Planning and Monitoring Unit
FRG	-	Federal Republic of Germany (Erstwhile)
FS	-	Free Sale
GOB	-	Government of Bangladesh
GR	-	Gratuitous Relief
HYV	-	High Yielding Variety
IDA	-	International Development Agency
IFPRI	-	International Food policy Research Institute
IP	-	Internal Procurement
IVA	-	International Volunteers Association
LE	-	Large Employers
LGRD	-	Local Government & Rural Development
LSD	-	Local Supply Depot
MIS	-	Management Information System
MO	-	Marketing Operation
MOF	-	Ministry of Food
MR	-	Modified Rationing
MRM	-	Major Rice Mill
NA	-	Not Available
NGO	-	Non-Government Organization
OC	-	Officer - in - Charge
OMS	-	Open Market Sale
O & M	-	Organization & Method

OMP	=	Open Market Price
OP	=	Other Priority
PC	=	Palli Chakki
PFDS	=	Public Food Distribution System
PP	=	Procurement Price
PR (RR)	=	Palli Rationing (Rural Rationing)
PRIC	=	Project Review & Implementation Committee
RCE	=	Regional Controller of Food
RMP	=	Rural Maintenance Programme
SHM	=	Small Husking Mill
SR	=	Statutory Rationing
TPC	=	Temporary Procurement Centre
TFO	=	Thana Food Officer
TR	=	Test Relief
UAC	=	Union Assessment Committee
UNCDF	=	United Nations Cooperation for Development Fund
UNICEF	=	United Nations International Childrens Emergency Fund
UNROB	=	United Nations Relief Organization Bangladesh
US-AID	=	United States Agency for International Development
USDA	=	United States Department of Agriculture
VGD	=	Vulnerable Group Development
VGf	=	Vulnerable Group Feeding
WFP	=	World Food Programme

CONVERSION TABLE

A. Weight

1 Kilogram (Kg)	=	1000 Grams = 1 Seer+1 Chatak + 0.74 Tola
1 Metric Ton (MT)	=	1000 Kilograms
1 Quintal	=	100 Kilograms
1 Chatak	=	5 Tola
1 Seer	=	80 Tola = 933.10 Grams
1 Maund	=	40 Seer = 37.324 Kilogram
1 Gram	=	0.035 Ounce (Oz)
1 Ounce	=	28.35 Gram

To Convert

Multiply by

Ounces to Gram	28.35
Gram to Ounces	0.0352
Tons to Kilogram	1000
Kilograms to Ton	0.001

B. Length

1 Mile	=	1.61 Kilometre
10 Miles	=	16.09 Kilometre
1 Mile	=	1760 Yards
1 Yard	=	3 Feet
1 Foot	=	12 Inches
1 Metre	=	100 Centimetre (Cm)
1000 Metre	=	1 Kilometre (Km)
1 Metre	=	1 Yard + 3.37 Inches
1 Yard	=	0.91 Metre
10 Yards	=	9.14 Metre

<u>To Convert</u>	<u>Multiply by</u>
Feet to Metres	0.3048
Metres to Feet	3.2810
Yards to Metres	0.9144
Metres to Yards	1.0940
Miles to Kilometres	1.6090
Kilometres to Miles	0.6214

C. Area

1 Hectare (Ha)	=	2.471 Acres
1 Acre	=	0.4047 Hectare
1 Square Mile	=	640 Acres
	=	259 Hectares
	=	2.59 Kilometre
1 Bigha	=	20 Katha = 33.3 Decimal
1 Katha	=	16 Chatak = 1.65 Decimals
1 Acre	=	3 Bigha + 4 Chatak
	=	60.5 Katha
	=	100 Decimals

<u>To Convert</u>	<u>Multiply by</u>
Acres to Hectares	0.4047
Hectares to Acres	2.4710

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CHAPTER ONE

1 CHRONOLOGY OF DEVELOPMENT OF THE MINISTRY OF FOOD

1.1 INTRODUCTION

Food constitutes a basic human need and a human right. "Everyone has the right to a standard of living adequate for the health and well being of himself and of his family, including food, clothing, housing and medical care and necessary social services." ¹ Like most developing countries Bangladesh also directs its efforts at satisfying food need before others. Fundamental Principles of State policy (Article 15) incorporated in the constitution of the Peoples Republic of Bangladesh requires the state to provide the provision of the basic necessities of life, including food, clothing, shelter, education and medical care. Thus the food issue constitutes one of the major concerns for the country. Shortage of food has been a serious problem for Bangladesh.

Since independence there has been improvement in the production of foodgrains. But the pace of production unfortunately could not keep pace with the fast population growth. The efforts of increased food production are frustrated by frequent disasters like floods, cyclones and droughts.

The objective of the government is to supply food to all at a reasonable price. The problem of adequate food supplies and securing access to food for all have been identified as the central policy goals for Bangladesh. The Ministry of Agriculture is responsible for taking care of the production of agricultural products, while the Ministry of Food looks after domestic and external procurement plus the distribution

A. Eide, W. B. Eide and others - Food As a Human Right, The United Nations University, Tokyo, 1984.

of foodgrains, particularly, rice and wheat and other selected food items such as sugar, edible oil and salt.

The purpose of this chapter is to trace the development of food administration during the last phase of the British rule in India and also describe the post partition condition as well as the growth of food administration in Bangladesh. It also deals with the changing mandate of food department.

1.2 FOOD ADMINISTRATION IN BRITISH INDIA

The civil Supplies Department started functioning in December 1942 on war emergency basis. Following the famine of 1943 in the then Bengal the Department was expanded in 1945. The main purpose for creating the civil Supplies Department was to rationalize the distribution of foodgrains/ foodstuff and essential daily necessities in the war ravaged undivided Bengal.¹ The organization of the Food Department consisted of two parts : the first, the secretariat which was divided into a number of branches, such as Foodgrain branch and Statistical branch. An Advisor, deputed from the Ministry of Food in England, was attached to the Secretariat to advise on food rationing. And the other, a Directorate of Food, which under the guidance of Director General and three Deputy Director Generals was "responsible for (a) procurement of seven major foodgrains (wheat, rice barley, gram, maize, jowar and bazra) and distribution for civil needs and supply against Defence Services requirement of grains or grain products, (b) procurement and supply of food stuffs for the defence services against Quartermaster General's indents."² In theory the secretariat was responsible for advising on policy decisions, while the Executive side - the Director General and his staff

¹ A. K. M. Ruhul Amin - A Brief Guide to Food Laws, September, 1983.

² Henry Knight - Food Administration in India, Stanford University Press, Stanford 1954, Page - 117.

was responsible for carrying the decision into effect. This division between "Secretariat" and "Executive" functions normal with the Government of India ended by the absorption of the Director General into the Food Department, which hence forward combined both food policy and its implementation. "This (administrative) change was largely responsible for the successful working of the Food Department of the Government of India. For successful it undoubtedly was; otherwise, disaster must have overtaken India's food supply."⁴

The general structure of the Department remained the same with considerable expansion until 1947. In 1944, the Government of India in its efforts to closely associate public and expert with the functioning of the Food Department replaced the former Central Food Advisory council by a more widely representative body to advise and assist the Department. A sub-committee was constituted to look into the question of procurement and to advise on the best methods of ascertaining and securing the surpluses of the growers and of linking up production with procurement.

The Food Department, realizing the need of a headquarters laboratory of its own, where food and grain samples could be tested and storage tests could be undertaken, set up a laboratory under a Chief Technical Advisor in 1944. The Food Department in 1945 also formed a technical panel of a group of scientists to advise on all aspects of India's food problem. The following committees were also formed :

- (i) Food Processing Committee
- (ii) Edible Oil and Fats Committee
- (iii) Vitamin Technology and Food Fortification Committee
- (iv) Food Standards Committee
- (v) Entomological Committee
- (vi) Alcoholic Beverage Committee

Ibid, Page - 119.

(vii) Microbiological Committee

Based on the recommendation of the Famine Inquiry Commission (1945), the Food Department created a special Commission Branch. The responsibilities of the Special Commission Branch of the Food Department was to review the Five-year Development Plans submitted by the Provincial administration after the war.

The Famine Inquiry Commission pointed out that storage was one of the most difficult problems faced by the Food administration of India. The Food Department had to take steps to increase the storage facilities in the country. In November 1944 the Food Department established a storage Directorate to expand storage accommodation.

At the beginning of 1946 the Food Department in the secretariat was divided into four divisions :

- (a) The Secretary was in charge of general policy, planning, finance, research and control over provincial food administration.
- (b) The Director General looked after purchase of foodgrains, their movement, storage, inspection, statistics and rationing;
- (c) A Joint Secretary was concerned with all purchases other than foodgrains
- (d) A Joint Secretary looked after the work of the sugar and vegetable oil products controller. Higher personnel of the Food Department of the Government of India may be seen in the Annex - 1. During 1944, the staff engaged in the districts in the administration of food and civil supplies consisted of an Asst. Director and a number of Licensing and Returns Officers, and Inspectors. This

staff worked under the Regional Deputy (or Additional Deputy) Director of civil supplies. The district staff was subjected to the supervision of the District Magistrate.

In Bengal there were a staff of 7 Regional Deputy Directors, one Additional Deputy Director, 37 Assistant Directors and Officers of equal status, and 450 Inspectors.⁵

1.3 FOOD ADMINISTRATION IN EAST PAKISTAN

After the creation of Pakistan in 1947, the head of the Provincial food administration was located in the secretariat under the Civil Supplies Department, Government of East Pakistan. The function of the Department was primarily price stabilization by different operational techniques.⁶ It was the function of the Department to assess the probable requirement and to place an indent with the central government to arrange supplies of foodgrains from outside to meet it.

The secretariat staff consisted of a Secretary, a Deputy Secretary and two Assistant Secretaries. They used to deal with policy, legislation, appointment, transfer, promotion and discipline of gazetted officers.

In 1955 with the withdrawal of rationing system the Civil Supplies Department was abolished. It was merged within the Department of Agriculture. "But this created repercussion in the form of price hike of foodgrains and resentment among the workers and government servants equally."⁷ So after nine

⁵ Bengal Famine Inquiry Commission Report - Page 160.

⁶ Annual Report on the activities of the Food Department during 1959 - Page 1.

⁷ Study on Subsidies in Public Food Grain Distribution System in Bangladesh, EUREKA, 1986.

months due to the deteriorating food situation and price rise of foodgrains, the Civil Supplies Department was reestablished. In 1956 a permanent secretariat Department entitled Food and Agriculture (Food) Department was created. At that time Food Department included two directorates - the Directorate of Procurement and Rationing and the directorate of Movement and Storage. These directorates were also made permanent from April 1957. Director General, Food and Agriculture used to supervise the working of the directorates. Later on Directorate of Accounts was set up in 1959-60 and in 1969-70 the directorate of Inspection, Control also came into existence.

The Director of Procurement and Distribution looked after the procurement, supply, distribution and rationing of food stuffs throughout the province as well as for fixation of their prices. There was a District Controller in every district and a Sub-divisional controller in every sub-division. There were also three Regional controllers who used to supervise the district and sub-divisional controllers. In addition, there were also Inspection personnel, normally one Inspector in each thana and additional staff in charge of local supply depots. The ground staff consisted of Chief Inspectors and Tally clerks. The District Controller was the principal administrative and executive officer of the Department in the district.

The Directorate of Movement and Storage was responsible for the movements of food stuffs controlled by the Food Department and for the storage of such food stuffs needed for distribution. The Directorate of Inspection and controller was in charge for the sampling of foodgrains purchased by the Department or stored in godowns under the Department's control.

The Directorate of Accounts took care of the maintenance of accounts, operation of the cash credit, audit of local offices and preparation of balance sheet.

During 1959 "section officers" scheme was initiated in the secretariat. But the Food Department could not introduce the section officer system before April 1960. The total staff strength of the Department in 1960 was 64 which included one Secretary, one Deputy Secretary, ten Section officers and other support staff. In 1966 the total employees of the Department rose to 124 of which 16 were gazetted officer including one Secretary, one Joint Secretary, two Deputy Secretaries, eleven Section Officers, one Account cum Budget Officer. Previously the Department did not have any Joint Secretary. The Department further expanded with the introduction of Financial Advisor position. Financial control was exercised by the Finance Department through the office of the Financial Advisor. A new directorate of engineering was also established. Organization and functional chart of Food and Agriculture (Food) Department, 1960 and the chart of Food Department, 1966 may be seen in Annex 2 and 3, respectively.

1.4 DEVELOPMENT OF FOOD ADMINISTRATION IN BANGLADESH

After the emergence of Bangladesh on December 16, 1971 the Department was reconstituted as Food and Civil Supplies under the newly created Ministry in the secretariat. In 1975 the Ministry was renamed as Food Ministry by dropping civil supplies from the name. A cabinet minister was in charge of the Ministry of Food. Administratively, the Ministry was headed by a Secretary. Two Joint Secretaries, one in charge of administration and distribution and the other in charge of procurement and development used to take care of responsibilities under their respective jurisdictions. In the Ministry, there was also a Financial Advisor to assist the secretary in dealing with financial matters. A food cell

headed by a chief, was responsible for looking after the various aspects of food policy and for advising the secretary in policy matters. The organization set up and strength of officers of the Ministry at the secretariat level as of Feb 1976 is shown in Annex 4.

A Food policy Review Mission organized by the World Bank visited Bangladesh in February and March 1977. The Mission recommended the establishment of a "Permanent Food Policy Unit" based on the realization that in Bangladesh there was no institutional mechanism in the system to provide the framework for analysis of food policies from a comprehensive overview of the problem, both short and long run with inter related facts, which can effectively serve high policy makers."¹ After the consultation between the government of Bangladesh and the World Bank, Government of Bangladesh agreed in principle to create the Food Policy Unit. Consequently the Ministry of Food requested the International Food Policy Research Institute to provide consultancy service towards the establishment of the unit.⁹ The unit will be responsible to i) monitor and project food introduction, prices, stocks, offtake, procurement and imports; ii) develop and operate an early warning system, iii) analyse food policy issues, and iv) advise the government on needed policy reforms. The primary function of the unit was to make comprehensive review and continuous analysis of food problems, both short term and long term in all its facets to serve effectively the food policy makers. In the middle of 1979 the FPMU was established. The unit was first placed under the Planning Commission. But in 1985 it was transferred to the Ministry of Food. Initially FPMU as a part of MOF operated under development budget. But in 1989 it became a permanent set up of the Ministry under the revenue budget.

Bangladesh Food Policy Review, World Bank Report No. 1764a - BD December, 1977, Page - 19.

Raisuddin Ahmed - An Organizational Framework For Analytical Input in Formulation and Monitoring of Food Policies in Bangladesh, 1978.

The operative or executive wing of the Ministry of Food was the Directorate of Food. It was responsible for the operational matters, functioning under the broad policy guidelines from the Ministry. The functions and responsibilities of the Directorate of Food were carried out by separate individual directorates. At the time of independence Directorate of Food comprised of three directorates. Subsequently additional directorates were created as follows : Directorate of silo, 1971; Directorate of procurement, 1976. Thus in 1976 Directorate of Food consisted of six directorates - a) Directorate of Supply, Distribution and Planning; b) Directorate of Procurement; c) Directorate of Movement and Storage; d) Directorate of Silos; e) Directorate of Inspection, Control and Training; f) Directorate of Accounts. Each directorate working independently reported directly to the Ministry and maintained its own separate administrative structure and financing. With the creation of the post of Director General in 1976, the directorates were required to report through the Director General. But even after the appointment of D.G each directorate continued to report independently to the Ministry as D.G was not declared as the "Chief Executive" of the Directorate of Food with necessary official power to co-ordinate the activities of individual directorate. The organizational chart of the Directorate of Food is shown in Annex 5. The organizational set-up of the Directorate of Food as emerged by 1976 continued till 1983. The organizational set-up of each of the six directorates may be seen in Annex 6A to 6F.

1.5 ENAM COMMITTEE RECOMMENDATIONS FOR CHANGES IN FOOD ADMINISTRATION

With the introduction of martial law after the political change- over in 1982, a committee popularly known as Enam Committee was constituted to undertake a review of all government ministries, departments and autonomous bodies. The

year 1982-83 may be characterized by manifold significant changes in the food administration. The over all administration of Food Division was substantially streamlined with the rationalization of distribution of work as well as reduction of manpower and delegation of authority to the Directorates. The revised organization set up of the Food Division and the previous one are shown in Annex 7, Annex 8, respectively.

The Enam Committee suggested a number of important organizational and administrative changes in the Directorate of Food as follows :

- The administration of the Directorate of Food should be made efficacious with proper rationalization in the distribution of work among the officials at each level.
- The operational system and structure of administration of the Directorate of Food should be revised and strengthened. Director General should be declared as administrative head reporting to the Secretary, Ministry of Food and made responsible for all food management operations. Under this changed system the individual directorates should no longer report directly to the Ministry.
- The Directorate of Food should be divided into "operations" and "services" functions. All the operation directorates should be put under the control of a chief of operations while the service directorates should come under the control of the Director General.
- All the storage units/ centers including the silos should be placed under the unified command of one directorate of storage, movement and silos. Previously 4 directorates were involved : Procurement for TPCs; supply,

distribution and rationing for LSDs; movement and storage for CSDs and silos for silos.

- A single Directorate of Administration should be established replacing the separate administrative arrangements within each directorate.
- Responsibilities of the Directorate of Accounts should be expanded to cover financial accounts and the grain accounts.
- A Management Information System and Monitoring cell as well as an internal audit function should be introduced.

The name of the Directorate of Food should be changed to the Directorate General of Food (DGF).

The Enam Committees recommendations were adopted by the government in May 1983 and became effective as from the early part of 1984.

The revised organizational chart and staffing structure appears in Annex 9 and the organizational set up existing before the Enam Committee is presented in Annex 10.

1.6 PRESENT ORGANIZATIONAL STRUCTURE OF THE MINISTRY OF FOOD

Previously there were two wings, namely, 1) Administration and supply and 2) Development and Procurement in the Ministry headed by a secretary working under a Minister. The Food Planning and Monitoring Unit was added in 1983. In March, 1992 a third wing - Enquiry Budget and Audit was established. Presently each of the three wings is supervised by a Joint Secretary. In addition there is also one operational department - Directorate General of Food (DGF) attached to the Ministry. The organizational structure of the Ministry is

presented in Annex 11. Following is a brief outline of the structure of the Ministry.

- I. Administration and supply wing is primarily responsible for administrative matters as well as for the supply/distribution of foodstuff. Under this wing, a) the Administration branch deals with administrative and personnel matters of the Ministry and that of the Directorate General of Food including its field officers; preparation of food budget and allocation under food budget; b) the supply branch looks after food management and other related matters including rationing, supply, distribution, pricing, milling, handling and movement of foodgrains as well as flour mills and private import of rice and wheat.

- II. Development and Procurement wing looks after the development activities of the Ministry as well as procurement of foodstuffs both from internal and external sources. The major responsibilities of this wing are : a) domestic and foreign procurement of foodgrains, as well as their price fixation and maintenance of liaison with foreign missions/ donors; b) administrative support for the implementation of development projects under Annual Development Programme including release of ADP funds as well as keeping accounts of counterpart funds of foodgrains received under aid; c) preparation, processing, of development projects, their evaluation, execution and monitoring of development projects by the Planning Cell. The cell also prepares position papers of projects for Project Review and Implementation Committee (PRIC) of the Ministry and maintains liaison with Planning Commission, External Relations Division and donor agencies. It provides secretarial support to Development Projects Evaluation Committee (DPEC); d) collection of data relating to production, consumption, prices, food imports etc by the Food Planning and

Monitoring Unit. This Unit also prepares a number of monthly and annual food situation papers and assists the Ministry on a wide range of issues relating to food policy.

III. Enquiry, Budget and Audit Wing includes, a) the Food Cell which is responsible for dealing with various types of complaints against food officials. b) the budget section responsible for preparation of financial proposal for the Ministry's budget and release of fund under revenue budget; c) the Audit section dealing with internal audit matters of both MOF and DGF and taking corrective steps.

The Food Planning and Monitoring Committee (FPMC), a high level inter ministerial committee, chaired by the Minister of Food is responsible for making recommendations on long term food policy as well as procurement prices and quantity targets and import requirements. The FPMU provides the secretarial support to FPMC.

1.7 REORGANIZATION OF THE DIRECTORATE GENERAL OF FOOD (1985 - 1992)

No doubt the "Enam Committee" recommendations made significant improvement by bringing economy and efficiency in the over all organizational structure and operation of the Directorate General of Food. But later on some structural weaknesses and administrative limitations were noticed such as :

- Lack of procedural guidelines for undertaking activities;
- Lack of clear individual responsibilities and meaningful delegation of power delaying operational and administrative decisions.

- Inadequacy of proper accounting of the stocks of commodities and of financial expenditure incurred in carrying out the operations.¹⁰

- After the major food crisis of 1984 the Ministry of Food felt the need for an indepth review of the organizational structure and procedure for bringing sustainable improvements in the operational performance of the DGF. During 1985 - 1992, the Directorate General of Food, with technical and financial assistance from the Food and Agriculture Organization of the United Nations (F.A.O) and the Swiss Development Cooperation (SDC) embarked upon a project commonly known as the "DGF Reorganization Project" to identify existing organizational and operational weaknesses and constraints and suggest appropriate changes to improve its operational capabilities and efficiency. The project study team after making an indepth review and analysis of the DGF's organizational and operational structure identified several weakness such as : unclear lines of command; inappropriate structuring of the directorates and the allocation of responsibility and authority to field officers; inappropriate management span of control; unclear distinction between line and staff roles; delays in decision making; inadequate gathering and use of management information; inability to account adequately for stocks and financial resources; poor utilization of facilities; inadequate planning of operational needs, both for the long term and the short term; ineffective management control over short falls in operational performance.¹¹

¹⁰ Reorganization of the Directorate of Food, Main Report, Ministry of Food, April, 1993 Page - 14.

¹¹ Ibid Page - 3.

The main proposals submitted in February, 1989 were :

- reorganization of Food management and Operation procedures/ practices including a stock accounting system;
- revision of the organizational structure and job description;
- introduction of a revised financial and accounting management system.

The proposals for the supply management and finance and accounts recording and reporting systems were approved and partly introduced on a trial basis.

The structural re-organization proposal was revised on the suggestions of the Ministry of Establishment in early 1991. Following extensive discussion between MOF and DGF, the organization and management wing of the Ministry of Establishment, the revised staffing structure based more or less on the original concept of "responsibility centres"¹² was approved in April 1993. The approved organizational structure is shown in Annex 12.

1.8 PRESENT ORGANIZATIONAL SET UP OF DG FOOD

While designing the revised organization structure of the Directorate General of Food, considerable emphasis was given on the following points and features :

- Restructuring the DGF into 5 directorates - 1) Supply Management; 2) Distribution and Sales; 3) Finance and Accounts; 4) Personnel and Administration; 5) Technical

¹² Strengthening the Operational Efficiency of the Directorate General of Food, Terminal Report, FAO, Rome, 1993, Page - 7.

Services. Each directorate will be represented at each of the three operational levels, headquarters, regions/ports and districts.

- Establishing the concept of Responsibility centers in each district, region, port and in headquarters.
- Assigning to the Directorate of Finance and Accounts sole responsibility for financial matters.
- Separating ports from regional control and providing them with regional status having its own establishment.
- Providing detailed organizational documents and job descriptions clearly defining responsibilities and authorities.
- Providing increased emphasis on planning, monitoring and controlling at all operational levels.
- Establishing clear lines of command and proper span of control
- Restructuring the various staffing grades of all categories of personnel to eliminate imbalances and to provide more equitable promotion scope.
- Introducing proper recording and reporting procedures for stock accounting and stock and financial transactions to enhance control.
- Installing computers at regional and headquarters for entering and processing management information.

DGF organization structure

Functions of each of the directorate and their component branches are described hereunder. Revised organizational charts of DGF's component directorates are presented in Annex 13A - 13E.

The DGF consists of five directorates working directly under DG. The five directorates are : 1) Supply Management, 2) Distribution and Sales, 3) Finance and Accounts, 4) Personnel and Administration, 5) Technical Services. The directorates function at three operating levels : Headquarters, Region and District. Besides the directorates, there is an Internal Audit and Legal Section as well as a Training Center responsible directly to the D.G.

A Management Committee with the D.G as chairman devises operational strategies and reviews the performance of the DGF. Other members of the committee include Additional Director General and four heads of the directorates.

Internal Audit section includes two sub-sections, Financial Audit sub-section is responsible for financial audit and Inventory Audit sub-section is responsible for inventory audit. An Additional Director is in charge of this section.

Legal section, headed by a Legal Advisor/ Lawyer of the rank of Director, is responsible to the D.G for taking care of all legal matters.

Training Center, headed by a Director reporting directly to the D.G, is responsible for developing and organizing the internal and external training programme for the DGF personnel. Training Center comprises two section : Course Development Section, and Training Organization Section.

I. Directorate of Supply Management (DSM)

The DSM, headed by the Additional Director General is responsible for ensuring that the right amount of the right commodities reaches the right place at the right time and in the right condition to meet the needs of the designated beneficiary/ consumer. Structurally the DSM is divided into Headquarters, Regions, Ports and District.

Headquarters

The DSM's administration at Headquarters level is divided into 4 branches :

i) Supply Planning and Monitoring Branch having five sections - a) Supply Planning Section, b) Allocation Section, c) Monitoring and Reports Section, d) Shipping Section, e) Management Information System Section, is responsible for the over all planning of the supply management operations and monitoring their progress; ii) Inventory Control Branch with two sections - a) Western Section b) Eastern Section, is responsible for reconciling the stocks of all commodities held by the DGF; iii) Procurement Policy Branch looks after determination of prices for the domestic procurement of foodgrains and estimating procurement requirement as well as giving advice on the procurement policies; iv) Logistic Operation Branch having two sections - a) Logistic Strategy Section, b) Logistic Operation Section, is responsible for the development and strengthening of logistic procedures and operations to enhance the efficiency of the supply management operations.

The supply planning and monitoring branch is headed by a Director who reports directly to the ADG. Supply Planning Section is headed by an Assistant Director while the Management Information system section is headed by a System

Analyst/ Additional Director. Other sections are headed by a Deputy Director.

The Inventory branch is in charge of in Additional Director. Two sections are headed by Inventory officers.

The procurement policy branch is headed by a Director. The Logistics Development branch is headed by an Additional Director while each of two sections is headed by a Deputy Director.

Regions

Each of the five Regions is headed by a Regional Controller of Food who looks after all activities carried out in the Region under the overall supervision of the ADG, in charge of DSM. At Regional level the functions of supply management are undertaken by the operations branch headed by an Assistant Regional Controller.

The operation branch looks after supply management functions at the Regional level and monitors the operational activities of the Districts under its jurisdiction. The operation branch includes two sections - a) Planning and Monitoring; b) Contracts.

Ports

The supply management functions at the ports are undertaken by an operations branch divided into a logistics planning and monitoring section and operational units located at the two ports. There is also a shipping and contracts branch divided into two sections, one responsible for shipping and the other for contracts.

Districts

In each of the 64 districts there is a District Controller of Food (DCF) who looks after all the activities carried out in the District. Within the Districts, Supply management operations are looked after by operations section for LSDs.

II. Directorate of Distribution and Sales

The Directorate of Distribution and Sales is represented in Headquarters, Region and District levels. All matters regarding distribution and sales policy and procedures are determined at Headquarters. The Flour and Feed Mills are also assigned to Headquarters. Day-to-day work and operational decisions are made by the respective regional controller. Over all responsibility of the directorate lies with the Director responsible to D.G.

Headquarter

Headquarter organization is divided into two branches : a) Distribution and Sales; b) Flour and Feed Milling.

Regions

Directorate of distribution and sales is represented by a distribution and sales branch in each regional office, working under the Regional Controller of Food, while for technical matters related to distribution and sales policy and procedures it is responsible to directorate of distribution and sales.

Districts

A distribution and sales unit represents the directorate of distribution and sales at the district level.

III. Directorate of Finance and Accounts (DFA)

Structurally the directorate of Finance and Accounts is located at Headquarters, Regions and District levels like other food directorates. The Director is responsible for the whole directorate. He reports directly to the DG.

Headquarter

At the Headquarter, the Directorate of Finance and Accounts consists of three branches - a) General Accounting and Reporting branch; b) Budget and Costing branch; c) Fund Management branch; all of which work directly under the Director, Finance and Accounts.

Regions

A Finance and Accounts Unit represents the Directorate of Finance and Accounts at regional level. It is responsible to the Regional Controller of Food for its day-to-day work. But for policy and procedures, the Finance and Accounts Unit is responsible to the Directorate of Finance and Accounts. The FAU includes three sections : a) General Accounting and Reports; b) Budget; c) Payroll and Disbursement.

Ports

The Directorate of Finance and Accounts is also represented by a Finance and Accounts Unit in each of the two ports.

Districts

The Directorate of Finance and Accounts is represented by a Finance and Accounts Unit in each District, the Flour and Feed Mill and each silo office.

IV. Directorate of Personnel and Administration (DPA)

The Directorate of Personnel and Administration has the overall responsibility for all personnel and administrative matters of DGF. A Director is in charge of this directorate. He reports directly to the D.G.

Headquarters

Organizationally the Headquarter administration is divided into three branches as follows : a) Personnel Branch; b) General Services Branch and c) Discipline and Safety branch. Each of these branches reports to the Director, Personnel and Administration.

Personnel Branch, headed by an Additional Director, provides advice on personnel policies and personnel matters. It has two sections : Establishment section; and recruitment and Promotion section.

General services branch, headed by an Assistant Director, is responsible for determining needs of office materials.

equipments as well as purchasing, procuring and maintaining office supplies.

Discipline and safety branch, headed by a Deputy Director, is responsible for all disciplinary matters as well as organizing and implementing security services at headquarters.

Regions

The DPA is represented by a Personnel and Administration Unit in each Regional office for taking care of day-to-day function.

Ports and Silos

A personnel and Administrative Unit also works at each Port/Silo locations for carrying routine work.

Districts

There is also a Personnel and Administration Unit in each District office to look after routine work.

V. Directorate of Technical Services

The Directorate of Technical Services, headed by a Director reporting to DG, is responsible for giving technical advice and services to the DGF in such areas as project management, storage and projection of commodities handled, maintenance of buildings, equipments and purchase of chemicals, equipments/spare parts.

Headquarters

Headquarter organization includes three branches as follows :
 a) quality control and pest management, divided into two sections - laboratory and storage management ; b) project management; c) maintenance, divided into two sections - building section and equipment section. Quality Control and Pest Management branch is headed by a Deputy Director while the Project management branch and maintenance branch is headed by an Additional Director and a Deputy Director respectively.

Regions

The Directorate of Technical Service is presented at Regional level by a Technical Services Unit, a Quality Control and Pest Management Unit and a laboratory unit carrying out normal day-to-day work. The Technical Services Unit includes a vehicle and equipment maintenance and agricultural maintenance section.

Ports/ Silos

The Directorate of Technical Services is represented in the ports/ silos by a quality control unit.

District

The Directorate of Technical Services is represented at district level by a quality control subsection for taking care of day to day operation. This subsection is headed by a Technical Inspector.

BEST AVAILABLE DOCUMENT

1.9 PERSONNELI. Ministry - Secretariat staffing

After the partition of India in August, 1947, the Department started functioning under the Government of East Pakistan with the opted officers and staff. In the provincial secretariat the number of officers in the Department was limited to a Secretary, one Deputy Secretary and two Assistant Secretaries. The total staff as recorded in 1960 was 64 which included one Secretary, one Deputy Secretary, ten Section Officers and other support staff as shown in Annex-2. But in 1966 the secretariat staff almost doubled (124) which included one Secretary, one Joint Secretary, two Deputy Secretaries, eleven Section officers, one Accountant cum Budget Officer and one Financial Advisor. (Annex-3). In 1976 the strength of the secretariat officers in the food Ministry increased from 16 to 30. The break down of the strength of officers is shown in Annex-4. In 1977 although the total sanctioned strength of the secretariat staff was 179, but only 167 staff was actually working at that time. This included 12 class I officers, 17 class II officers, 93 class III staff and 45 class IV staff. Table 1.1 shows the total strength and the detail break down (class wise) of the secretariat staff of the Food Ministry in different years. The highest strength of the secretariat staff numbering 238 sanctioned and 186 actual was found in 1982. The year 1980 also shows a great increase in the total strength of the secretariat staff including officers both in terms of sanctioned (204) actual (183) category. Based on the recommendations of the Enam Committee (1982) the sanctioned strength of the secretariat staff was reduced from 238 to 171 which resulted in decrease of some officers and staff shown in Table 1.2. The revised staffing reduced expenditure from Tk. 2.768 million to Tk. 2.089 million a saving of Tk. 0.679 million per annum.¹³

¹³ Report of the Martial Law Committee on Organizational Set up, Ministry of Food, Vol - VIII, Part I, 1982 Page - 5.

TABLE 1.1

Staffing in the Secretariat in different years

		I	II	III	IV	Total
1977 '	Sanctioned	12	20	102	45	179
	Actual	12	17	93	45	167
1980	Sanctioned	35	2	111	56	204
	Actual	25	2	104	52	183
1982 ''	Sanctioned	44	9	128	57	238
	Actual	32	1	103	50	186
1985	Sanctioned	37	1	85	43	166
	Actual	27	-	75	40	142
1987	Sanctioned	43	3	92	52	190
	Actual	36	2	81	51	170
1988	Sanctioned	48	3	92	52	195
	Actual	40	2	73	51	166
1989	Sanctioned	45	9	89	47	190
	Actual	36	2	76	45	159
1991	Sanctioned	41	8	86	47	182
	Actual	38	2	75	46	161
1992	Sanctioned	42	8	85	47	182
	Actual	37	7	80	47	171

Sources : O & M Wing, Establishment Division

* Grade :

I-IV = Class I
V-VI = Class II
VII-VIII = Class III
IX-X = Class IV

** Enam Committee

TABLE 1.2

Enam Staffing (MOF) by Grade

<u>Class I</u>	<u>Existing Strength</u>	<u>Revised Strength</u>
1. Secretary	1	1
2. Joint Secretary	3	2
3. Dy. Secretary	6	4
4. Section Officer	18	16
5. Chief Food Cell	1	1
6. Dy. Chief Food Cell	1	1
7. Asst. Chief	1	1
8. Budget Officer	1	1
9. Dy. Chief Planning	1	1
10. Asst. Chief Planning	2	2
11. Research Officer	4	4
12. Executive Engineer	1	1
13. Asst. Engineer	4	4
 <u>Class II</u>		
14. A.O	1	1
15. Sub Asst. Eng.	8	8
 <u>Class III</u>		
	128	79
 <u>Class IV</u>		
	57	44
	-----	-----
Total	238	171

Source : Report of the Martial Law Committee on organizational set up, Ministry of Food. Vol 1 - VIII Part 1, may 1982.

Afterwards when the Food Planning and Monitoring Unit became a part of the organizational set-up of the Ministry of Food the total sanctioned manpower strength increased to 190 of which 43 were class I officers, 3 were class II officers and the rest were class III (92) and class IV (52) employees. In 1988 the total sanctioned strength of manpower in the Ministry increased to 195 which included 48 class I officers, 3 class II officers, 92 class III staff and 52 class IV staff while only 166 were actually in position. During the period beginning from 1977 to 1992, the highest increase of personnel in the Ministry is noticeable in the class I category which increased from 12 to 42; while the highest reduction of personnel is noticeable in the class III category which decreased from 102 to 85.

At present there are 42 class I officers, 8 class II, 85 class III and 47 class IV employees in the Ministry of Food. Table 1.3 presents the detailed breakdown of the total manpower in the Ministry of Food.

TABLE 1.3

Manpower of Minister of Food

<u>Position</u>	<u>Number</u>
1. Secretary	1
2. Joint Secretary	3
3. Deputy Secretary	4
4. Assistant Secretary	16
5. Deputy Chief/ FPMU	1
6. Asst. Chief/ FPMU	2
7. Research Officer/ FPMU	2
8. Chief, Food Cell	1
9. Dy. Chief, Food Cell	1
10. Asst. Chief	1
11. Dy. Chief Planning Cell	1
12. Asst. Chief Planning Cell	2
13. Research Officer Planning Cell	4
14. Budget Officer	1
15. Executive Engineer	1
16. Asst. Engineer	1

Class I	42
Class II	8
Class III	85
Class IV	47

Total	182

II. DGF Staffing

After the emergence of Bangladesh the DGF, as an operational agency of the Ministry of Food, expanded its functions and organizational set up. "In terms of number of files the Directorates had in 1972 only 13,746 files. The number increased to 31,484 in 1981 indicating a growth rate of 130%."¹⁴ In keeping with the expanding functions and organizational structure, the personnel in the directorates also increased manifold. In 1977 the total sanctioned staff of the Directorate of Food was 10,641 of which 22 were class I officers, 204 class II, 5269 class III, and 5146 class IV employees. Out of this total staff 10,595 employees were in actual position.¹⁵

In 1980 the total sanctioned manpower strength increased to 15,280 which included 223 class I officers, 408 class II, 8822 class III and 5827 class IV staff; while the total number of employees actually working was 14,704 of which 201 were class I officers, 316 class II, 8406 class III, and 5781 class IV staff. Table 1.4 shows the total strength and detailed breakdown (class wise) of the staffing position of the Directorate General Food during different years. Based on the Enam Committee recommendations and the revised organizational chart, total sanctioned manpower strength was reduced from 14,323 to 13,769. In view of the expansion of food services down to the Thana level (later on called Upazila and now again renamed as Thana) a large number of posts of Thana Food officer of class II status were created. Table 1.5 shows total manpower position of the Directorate General Food as per approved revised organizational set up pursuant to recommendations of the Enam Committee.

¹⁴ Report of the Martial Law Committee on Organizational Set up, Vol 1 - VIII, Part I, Chapter - 1, December, 1982 Page 2.

¹⁵ Ibid Page 3.

TABLE 1.4

Staffing in the Directorate General of Food in different years

		I	II	III	IV	V
1977 *	Sanctioned	22	204	5269	5146	10641
	Actual	22	202	5225	5146	10595
1980	Sanctioned	223	408	8822	5827	15280
	Actual	201	316	8406	5781	14704
1982 **	Sanctioned	194	84	7495	6550	14323
	Actual	165	65	6299	6156	12685
1985	Sanctioned	215	550	7262	5591	13618
	Actual	154	492	6025	4927	11598
1987	Sanctioned	215	564	7252	5603	13634
	Actual	162	564	6094	4704	11524
1988	Sanctioned	215	564	6531	6319	13629
	Actual	173	554	5572	5696	11995
1989	Sanctioned	215	621	6452	6319	13607
	Actual	165	602	5554	5684	12005
1991	Sanctioned	216	621	6452	6331	13620
	Actual	167	586	5629	5599	11981
1992	Sanctioned	217	620	6452	6325	13614
	Actual	177	581	5327	5595	11680
1993 ***	Sanctioned	215	620	6452	6319	13606
	Actual	164	561	5202	5575	11502

Sources : O & M Wing, Establishment Division

* Grade :
 I-IV = Class I
 V-VI = Class II
 VII-VIII = Class III
 IX-X = Class IV

** Enam Committee

*** DGF Reorganization Main Report, FAO, 1993

TABLE 1.5

**Manpower Position of DGF
as per Enam Committee recommendations**

<u>Position</u>	<u>Number</u>
1. Director General	1
2. Add. Director general	1
3. Director	6
4. Chief Miller	1
5. Add. Director	7
6. Chief Controller of Dhaka Rationing	1
7. Regional Controller of Food	4
8. District Controller of Food	21
9. Silo Superintendent	5
10. Controller (Movement and Storage)	2
11. Mechanical Engineer	5
12. Deputy Director	20
13. Asst. Regional Controller of Food	8
14. Controller of Food (equivalent to S.C Food)	71
15. Asst. Miller	1
16. Chemist	1
17. Manager, CSD	12
18. Manager (Tech.)	3
19. Asst. Director	4
20. Administrative officer, Silo	4
21. Executive Officer	1
22. Asst. maintenance Engineer	15

Total	Class I 194
	Class II 550
	Class III 6,710
	Class IV 6,315

Grant Total	13,769

Source : Annual Report (1982-83) MOF, GOB

In order to induct new blood in the DGF and to increase professionalism and leadership in the organization, a cadre service under the name of Bangladesh Civil Service (Food) was created. Its present cadre strength is 216.¹⁶ Creation of new districts and upgradation of Thanas into Upazilas led to the increase of personnel in class I and class II category. In 1989 class I sanctioned staffing increased to 215 from 194 and class II to 621 from 550. But there had been some reduction in class III staffing which was brought down to 6452 from 6710; class IV staffing showed a marginal increase from 6315 to 6319. The actual staffing at that time was class I 165, class II 602, class III 5554, class IV 5684. More or less this staffing pattern with minor adjustments here and there existed till January, 1993.

A revised staffing proposal was made under the DGF reorganization plan and this has been finally approved by the Government with minor modification in April 1993. As against Enam Committee recommended strength of 13,719 and the present sanctioned strength of 13,606, as well as the actual strength as of January 1993 of 11,502, the total proposed staffing for DGF was 8529. But the official approval was given for a total revised staff strength of 8500. Suggestions for reducing overall staffing of DGF has been put forward due to various changes in food policy during 1990 to 1993 affecting the workload of DGF - withdrawal of foodgrain trade license and establishment license fees for rice-flour mills, the abolition of rural rationing channel, and rural card revalidation, the opening up of the market for private sector import of wheat, the gradual reduction of wheat deliveries to the flour mills, the suspension of millgate procurement, and the start of rice procurement through open tender. These changes have resulted in the reduction of the work load of a number of DGF field staff. So the revised DGF staffing strength has been suggested to bring it more in line with its actual operational

¹⁶ Ministry of Food, Year Book 1987-88, MOF and Planning Academy, Dhaka, Feb., 1989.

requirements. The major changes that are proposed involve a consolidation in the size of class I and II and a reduction in the size of class III and IV grades.¹⁷

Table 1.6 presents the revised DGF staffing strength.

TABLE 1.6

Revised DGF staffing strength

Class	Revised sanctioned strength (Enam)	present sanctioned strength as of Jan, 1993	Existing staff strength	Approved revised staff strength as of April, 1993	Reduction
Class I	194	215	164	210	-5
Class II	550	620	561	578	-42
Class III	6710	6452	5202	4597	-1855
Class IV	6315	6319	5575	3115	-3204
Total	13769	13606	11502	8500	5106

The number of class I positions show a reduction of 5 posts Class II positions 42 posts class III positions 1855 posts and class IV positions 3204 posts. The actual breakdown of the approved revised DGF staffing is presented in Annex-14.

1.10 CHANGING MANDATE

After partition of India in 1947 the major concern and function of the Department of Food and Agriculture (Food) and under it the civil supplies department in East Pakistan, was

¹⁷ Reorganization of Director General Food, Main Report, P-80.

price stabilization of foodgrains by various techniques. Broadly the functions of the department throughout the 50s and 60s were as follows :

- Determination of probable foodgrains requirements;
- Internal procurement, supply, distribution and rationing of foodstuffs throughout the province as well as fixation of their prices.
- Indenting to central government for arranging supplies to avoid shortage of food stocks;
- Movement and storage of foodgrains under the control of the Department;
- Testing of foodgrains purchased in the province or imported from outside the province. Maintenance of quality of stored food stuff under government control;
- Monitoring the rise and fall in the demand for government stocks;
- Dealing with administrative and financial matters related to food management;

The above functions of the Food Department remained more or less unchanged till the independence of Bangladesh. After independence sustaining adequate food supplies and securing access to food for all were identified as the central policy goals for Bangladesh Government. In the 1970s the various elements of food policy issues centred around the production plan, the public food distribution system, market stabilization programme and national food security reserve. In the light of this background the functions and mandates of the Ministry of Food and those of the Directorate of Food were formulated. The Ministry of Food was responsible for the

formulation of policies, guidelines, laws, rules and regulations regarding Food. Broadly, the functions of the Ministry of Food included the following :¹¹

- i) Formulation of policies and guidelines for the procurement, movement, storage and distribution of foodgrains and other food stuffs.
- ii) Assessment of the requirements and availability of foodgrains and other food stuffs and initiation of steps to meet possible shortage.
- iii) Procurement of foodgrains and other food stuffs from local sources and from abroad and arrangement for shipment.
- iv) Negotiation and agreement with foreign governments and donor agencies on food matters.
- v) Movement and storage of foodgrains and other food stuffs.
- vi) Distribution of foodgrains and food stuffs.
- vii) Ensuring quality control.
- viii) Stabilization of prices.
- ix) Maintenance of all statistics regarding requirement, availability from local production, import and distribution of foodgrains and food stuffs.
- x) All laws regarding food.
- xi) Service and general administration of the personnel of the Ministry of Food.

¹¹ Feasibility Study for setting up of a Food Corporation in Bangladesh, FAO, Rome December, 1979 Page 1.

The Directorate of Food, as the executive wing of the Ministry of Food, was responsible for the following functions :¹⁹

- i) Procurement of foodgrains from local sources.
- ii) Procurement of foodgrains like salt, sugar, edible oil etc from local sources.
- iii) Receipt of foodgrains and other foodstuffs imported from abroad.
- iv) Movement of foodgrains and food stuffs from port, purchase/ delivery points to the storage depots and from there to distribution points, when necessary.
- v) Storage of all foodgrains and food stuffs handled by the Ministry of Food.
- vi) Distribution of foodgrains through statutory and modified rationing system, market operation and emergency distribution etc.
- vii) Supply of foodgrains for the Food for Works Programme.
- viii) Construction, maintenance and operation of silos for bulk storage of foodgrains.
- ix) Control of quality of foodgrains and food stuffs handled and distributed by the Ministry of Food.
- x) Monitoring the execution of all development schemes and procurement and distribution programmes.
- xi) Maintenance of records and statistics on procurement, distribution etc.

¹⁹ Ibid Page - 2.

In the seventies food policies in Bangladesh, as indicated by a World Bank report were "more concerned with the immediate problems of assuring food supplies at low prices (largely from import) for certain population groups in order to preserve public order yet the way the system of procurement, imports, rationing and pricing operates unnecessarily blocks progress towards attaining the longer run objectives of Bangladesh developing the ability to feed all its people."²⁰ The World Bank further highlighted the limitations of the government in terms of its role and institutional capability to deal with both short term and long term needs in the food sector.

Since the late seventies there had been manifold changes in respect of government's food policy outlook, strategy and operational system/ management. Increased food production, food entitlement and self-sufficiency in food became focal point of all policies in this sector. The salient features of the policy that emerged in the Eighties were as follows :

- Supporting price operation.
- Reducing overall subsidy on public distribution of foodgrains.
- Public distribution system covering more of the poorer and rural sections of the population.
- Encouraging private sector to play its due role in food operation.
- Enhancing open market operation.
- Securing adequate domestic supply of food.
- Ensuring availability of food to all.

²⁰ World Bank Report.

- Establishing a dependable national food security system.

Against this policy environment and the government's intention to manage and operate country's over all food system, to strengthen the implementation of national food policy strategies and to establish a dependable national food security system, it became imperative to revise the mandate and functions of the Ministry of Food and its attached Directorate.¹¹ The revised functions of the Ministry of Food were :

- Management and operation of country's overall food system.
- Implementation of national food policy strategies.
- Establishment of a dependable national food security system.
- Import and export of foodstuff and civil supplies.
- Preparation and execution of various development schemes in the food sector.
- Watch over food supply position in the country.
- Procurement and distribution of foodgrains and other food items including sugar, edible oil, salt etc.
- Rationing.
- Inspection and analysis of foodgrains and foodstuff and maintenance of standards of quality of imports, exports and local commodities.

¹¹ Allocation of Business Among Different Ministries and Divisions, Cabinet Division - December 1985 Pages 38-39.

- Price stabilization and fixation of prices of foodgrains and foodstuff.
- Collection of statistics regarding production, consumption, price, imports and exports of foodgrains and other civil supplies.
- Purchase of foodstuff for civil and military requirements and their disposal.
- Movement and storage.
- Maintenance of stock and preservation of adequate food reserve.
- Matters relating to food budget, accounts and finance.
- Hiring and acquisition of godowns for storage of foodgrains including sugar, taking on lease or acquiring land for construction of foodgrain godowns.
- Matters relating to loss of human life due to drought, scarcity and famine.
- Food planning, research and monitoring.
- Inventory control and food management information system.
- Administration of Bangladesh Civil Service (Adm-Food).
- Administration of Technical Engineering Services under Food Division.
- Liaison with International Organizations and matters relating to treaties and agreements with other countries and world bodies relating to subjects allocated to this Division.

- All laws on subjects allocated to this Division.
- Inquiries and statistics on any of the subjects allocated to this Division.
- Fees in respect of any of the subjects allocated to this Division except fees taken in courts.

The revised responsibilities and functions assigned to the Directorate General of Food were as follows :¹¹

- Management and operation of country's overall food system.
- Implementation of national food security policy and programmes.
- Promotion and development of proper and viable grain marketing system and management information system.
- Execution of various development activities.
- Watch over food supply position in the country.
- Procurement and distribution of foodgrains and other food item including sugar, edible oil, salt etc.
- Ensure proper supply and distribution of foodstuff throughout the country.
- Ensure stability of the market prices of foodstuff.
- Ensure preservation of adequate food reserves and quality of the stock.

¹¹ Ministry of Food, Annual Report, 1982-83 Pages 7-8.

- Matters relating to food budget, accounts and finance, planning, research and monitoring.
- Ensure minimum price of the produce to the growers of foodgrains.
- Inquiries and statistics on any of the subjects allocated to the Directorate.
- Plan, manage and guide activities of the Directorate of Food in such way as to ensure best utilization of physical facilities, manpower and other resources available.

Bangladesh is still faced with shortage of food. Since independence in December, 1971 there has been significant improvement in food production. But rapid population increase coupled with calamities like drought, frequent flood and other natural disasters caused serious 'at back. The goal of the Ministry of Food is to supply foodgrains to all at reasonable price. Thus the food entitlement, food autarky and food security system continued to be the focal aspects of food policy in Bangladesh. A report of the World Bank tells that "in the past twenty years and particularly in past decade - Bangladesh has witnessed dramatic changes in its agricultural production environment. Dissemination of Green Revolution technology has substantially reduced the yearly and seasonal fluctuations in domestic foodgrain production and consequently, reduced the variability of foodgrain prices. Declining production costs have made possible a decline in the real price of rice in Bangladesh."¹¹ In view of the private foodgrain market becoming well-integrated and efficient, the need for government's direct intervention in the market to ensure food supply has been substantially reduced. So there is a need for adaptaion of MOF's and DGF's role and functions to

¹¹ Bangladesh Food Policy Review : Adjusting to the Green Revolution, Vol I, Mair Report, Feb 28, 1992.

CHAPTER TWO

2 PUBLIC FOOD DISTRIBUTION SYSTEM (PFDS)

2.1 BACKGROUND :

To overcome the acute food shortage in the wake of Great Bengal Famine the Governor of Bengal Province under British India promulgated the Bengal Rationing Order, 1943 under notification no 1616-DCS dated 2nd November, 1943 providing for rationing system in some notified areas for the first time in the country. Under this order government was empowered to declare any commodity as rationed article for distribution through wholesale and retail dealers to residents of selected areas on production of ration documents.

The Civil Supplies Department of the Province was authorized to appoint wholesale and retail dealers and establishment proprietors, employers of labor, committee, body, local authority, manager or person in-charge of shop, canteen, store or any other distributing agency for receiving supply of rationed articles. Later the crews of the water vessels were also included in the entitled list for receiving rationed articles.

The government was empowered to declare the rationing date in relation to any rationed article in respect of any area for the commencement of rationing of that article in that area. After the rationing date supply of any rationed article other than by the authorized person was prohibited. Similarly receipt of any rationed article from anybody other than authorized supplier was also prohibited.

¹ Annexure Volume I (The Bengal Rationing Order, 1943).

the changed situation in food sector. Moreover a World Bank report has rightly pointed out that "there is a growing recognition world-wide that the legitimate role of government is to step in where markets fail, or when important equity issues are not being addressed. When the public sector supplants the functions of the private market, the result is often bureaucratic inefficiency, politically motivated resource allocation and opportunities for corruption."¹⁴ It is time that MOF and DGF should gradually move away from directly undertaking and managing functions in food sector which the private sector is capable of doing.

¹⁴ Ibid Page ii.

The rationed articles could be issued to persons entitled to have them only through ration cards to be issued in the manner prescribed in the order.

Under this order the government took over full responsibility of supplying rationed articles to residents of notified areas. Thus started the first channel of public distribution of foodgrains which came to be known as Statutory Rationing (SR). The SR was introduced in Calcutta, the capital of Bengal province, from 31st January, 1944 through approved ration shops. Supply of rationed articles became obligatory on the government. Besides SR there also existed non-statutory rationing systems for rural areas but supply of ration was not obligatory. ¹

2.2 DISTRIBUTION OF FOODGRAINS UNDER GOVERNMENT MANAGEMENT

The British left India and two independent states came into existence in August, 1947 (Pakistan on the 14th August, 1947 and India on the 15th August, 1947).

Food situation in East Pakistan (Bangladesh as known before gaining independence) did not improve. Acute food shortage continued due to low yield of foodgrains, increasing population and frequent crop failures due to vagaries of nature. So East Pakistan had to import foodgrains to meet the shortage. Statutory rationing remained in operation in Dhaka, Chittagong, Narayanganj and Comilla only. ¹ SR was introduced in other eleven towns and the provisions of the East Bengal Rationing (Establishments) Inquiry Order, 1949 and the East Bengal Rationing Preparatory Inquiry Order, 1949 were made applicable to these urban areas. The eleven towns were (i) the

¹ Politics of Food Aid case of Bangladesh by Gyasuddin Molla Pages 6 and 7.

Ibid Pages 6 and 7.

Chandpur municipal area with the exclusion of certain areas; (ii) the municipal area of Rajbari; (iii) the municipal area of Noakhali; (iv) the municipal area of Kushtia; (v) the area of Saidpur town with certain limitations; (vi) the municipal area of Brahmanbaria with the exclusion of certain areas; (vii) certain areas of Madaripur municipal area; (viii) Faridpur municipal area with certain other adjacent areas; (ix) the Sirajganj municipal area; (x) the Pabna municipal area and (xi) the area within and adjacent to Tangail municipal area⁴. Rice husked and rice in the husk (paddy), atta, flour, bran, suji and bread (white, brown and wholemeal) and sugar were declared as rationed articles. Supply of rationed articles in the fourteen areas was more or less regular.

Supply of rationed articles to rural areas started under the East Bengal Modified Rationing Order, 1949 in a limited manner. Besides SR and MR there were limited supply of rations at higher rates for large employers and voluntary rationing and market operation in selected areas to stabilize foodgrain price.⁵

Production and stock of foodgrains came to a satisfactory level in mid 50s. The government became complacent and decided to abolish the Civil Supplies Department. The Department was abolished in March 1955. The entire stocks of foodgrains in government stores were sold out. The godowns soon became empty. Notices of termination of services were served on all employees. Price of rice began to rise and soon there was scarcity of foodgrains. Resentment among the workers and government servants also grew. There was hunger strike all over the country. Due to development of serious food situation

Annexure Volume I, The East Bengal Rationing (Establishments) Inquiry Order, 1949 and The East Bengal Rationing Preparatory Inquiry Order, 1949.

Abdullah Farook - Food Problem of East Pakistan, Page 111.

in the country the Civil Supplies Department was revived in 1956.

Government distribution of foodgrains restarted in the country under SR in 19 big and small towns in 1956. Thereafter the number of distribution channels gradually increased with the passage of time under different nomenclatures. Brief description of the channels are noted below -

2.3 STATUTORY RATIONING (SR)

The government introduced SR in the following Urban areas under the provisions of the Bengal Rationing order 1943 through notification no. 2674 FD dated 28th March, 1956 from 2nd April, 1956⁶

- (a) The area under and adjacent to Dacca Municipality.
- (b) The area under and adjacent to Narayanganj Municipality.
- (c) The area under Chittagong Municipality.
- (d) The area under and adjacent to Comilla Municipality.
- (e) The area under Mymensingh Municipality.
- (f) The area under Kishoreganj Municipality.
- (g) The area under Netrakona Municipality.
- (h) The area under Jamalpur Municipality.
- (i) The town area of Munshiganj in Munshiganj subdivision of the district of Dacca.
- (j) The area under Brahmanbaria Municipality.
- (k) The area under Faridpur Municipality.
- (l) The mouzas and portions of mouzas of the Madaripur Municipality in the district of Faridpur.
- (m) The area under Serajganj Municipality.
- (n) The area under Pabna Municipality.
- (o) The area under Rajbari Municipality in the district of Faridpur.

Annexure Volume I, Notification No 2674 FD dated March 28, 1956.

- (p) The area under Kushtia Municipality.
- (q) The areas within and adjacent to Tangail Municipality.
- (r) The area of Saidpur town in the district of Rangpur.
- (s) The area under Chandpur municipality.

Rice husked and in the husk (paddy), wheat and wheat products and sugar including sugar candy (both crystalline and uncrystalline structures) and maize were declared as rationed articles under notification no. 2675 FD dated 28th March, 1956 (Maize from 20th February, 1967) for the above 19 areas. 2nd April, 1956 was declared as the Rationing date for the rationed articles in respect of the 19 rationing areas under notification no. 2676 FD dated 28th March, 1956.

Ration cards were issued for supply of rationed articles on weekly basis. Each ration card holder above the age of 8 years was entitled to two units and holders of the age of 8 years and below one unit. In respect of sugar, ration card holders irrespective of age were entitled to two units. All ration card holders were required to be registered with an appointed retail shop of the assigned area for the supply of rationed articles.

Ration permits were issued to establishments. Procedures were also prescribed for issue of foodgrains to the wholesalers and retail shop owners (popularly known as Ration Shops) through delivery permits after deposit of the price from the Storing Agent or the Officer-in-charge of the government godowns.

Statutory Rationing introduced in 3 big and 16 small towns in 1956 continued upto the end of 1959 to stop competitive buying and hoarding by comparatively well-to-do people of the towns and to check rise in the price of foodgrains. But SR had to be continued in adjoining areas of Dacca, Chittagong, Mymensingh, Pabna, Chandpur, Madaripur and Kushtia as the people in those areas were facing hardship due to high price of foodgrains. With the improvement in food position, SR was abolished from

16 small towns with effect from 1st January, 1960 under notification no. 12407 FD dated 9th December, 1959. About 19 lakh people used to be supplied with foodgrains under SR.⁷ SR however continued in the municipal areas of Dacca, Narayanganj and Chittagong towns.

In the year 1957 Non-Statutory Rationing was introduced in 8 unions of Dacca and Narayanganj only. Due to unsatisfactory food position in 1958 it was extended to 28 important towns where there was no SR in force. Supply of foodgrains continued under this system also in 1959. It greatly helped the non-producing consumers of those areas affected by the rise of price. It was however discontinued from 1st January, 1960. During 1959 rice, wheat and wheat products of the total quantity of about 29,176 tons were distributed under this system.¹

SR was introduced in the areas of Khulna Municipality from 22nd May, 1972 under notification no. 562-MFCS-II/IF-48/72 dated 26th May, 1972.

SR in the areas of the Rajshahi Municipality was introduced with effect from 3rd February, 1975 under SRO 2-L/75/16-MFCS-II/IF-45/74 Pt I dated 2nd January, 1975. SR in Rangamati Municipality was introduced in 1976.

⁷ Page 8, Annual report on the Activities of Food Department during 1959.

¹ Ibid Page 8.

Coverage of SR in the six urban areas is stated in the table below :

Table 2.1

Coverage of SR in the six urban areas of the country

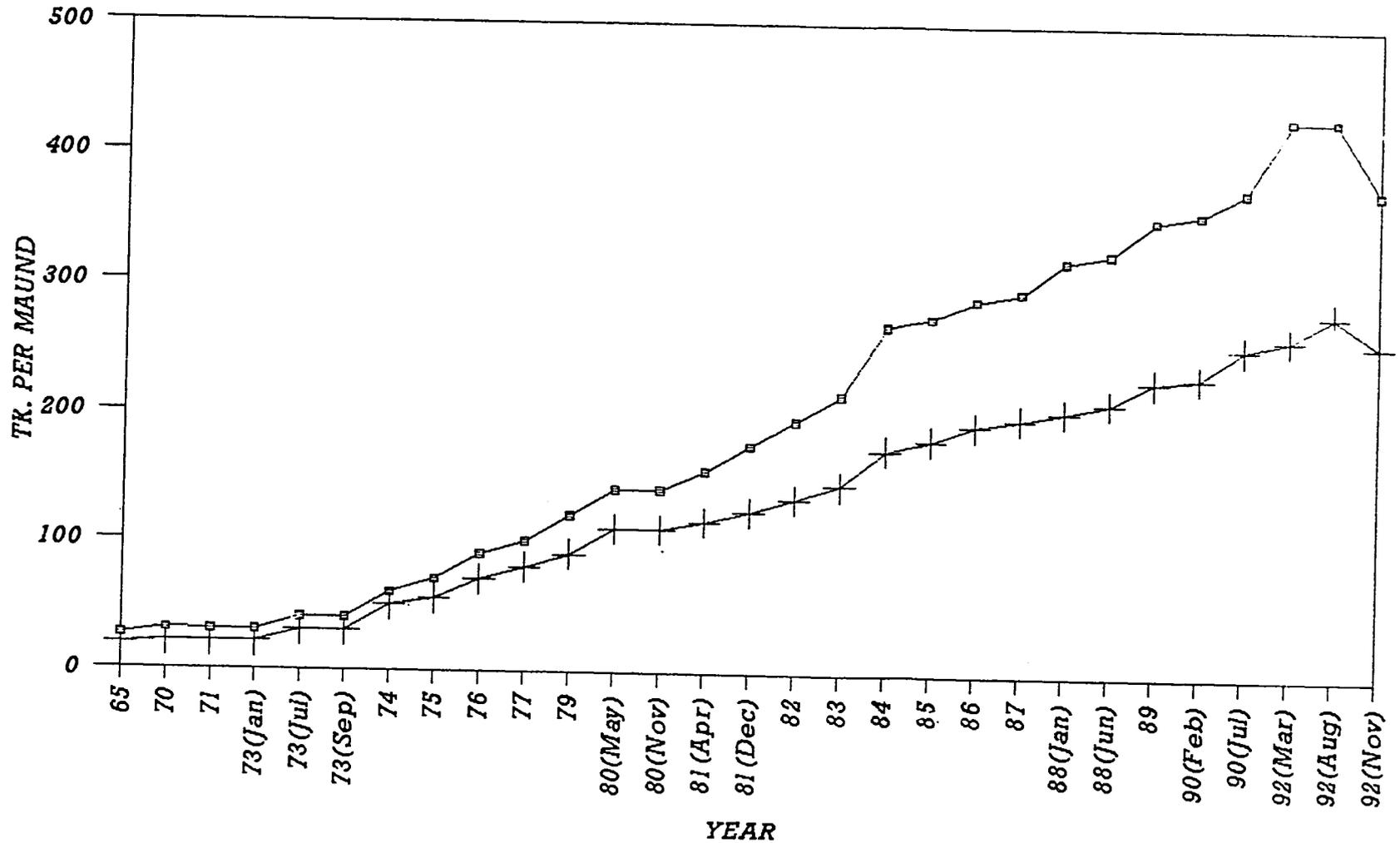
Year	Population	Number of Ration cards issued	% of coverage
1980	55,18,231	36,91,347	67
1983	62,74,014	34,95,320	56
1985	69,26,870	33,72,920	49
1991	74,20,298	35,65,341	48

Source : FPMU/ MOF

Issue of ration cards was stopped from 1974 and number of cards was limited to a maximum of six per family. Distribution under this channel varied from 20 to 26 % of total PFDS during FY 76 - FY 81 which gradually diminished from FY 82 (15%) to 5% in FY 93.

Quota of cereals per adult per ration card under SR was 3 seers per week upto 18 March 1973 (half in rice and half in wheat). From 19 March 1973 to 23 February, 1975 the rice-wheat ratio was 1:3. Cereal quota was reduced to 2.50 seers per week from 24 February, 1975 upto 30 August, 1976 but the share of rice increased making the rice -wheat ratio as 3:2. The share of rice remained high upto 2 December, 1977. From 16 October, 1976 upto 4 March, 1977 the quota was raised to 4 seers with rice-wheat ratio at 5:3. From 3 December, 1977 to 2 May, 1980 the share of rice and wheat remained equal. From 3 May, 1980 onwards the rice-wheat ratio tilted in favor of wheat. The weekly quota was reduced to 2.50 seers from 3 January, 1981

**Fig-2A Retail Ration Price of Rice & Wheat
(From 1965 to 1992)**



□ Rice + Wheat

50

and to 2 seers from 12 December, 1981 (2 kilograms from 18 July, 1983) and to 1.50 kilogram from 29 December, 1986 entirely in wheat. Table 1 of Volume IV states the cereal quota admissible per card holder.

The retail price of SR rice remained slightly higher than procurement price in calendar years 1970 and 1971. But the same was considerably lower than procurement price during calendar years from 1972 - upto November, 1984. The retail price was fixed at higher rate than procurement price for a brief period from December, 1984 upto December, 1986. During 1987, 1988 and in 1991 the retail price was lower than procurement price but in other years it was higher than procurement price. Table 2 of Volume IV indicates ex-godown and retail prices. In the case of wheat retail price was lower than or equal to procurement price from January, 1977 upto March, 1981. Thereafter the retail price was higher than procurement price. Figures 2A demonstrates the price trends. Although not officially declared as closed, SR virtually ceased to exist from FY 94.

2.4 MODIFIED RATIONING (MR) :

MR was introduced first in the country under the East Bengal Modified Rationing Order, 1949 with effect from 19th December, 1949. This order was superseded by the East Pakistan Modified Rationing Order, 1956 under notification no. 11866 FD dated 26th December, 1956. Under this order rice, paddy, wheat, atta, flour, sugar and sugar candy (both crystalline and non crystalline structures) and any other article could be sold to the consumers by an appointed retailer against rural ration cards or permits duly issued by a competent authority.

Under MR, rationed articles were distributed to people living in the countryside and towns not covered under SR. The recipients were classified into A, B, C and D classes

depending on rate of Union Tax paid by people living in rural area or the rate of monthly income of the people living in urban area. The classification list was popularly known as Distribution Priority List (DP List). Criteria for DP List were : -

<u>Category</u>	<u>Urban area</u> <u>Monthly Income</u>	<u>Rural area</u> <u>Union tax paid</u>
A	upto Tk. 100/-	No tax
B	Tk. 101-200/-	Upto Tk. 3/-
C	Tk. 201-300/-	Upto Tk. 8/-
D	Above Tk. 300/-	Above Tk. 8/-

Union and Town Food and Relief Committees were formed to issue rural ration cards. Under this system the persons under A category were supposed to receive top most priority. Supply under this system used to be made once in a fortnight or month according to availability of foodgrains. Supply of foodgrains under MR remained irregular throughout the period of its operation. Coverage under MR reached approximately 6.5 million people.

In the rural areas the local bodies were made responsible for distribution of foodgrains under this system. Distribution under MR was not only more than 50% during FY 69 - FY 73 but also higher than SR after which the percentage gradually fell much below and even lower than SR upto FY 81. Thereafter the percentage of MR distribution remained lower than that under SR except in FY 86. MR was abolished from 21st March, 1989.

2.5 LARGE EMPLOYER (LE)

Large employers of labour like Tea Association, big jute mills, industrial concerns and other firms etc were used to be supplied with foodgrains at ration price for issue of the same

to their employees in British days. An establishment employing more than 50 or more number of permanent labour hands and members of staff was treated as large Employer and entitled to supply of 33 Kg of wheat per head per month. On special occasions rice were issued. This system was in force in the 1940s in a limited scale and on a regular basis from the 1950s. Distribution under LE varied between 4 and 5% of total PFDS upto FY 80 thereafter diminishing upto 1% in FY 93. Coverage under this channel was about 2.4 million people.

2.6 ESSENTIAL PRIORITIES (EP)

Army personnel, police, members of Bangladesh Rifles and hospitals were treated as Essential Priorities and supplied with foodgrains at highly subsidized rate from 1947. No ration card was required to be issued for the recipients under this category. Distribution under this channel generally varied between 5 to 6% of PFDS but increased to 14% in FY 93.

2.7 OTHER PRIORITY

Employees of government, semi government, autonomous and nationalized bodies, teachers of schools and colleges, student hostels, orphanages etc were supplied with rationed articles generally twice a month under this channel. To serve the establishments like student hostel, orphanage or the like under this system no individual card was issued but the authorized local food officials used to issue single card/permit - for the supply of rationed articles with the approval of the Food Directorate. Distribution under this channel remained lower than SR upto FY 79 but remained higher from FY 80 upto FY 92. Distribution was only 1% of PFDS in FY 93. Coverage under OP reached about 5.1 million people.

2.8 FLOUR MILL (FM)

The approved FMs, automatic and compact, of the country received monthly quota of wheat at OMS price for crushing and distribution to bread factories, bakeries and other consumers. The mills were however free to sell the atta/ flour at their own price in the open market. In course of time about 240 major compact and 430 R-3 roller mills (2050 units) received wheat under this channel varying generally between 10 to 12% during FY 76 - 79 and between 5 to 8 % during FY 80 - 89.

2.9 ATTA CHAKKI (AC)

With a view to providing rural people with crushed wheat (atta) at cheaper price the Atta Chakki scheme was introduced from November, 1988. Under this scheme a large number of small wheat crusher establishments in rural areas were issued with pass books after proper verification. Each registered AC was issued wheat at the monthly rate of one metric ton. By mid 1992 as many as 10,500 ACs received wheat under this programme. Together with FM, distribution, under this channel varied between 12 and 15 % of PFDS during FY 90 - 93.

2.10 OPEN MARKET SALES (OMS)

USAID was insistent on expanding the OMS through private grain dealers for the purpose of stabilization of prices during lean seasons between two harvests. Previously there used to be two lean seasons - one from mid March to mid April and the other from August to October. On account of appreciable wheat and considerable irri/ boro harvest during March-May only one lean season that of August - October remained to be taken care of. Price hikes on account of natural disasters called for serious attention for government intervention. It was estimated that a minimum stock of 0.5 million ton (50% in rice

and 50% in wheat) would be required to undertake OMS on a regular basis to avoid abuse of the system by the private traders.

Open Market sale operation was introduced from FY 78 when there was abnormal rise in price of foodgrains due to short supply. Under this channel whenever the price of rice in the open market in SR areas increased by more than 15% above the procurement price and that of wheat 20% above, this operation was undertaken. The OMS price used to be fixed on the basis of procurement price, prevailing market price and the margin of profit. Initially there was no fixed quota. Subsequently restrictions were imposed on quantity.

In course of time it was decided to undertake OMS on year round operation basis by phasing out Marketing Operation from as many places (LSDs) as possible. Anybody could buy to avoid distribution of patronage. Both rice and wheat were distributed under OMS.

OMS added a new dimension in PFDS by inducting private sector in a limited way, into an age old public distribution system. It opened up possible alternative to an inefficient system. To make OMS successful, build up of large stock of foodgrains was necessary to demonstrate capability and willingness of the government to intervene in the market for a considerable period of time to avoid panic buying by the common people and undesirable manipulation by unscrupulous traders to make salutary impact on market behaviour.

Government accepted the fact that the PFDS as it existed could not operate efficiently with high overhead costs and within bounds of bureaucratic rigidity and regulatory procedures. But food being a very sensitive subject the government was in favour of retaining basic controls to avoid undesirable manipulation by private traders. However to encourage greater participation by private traders in foodgrain business the

government liberalized the anti-hoarding and movement control measures. Distribution under this channel was 10% in FY 87 and 12% in FY 92 but varied between 2 to 8% of PFDS in other years.

2.11 MARKETING OPERATION (MO)

This was not a regular channel of supply but resorted to occasionally to check the price hike whenever there was any abnormal rise in price of foodgrains. Supply under MO was ensured through ration dealers (Retailers) without any ration card. Quota per head used to be fixed by the government. During the last 18 years distribution under this channel was made only in nine years.

2.12 FOOD FOR WORK PROGRAMME (FFW)

This programme was first introduced in the country in 1975 following the famine. Since then it developed as an important feature in the country's efforts towards poverty alleviation. Originally conceived as a scheme for offering wheat as remuneration in exchange of labour for work as a relief measure gradually it covered various types of works in the rural areas such as road rehabilitation/ construction, building of small dams for control of floods, digging of ponds and canals etc. Under this programme one male member was entitled to receive 51.32 Kg and one female member 65.32 Kg wheat for 1000 cubic feet earth work. Distribution under this channel gradually increased from FY 76 generally maintaining a percentage of 21-22% rising to 34% in FY 93. Coverage under this channel was about 2.3 million people. In later years this programme was extended to other construction works in rural areas such as construction of small bridges and culverts etc. under the Rural Maintenance programme.

The World Food Programme donated wheat for the following purpose -

- (i) To improve communication in the rural areas such as repair and reconstruction of small roads;
- (ii) To construct and repair flood protection dams along coastal areas and rivers, dig canals and drains for irrigation purpose;
- (iii) To provide income generating works to rural poor during lean season and
- (iv) To stabilize food market.

The local bodies selected the works and implemented them through committees formed for the purpose. Besides WFP, the USAID, Canada, Australia and EEC countries donated wheat liberally for the programme.

During later years CARE Bangladesh, an NGO undertook Rural Maintenance Programme (RMP) under the FWP. Under RMP, 15 poor women in each union were engaged throughout the year for maintenance work of rural roads and dams built under the FWP. During 1992-93 as many as 61,500 poor women were engaged in 4100 unions. The Ministry of Relief supervised the projects under the FWP.

2.13 CANAL DIGGING (CD)

The canal Digging (CD) programme was undertaken in the early 80s under Food For Works Programme. This programme continued intermittently for digging canals to provide irrigation water for increasing foodgrain production.

2.14 VULNERABLE GROUP DEVELOPMENT (VGD)

This programme was started from 1975. At the initial stage this programme was named as Vulnerable Group Feeding (VGF). At a subsequent stage it was renamed as VGD to rehabilitate the distressed, pregnant and lactating women and undernourished children through (i) income transfers (ii) creation of income generating activities (iii) increased income earning capacity and (iv) health, nutrition, family planning, agricultural extension and vocational training activities. Each family received 31.25 Kg of wheat per month. Coverage under this channel was approximately 1.2 million persons.

2.15 PALLI RATIONING/ RURAL RATIONING (PR/ RR)

After abolition of Modified Rationing, the Palli Rationing/ Rural Rationing programme was introduced in the country from April, 1989 under Palli and Poura Area Rationing Order, 1988 dated 26 December, 1988. Distribution of rice and wheat under this programme began from 1989-90. But during FY 91 only rice and in FY 92, rice and only 2000 tons wheat were distributed. Excluding the six SR areas, this programme was expected to cover 8 percent of the population of the rest areas according to 1981 census.

The selection criteria for the beneficiaries were :

- (i) A landless or near landless farmer whose foodgrain production was not sufficient to meet his consumption requirements for more than two months in a year;
- (ii) A person whose annual union tax was either Taka 3.00 or below;
- (iii) A person not covered under the VGD programme.

The Union Council prepared the Distribution Priority (DP) list and the Thana Food Officer approved the same. Maximum three adult members of a family were issued with ration cards for issue of 1.5 Kgs of foodgrains per week per card at 25 percent less than SR price. At least two dealers were appointed in each union for distribution of foodgrains under this scheme. Distribution was about 20% of PFDS but dropped to 9% before abolition.

To increase coverage of rural people, PR (Rural Rationing) was introduced but complaints against the system soon abounded. BRAC conducted a survey on PR in November 1991 and concluded that the programme largely failed to reach the targeted beneficiaries due to a number of reasons such as (i) faulty preparation of eligible list (Only about 35% of the listed persons fulfilled the criteria for selection (ii) many did not receive any card (iii) foodgrains did not reach about 61% of the listed persons and (iv) bulk of rationed articles allotted to the dealers found way to the market and sold at higher price. IFPRI also carried out a study on PR in 1991. According to them the reasons of failure of the programme were (i) appointment of inexperienced and dishonest dealers (ii) payment of extremely low rate of commission (Tk. 0.16 per Kg.) irrespective of distance (iii) leakage of rice was 69.4 percent meaning that only 30.6 percent of rice reached the target group (iv) lack of supervision by the food officials.⁹

The PR was temporarily suspended from February 1992 and eventually abolished from June 1992.

Food Policy in Bangladesh - Working Paper No 5 - Operational Performance of the Rural Rationing Programme in Bangladesh by Akhter U. Ahmed IFPRI.

2.16 GRATUITOUS RELIEF (GR)

Distribution of foodgrains mainly wheat upto the year 1987-88 and both rice and wheat from FY 89 under this programme was undertaken on dole basis almost every year in a limited scale to mitigate the sufferings of the people affected by floods, cyclones, tornadoes, earth quakes, droughts, tidal bores etc.

2.17 TEST RELIEFS (TR)

This programme was also undertaken in small scale almost every year under which free distribution of wheat upto FY 88 and both rice and wheat from FY 89 used to be made in exchange of work.

2.18 NUMBER OF DISTRIBUTION CHANNELS UNDER PUBLIC FOOD DISTRIBUTION

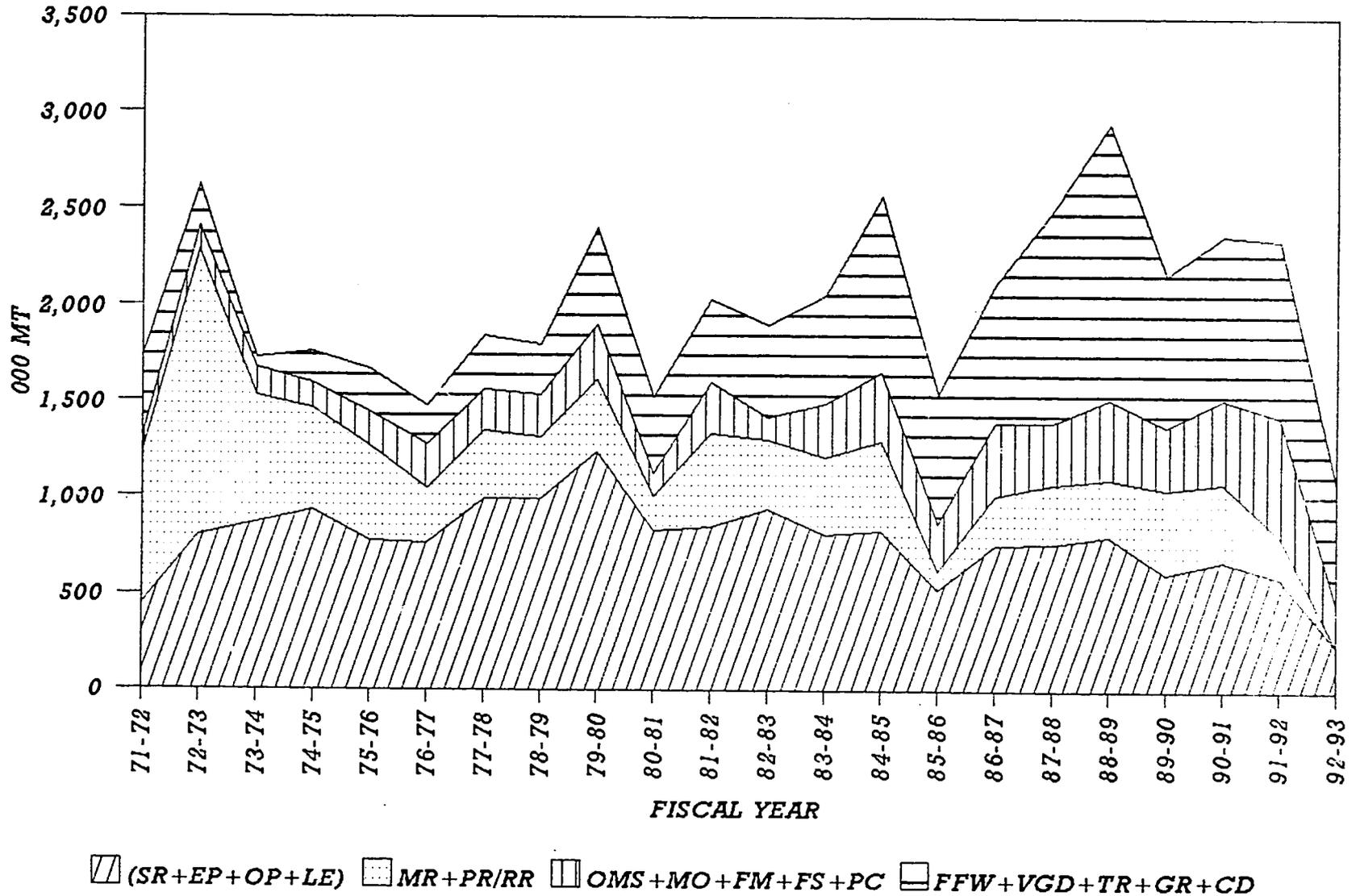
By June, 1993 the following 15 channels remained in operation under PFDS

- (a) Statutory Rationing (SR)
- (b) Modified Rationing (MR) - abolished from 21st March, 1989
- (c) Large Employers (LE)
- (d) Essential Priorities (EP)
- (e) Other Priority (OP)
- (f) Flour Mill (FM)
- (g) Atta Chakki (AC)
- (h) Open Market Sales (OMS)
- (i) Marketing Operation (MO)
- (j) Food For Works Programme (FFWP)
- (k) Canal Digging (CD)
- (l) Vulnerable Group Development (VGD)
- (m) Rural Rationing (RR) - abolished from June, 1992
- (n) Gratuitous Relief (GR)
- (o) Test Relief (TR)

2.19 OBJECTIVES OF PFDS

PFDS was started on a regular basis with the introduction of Statutory Rationing (SR) in Calcutta from 31st January, 1944 with the objective of supplying foodgrains in a few number of urban areas at fair price to combat acute shortage due to famine. To ensure uninterrupted distribution of foodgrains the suppliers (wholesalers and retailers) were appointed. Ration shops were established, ration cards were issued. Quotas were fixed and Food and Civil Supplies officers and staff were appointed and offices were set up. In a short time a vast network of rationing system grew up. With the gradual increase in the number of channels the coverage increased with the consequent increase in offtake. A large number of storage facilities were constructed all over the country. The administrative set up expanded and the system became a habit with the people.

**Fig 2B Offtake Under Different Category
Rice & Wheat from FY 72 to FY 93**



PFDS demonstrated the food policy of the government through its distribution pattern. Figure 2B shows the annual distribution during the last 20 years. Table No 3, Volume IV indicates channelwise annual PFDS distribution. Percentage of annual distribution under main channels during the past 18 years is tabulated below :

Table 2.2

Percentage of annual distribution under main channels

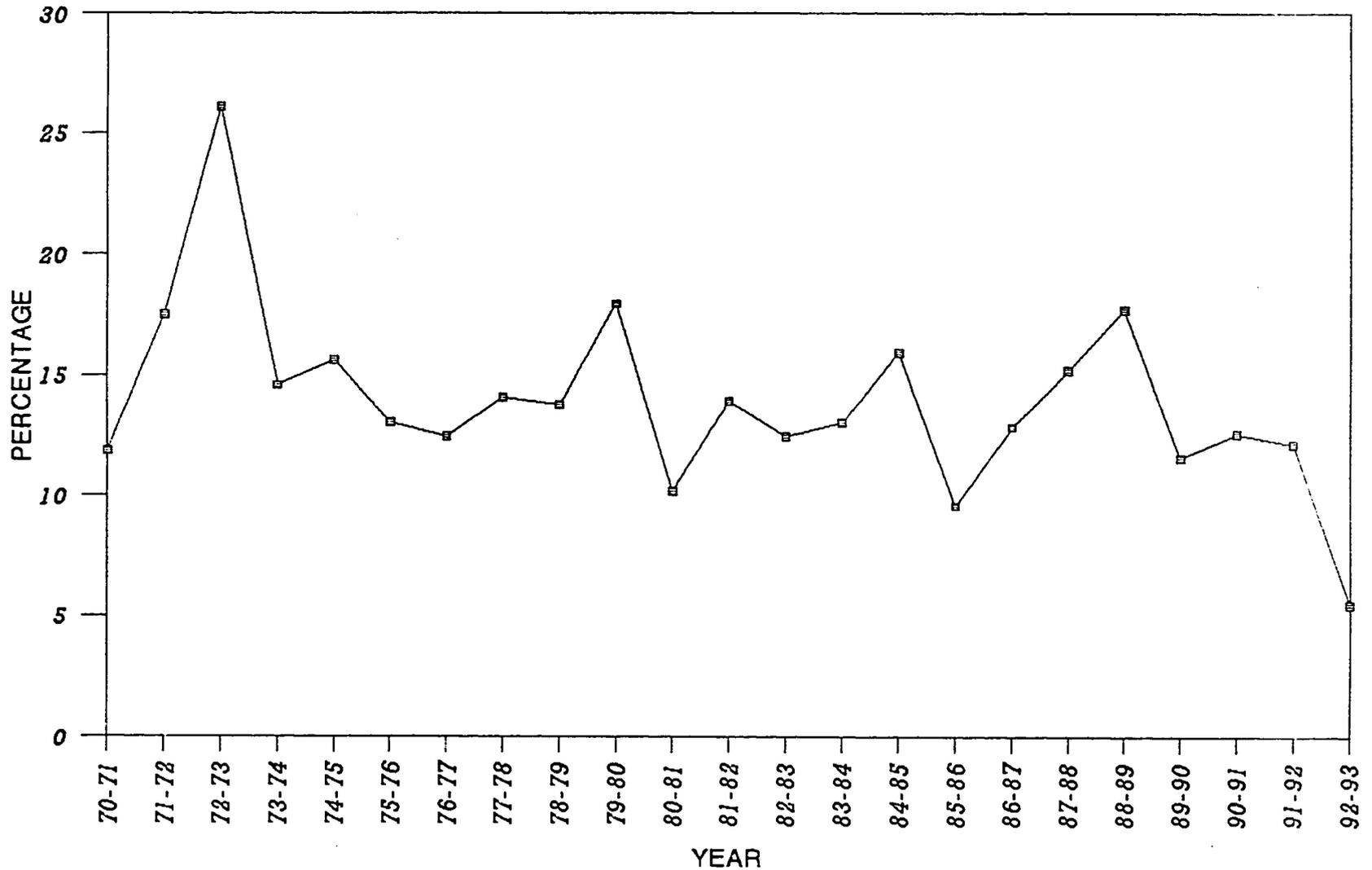
Year	SR	MR	EP	OMS	OP	LE	FM	MO	FFW	VGD	RELIEF
1975-76	21	30	6	-	14	5	10	1	6	-	7
1976-77	26	20	7	-	15	4	11	4	11	-	2
1977-78	24	19	7	-	18	5	12	-	14	-	1
1978-79	23	17	5	3	22	4	10	1	12	-	3
1979-80	20	16	3	5	23	5	7	1	18	-	2
1980-81	23	12	6	-	24	2	8	-	22	1	2
1981-82	15	24	5	3	18	3	6	4	18	2	2
1982-83	16	19	5	6	18	4	7	-	21	3	1
1983-84	14	20	5	5	17	3	6	2	22	5	1
1984-85	11	18	4	8	15	3	6	1	22	9	4
1985-86	10	7	8	4	14	2	6	1	30	10	3
1986-87	10	12	6	10	18	2	6	1	22	8	3
1987-88	7	13	5	8	16	1	5	-	22	12	10
1988-89	7	11	5	4	14	1	8	-	21	17	10
1989-90	7	20*	6	2	13	1	13+	-	21	8	7
1990-91	10	20*	6	3	9	2	15+	-	19	5	5
1991-92	7	9*	6	12	9	2	14+	-	21	10	8
1992-93	5	4	14	7	1	1	12+	-	34	12	10

Source : (i) Compendium of Statistics on Foodgrain Supplies, Prices, Agricultural Inputs and Agrometeorology Vol I Foodgrain Supplies and Prices by FPMU Nov., 1986.

(ii) Ministry of Food Year Book 1991-92.

(iii) WFP report, February, 1994.

*Fig 2C Offtake as Percentage Of Production
(From FY 71 to FY 93)*



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The avowed objectives of the PFDS were

- (a) to encourage the farmers to produce more by procurement of disposable surplus at floor price (income protection with price support);
- (b) to distribute foodgrains in urban and rural areas through various channels to keep the market price within the purchasing capacity of the consumers (price stabilization);
- (c) to make foodgrains available to the poor and needy section of the people through welfare oriented programmes like VGD, FFW, Test Relief etc. for improving their nutritional deficiencies and creating some sort of wealth for them (nutritional support);
- (d) to supply foodgrains to priority groups and
- (e) to supply and distribute foodgrains during emergency situations like floods, cyclones etc. for alleviating hardship of the people (disaster management).

2.20 EVALUATION OF PFDS

For half a century the PFDS played a key role as a tool of food management by the government although the total annual distribution of foodgrains was generally low, a merely 5% of total production in FY 61, 11.89% in FY 71, 10.71% in FY 81, 12.57% in FY 91 reaching above 20% only once in the rationing history in FY 73 (26.12%). The annual distribution usually varied between 6% and 15% of total production except in few number of years (Figure 2C).¹⁰ The private foodgrain dealers controlled the domestic food market but there were a number of

¹⁰ Table No 4, Volume - IV.

restrictions on stocking, movement, price and hoarding of foodgrains under Acts and Orders enforced from time to time.

The Acts and Orders severely restricted the private trading of foodgrains in the country in all respects. In enforcing such orders the government's prime consideration was to ensure availability of foodgrains at reasonable price and quantity. It was not possible for the government to ensure adequate supply of foodgrains in the market due to overall shortage on account of low production and inadequate import. On the other hand the poor and landless farmers were unable to find income generating employment to have access to foodgrains. PFDS made foodgrains available at subsidized price to a limited number of comparatively better off urban based people but failed to ensure their access by a vast majority living below poverty line in rural areas resulting in serious crisis in nutritional intake.

The annual growth rate of population in the country was considered to be 0.50% percent according to 1951 census (a little over 42 million) while it was 2.26 percent in 1961 census (nearly 51 million); 2.48 percent in 1974 (about 71.5 million); 2.35 percent in 1981 census (a little over 87 million) and 2.03 percent in 1991 census (104.7 million) ¹¹. As against the population growth rates annual rice production showed a growth rate of 2.4% during FY 61-70; 1.8% during FY 70-80 and 2.7% during FY 80-90 ¹². The growth rate of foodgrain production could not adequately meet the consumption requirements of increasing population during the last five decades.

USAID started food assistance to the country from 1953 mainly wheat. During the period 1953 - 71 out of total assistance of

¹¹ Table 2.07 Page 43 Statistical Year Book of Bangladesh 1992.

¹² Table 1.7 Page - 4 WB report no 9641-BD Bangladesh Food Policy Review : Adjusting to the Green Revolution February 28, 1992.

US Dollar 644.5 million a mentionable portion was in the shape of foodgrains ¹³. Food assistance by USAID continued upto FY 78 under PL-480 Title I, and it is still continuing under PL-480 Titles II and III ¹⁴.

Large scale food aid poured into the country by a number of countries and agencies. The PL-480 agreements required the government of Bangladesh to fulfil conditions mostly related to food management under PFDS and internal procurement of foodgrains. Conditions set for food aid by other donors also related to PFDS pattern and subsidy.

Data collected by the FPMU about the percentage of supply under PFDS for the urban and rural areas give the following picture :

¹³ US Bilateral Economic Assistance to Bangladesh, All years Summary, USAID, Dhaka January, 1994.

¹⁴ Ibid.

Table 2.3
Urban and Rural bias of PFDS (In percentage)

Year	Urban area	Rural area
1973-74	52	48
1974-75	58	42
1975-76	57	43
1976-77	67	33
1977-78	65	35
1978-79	68	32
1979-80	64	36
1980-81	62	38
1981-82	55	45
1982-83	55	45
1983-84	53	47
1984-85	46	54
1985-86	49	51
1986-87	53	47
1987-88	45	55
1988-89	40	60
1989-90	38	62
1990-91	42	58
1991-92	60	40
1992-93	42	58

Source : Data collected by FPMU.

Note : Beneficiaries of urban areas are those who received supply of foodgrains under SR, EP, OP, LE, FM, OMS, and MO and in rural areas those who received supply under MR, RR, Relief, VGD, FFW, CD.

Supply was urban biased upto FY 84. Thereafter supply to rural areas increased compared to urban areas except in FY 87 and FY 92.

Quite a large number of evaluation of different aspects of PFDS have been carried out. The Institute of Nutrition and Food Sciences, Dhaka University conducted a study in FY 80 on SR, MR and GR channels. They found that (i) only a quarter to one third of ration card holders in any one month drew rations under MR due to remoteness of rural areas, small quota and irregular supply, (ii) the rationees under SR system were benefitted to a greater extent since the supply was regular and the quota was more or less satisfactory. BEACON, a consulting firm conducted a study on PFDS during FY 86 on behalf of the Ministry of Food. They found that (i) only 3.6 percent of eligible rural poor could draw their MR quota in FY 79, (ii) only 50% of class A (the poorest class) possessed ration card, (iii) the MR did not make any significant impact on the nutritional status of the poor. (iv) FFW and VGD channels were well targeted and the PFDS contributed effectively to overall food security, (v) the OMS, FFW and VGD were effective and MR was ineffective, (vi) the SR was serving the people of dubious need. The study recommended abolition of SR although it was much more effective in reaching the urban middle class than was the MR reaching the rural poor and use of a famine map for better target interventions by geographical area. The study also stressed the use of OMS to mitigate seasonal and geographical swings in retail prices.

BEACON prepared another report in 1988 on MR in which the channel was found to be ineffective due to leakage. The study estimated that about four fifths of the wheat and three fifths of the rice allotted to MR dealers leaked from the system. The proceeds of this leakage were used to secure advantages in local elections. BEACON recommended that all MR wheat should be channeled through effective chakki system. If MR rationing shops were to be continued, their numbers should be increased with better regional coverage of distress prone areas.

EUREKA another consulting firm conducted a study in 1986 on subsidy in the PFDS system. It was found that the highest

percentage of loss occurred at the port of entry into the country and that the total average loss upto the local supply depots was 3.81 percent. According to the study the FFW and VGD were well targeted, the MR although well targeted was very thin in its coverage and not very effective and the urban middle classes were benefitted most from the PFDS.

Although a good number of studies have been carried out to evaluate the different aspects of PFDS as a system its impact on malnutrition was unknown due to inadequate coverage of targeted rural groups.

2.21 REFORMS OF PFDS

The pattern of PFDS followed by the government since its introduction in the 40s came under severe criticism from the 70s. The USAID food supplies under PL-480 resumed with an agreement signed in FY 74. Later emphasis was laid on development programmes to promote domestic foodgrain production and creation of foodgrain security system. Subsequent PL-480 agreements contained provisions inter alia for reducing the food subsidy through increase in issue prices under rationing system and reducing the rice quota, making the PFDS more rural oriented through MR, FFW and VGD, price stabilization through OMS and internal procurement.

Government steps to reform the PFDS began from FY 74 through suspension of issue of new ration cards in SR areas, price increase of rationed cereals, reduction of rice proportion in weekly cereal quota and restriction in number of ration cards per family etc. All these steps were taken to reduce the subsidy on foodgrains. The government was not prepared to close the PFDS and withdraw from food management on the ground that the system maintained a steady supply of foodgrains which was vital for the fixed income groups in the urban areas as well as for the subsistence farmers and landless workers in

the rural areas. Such stabilization was considered vital since expenditure on food items constituted nearly 60% of consumer budget of these groups and any upward swing in foodgrains price would automatically push up all other prices. According to government abolition of urban rationing in a single stroke would be a difficult task fraught with dangerous social, administrative and political consequences. Gradual phasing out of the system over a period of time was favoured on the ground that the urban population also included poor workers, low paid employees with fixed income and slum dwellers depending on supplies from the PFDS for most of their daily food requirements. These groups were highly vulnerable to price fluctuations and susceptible to political maneuvering.¹⁵

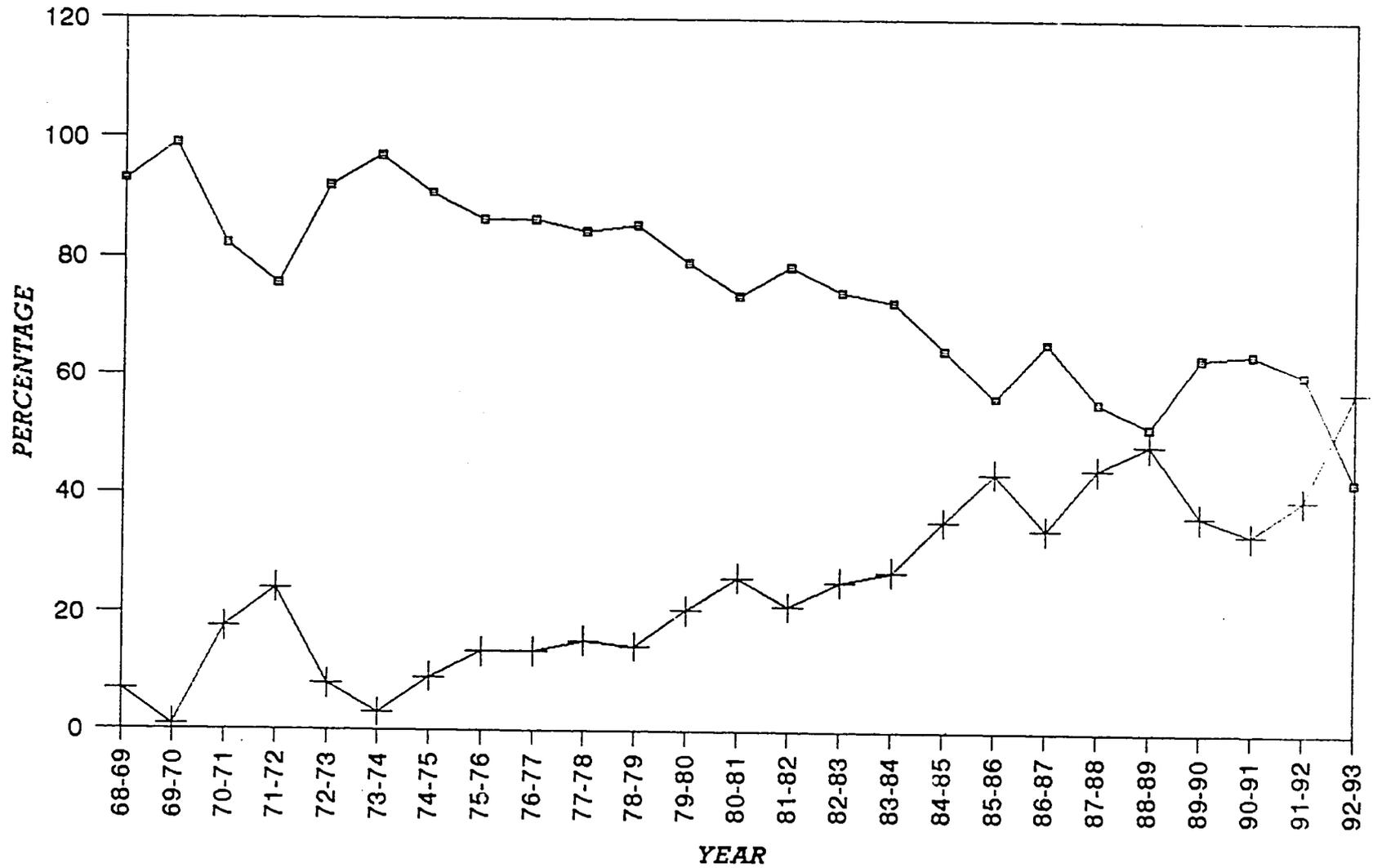
There was continuous migration of considerable number of rural people mostly landless or losing land due to erosion of rivers or people not having enough income opportunities to urban areas eligible to receive rationed articles but could not get ration cards due to stoppage of issue of new cards giving rise to a serious anomalous situation under which comparatively affluent section of urban population continued to receive ration at subsidized rates to the exclusion of a large number of poorer section.

Due to constant pressure exerted by the food aid donors, distribution under FFW and VGD was gradually increased to projects prepared by WFP, CARE and other NGOs. Government control was relaxed to some extent in these projects. Figure 2D indicates the share of monetized and non-monetized (relief) channels under PFDS.

Donors of food aid also insisted upon squeezing the channels of PFDS, increased distribution under OMS, allowing the FMs to import their wheat requirement, induction of private sector in

Memorandum for the Bangladesh Aid Group, Mid-year Review of Food Situation 1979-80 of the GOB, External Resources Division (Ministry of Finance), January 7, 1980.

*Fig 2D Percentage of Monetized and Non Monetized Channels of PFD
(From FY 69 to FY 93)*



MONETIZED
 NON MONETIZED

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wheat import and withdrawal of restriction on foodgrain movement and trade inside the country.

The pattern of PFDS underwent rapid transformation from FY 85. (i) Distribution under channels meant for rural areas increased above 50%; (ii) Distribution under non-monetized channels increased above 35% reaching above 40% several years and attaining more than 57% in FY 93 (iii) Retail price was increased above procurement price to reduce subsidy and also to narrow the gap with open market price to make ration rice unattractive to the consumers. This step resulted in drastic reduction in rice offtake in all the monetized channels except EP. (iv) Distribution of rice under non monetized channels.

Distribution under PFDS during the 1980s was more than 2 million ton on the average which sharply fell to about 1 million ton in FY 93.

The Ministry of Food recently carried out one study through EPC a consulting firm, under the name - Master Plan to Assess the Need of Rehabilitation and Maintenance of Existing Food Godowns and Construction of New Godowns upto the Year 2000 AD (June 1993).

EPC has indicated that the country might attain exportable surplus from FY 1995. Such a transformation from the status of an importing country of decades into that of an exporting country is likely to throw up a number of problems, solutions to which are expected to meet the current dilemmas. EPC while recommending the probable size of PFDS has suggested requirements under the traditional and the alternative (changing) scenario. The traditional scenario has been drawn on the basis of historical data, past trends and traditional ways of managing the PFDS. Under this scenario stress has been placed on domestic procurement and OMS as means of price stabilization and food security envisaging an annual PFDS of about 1.5 million ton. In the alternative scenario emphasis

has been laid on the emerging ideas of market orientation and privatization and vastly reduced government intervention suggesting an annual PFDS of about 0.8 million ton.

The World Bank in March 1993 advocated careful allocation of scarce resources to the most vulnerable groups and undertaking reforms aimed at reducing the cost of PFDS through exclusion of better off segments of society still receiving supply under PFDS. The government was urged to undertake further reforms to rationalize the PFDS by achieving two objectives : firstly, ensuring food security in times of major calamities; and secondly, supplying food grains to the most vulnerable groups in society. These reforms should aim at abolition of all distribution channels that do not target the poor and targeting open market sales of rice to distressed areas in lean season.

The consensus however persisted that government intervention in foodgrain management should remain in a limited scale with a continuing security reserve of about 0.4 million tons to achieve price stabilization through large scale OMS whenever necessary. Food aid received should be utilized for non-monetized channels only. When food aid ceases government should provide grains for such operation.

By the turn of the current century food management by the government would perhaps be a thing of the past finding a place only in the pages of the history.

CHAPTER THREE

3 PROCUREMENT OF FOODGRAINS

3.1 INTRODUCTION

Procurement of foodgrains was essential to keep the public foodgrains distribution system - the main arm of government food management in operation. Without procurement the PFDS could not run.

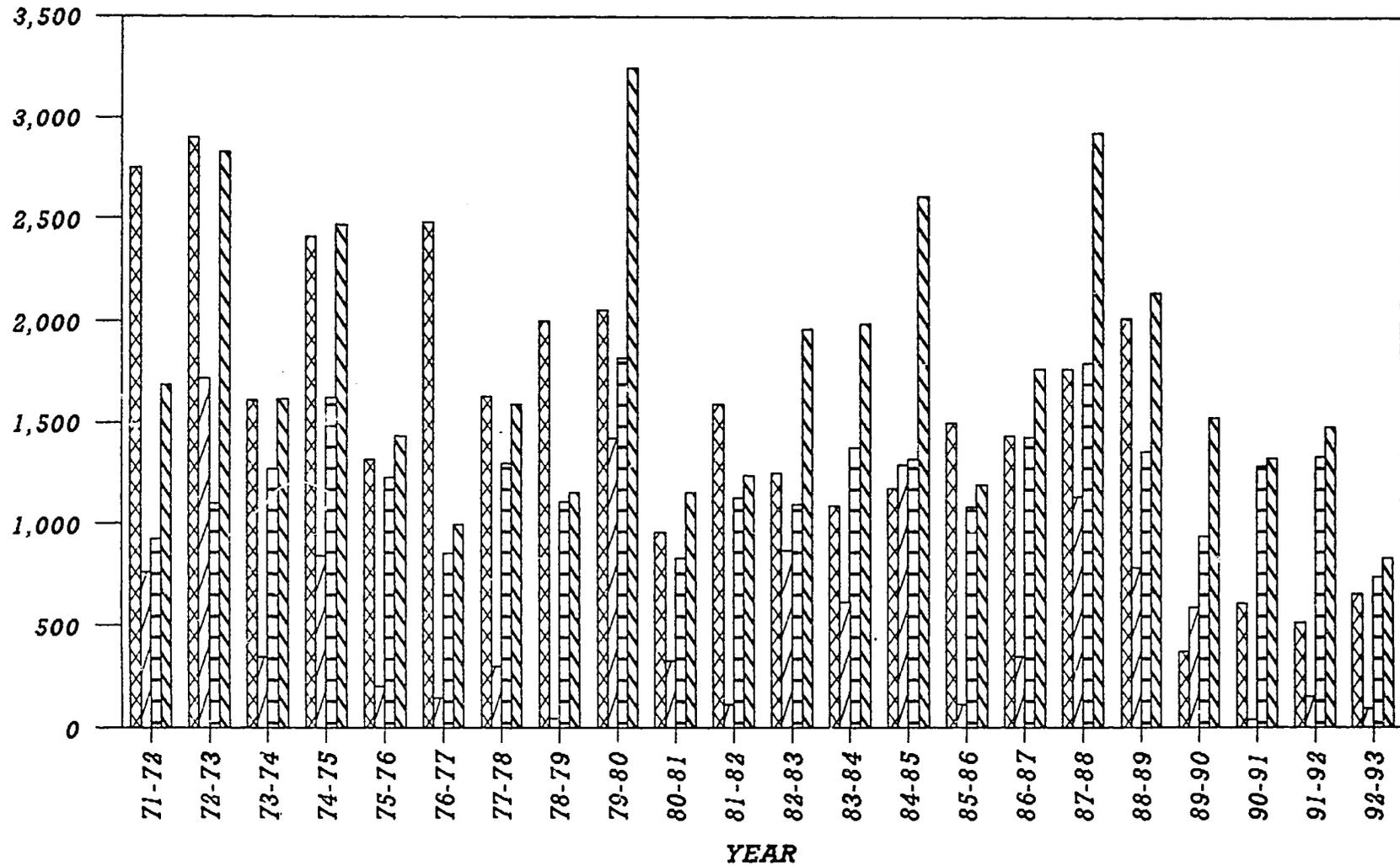
There were three main sources of procurement of foodgrains. Domestic or internal procurement from inside the country, import of foodgrains received under aid or grant by foreign donors and commercial imports through own resources or loan.

Volume of annual procurement under three sources is noted in Table No 5, Volume No IV. Apart from providing sufficient stock for the operation of PFDS all the year round another objective of procurement was to meet the food gap. Table No 6, Volume No IV presents interesting facts. Internal procurement met only a small fraction of the annual food gap upto FY 89 except in FY 81. It was only but natural because when there was overall food shortage in the country the internal procurement programme could not be successful every year. In the overall context of contemporary food situation internal procurement programmes seemed to be unnatural. But it confirms the fact of resorting to such procurement for mopping up local surpluses that were available to ensure floor price for at least a limited period of time. It also helped in stabilizing the foodgrain prices to some extent in the domestic markets during harvesting periods when the prices tended to dip low.

Except in FY 85 and FY 90 commercial imports could meet only a small portion of food gap. Imports under food aid naturally were greater although the total imports (commercial and aid) in many years in the 70s and even in the 80s fell short of

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Fig 3A Annual Food Gap, Commercial Import & Food Aid



food gap. Again in many years notably from the 80s total imports far exceeded the food gap. Figure 3A indicates this position. The food gap has been calculated at the rate of 15.5 ounce per head per day. So it can be concluded that the per capita availability of foodgrains considerably increased from mid 80s onwards.

Methods of internal procurement, commercial purchases and imports of foodgrains under aid or grant are narrated in subsequent paragraphs.

3.2 INTERNAL PROCUREMENT

Objectives

Domestic procurement in the country is nothing new. Procurement in one form or other existed intermittently over a long period of time. For the purpose of this book it may perhaps be adequate to restrict investigation from the time of the Great Bengal Famine in 1943. When the situation in the war began to deteriorate rapidly, the "rice denial" policy was put into force under which the quantity of rice in excess of local needs were to be purchased and removed from Midnapore, Bakerganj and Khulna. The official price was very low and only a small quantity (40,000 tons) only could be procured which stock was later released through the controlled shops to ease the situation, prevailing in Calcutta and in four districts of East Bengal. The surplus Rajshahi Division was placed under Cordoning and the District Officers were instructed to purchase about 7,400 tons at fixed price through requisition but only a quantity of 2800 tons could be bought within a period of 19 days between December 22, 1942 and January 9, 1943. The operation ended thereafter and seven agents were selected from amongst the grain traders for purchase of rice from allotted areas at price for which maximum rates were fixed to avoid competition and speculative buying. But between

January 9, 1943 and February 17, 1943 only about 2,200 tons could be bought. Another method of procurement was also tried. A Foodgrains Purchasing Officer was appointed to buy direct from the traders. Embargoes on movement were retained. But this officer could buy only 3000 tons of rice by March 11. In early two months of 1943 only 5,200 tons could be purchased against the estimated target of 27,000 tons¹. Some retired food officials recollected that M/S Ispahani was appointed as procurement agent by the government in the western part of Bengal. Bhagykul Maharaja and RP Saha were appointed procurement agents for eastern part of Bengal.²

After partition of British India into two separate independent states of India and Pakistan in mid August 1947 domestic procurement named as Internal Procurement (IP), continued as of necessity. Smuggling of foodgrains across the international border to West Bengal (India) as specially from the bordering districts became very rampant. So procurement of foodgrains from the bordering districts was enforced to prevent the incidence of smuggling. Again it was necessary to lift the local surplus and move the same to areas suffering from shortage of foodgrains.

Initially government used to procure only Aman paddy and rice generally from the month of January when moisture content of the grains was lowest. Since Boro and Aus paddy used to be harvested in the monsoon and contained heavy moisture rendering the grains unsuitable for long storage, government did not procure Boro and Aus.

Food Administration in India 1939-47 by Sir Henry Knight (Chapters 8 and 9).

Annex 15, Volume No IV. Recollection by Mr. Abdul Latif Ex-Deputy Secretary, Ministry of Food, entering government service as Sub-Divisional Manager in the Civil Supplies Department in Calcutta on 1st October, 1943 and Mr. A.K.M. Moslehuddin Es-Addl. Director, Procurement entering government service as Inspector, Civil Supplies on 1st January, 1944 at Modhupur, Mymensingh.

Initially internal Procurement was practiced for building up stock to meet emergency situation, to reduce import needs, to ensure price support to the producers, to lift local surpluses for consumption elsewhere and to prevent smuggling of foodgrains from the bordering areas.

3.3 DIFFERENT MODES OF INTERNAL PROCUREMENT

Different modes of procurement used to be enforced. They were (a) Compulsory procurement; (b) Voluntary procurement with cordoning and border drive and (c) Voluntary procurement without cordoning and border drive.

After partition, steps for internal procurement of foodgrains started in the country with the promulgation of the East Bengal Cordoning Order, 1947 on the 4th December, 1947. Voluntary procurement with Cordoning of surplus areas under this order was undertaken in 1947, 1948, 1957 and 1959. In 1947 and 1948 the surplus areas of the country were cordoned. The areas were

- (a) the district of Bakerganj excluding Bhola subdivision and some police station of Sadar and Priojpur subdivision;
- (b) the district of Rangpur including all enclaves in the South Cooch Behar State;
- (c) the districts of Rajshahi, Bogra, Dinajpur and Sylhet
- (d) the district of Jessore excluding the subdivision of Narail and Magura and certain areas of Sadar and Jhenaidah subdivision and
- (e) the district of Mymensingh excluding the subdivision of Tangail and Kishoreganj.

Under the Order no person was allowed to move any rice, paddy or rice products from any cordoned area to any place outside except with a permit issued by Regional, Deputy Regional, Assistant Regional or Deputy Assistant Regional Controller of Procurement. For movement of 3 seers of the commodity as personal luggage no permit was required.

In 1957 no specific areas were cordoned but licensed traders were not allowed to operate in certain surplus areas. Under the East Bengal Foodstuffs Price Control and Anti Hoarding Order, 1953 a notification was issued in January 1957 requiring that no licensee possessing a license issued either outside or inside the district of Dinajpur, Rangpur, Rajshahi, Bogra and the Satkhira subdivision of Khulna district was allowed to purchase or store for sale any rice or paddy inside or outside those areas respectively. Subsequently the subdivision of Satkhira was excluded and the district of Kushtia was included for the purpose of the Order.

The East Pakistan Cordoning Order 1958 came into being on the 5th December 1958. The provisions were same as in the East Bengal Cordoning Order, 1947. Since the various grades of Controller of Procurement were abolished, the Regional and District Controller of Food were authorized to issue permit. The Cordoning areas were the districts of Rangpur, Dinajpur, Bogra, Rajshahi, Jessore, Khulna, Sylhet and Mymensingh (excluding the subdivision of Kishoreganj and Tangail). Personal luggage was raised from 3 seers to 10 seers for exemption. Procurement was made in 1959 under this order.

The East Bengal (Compulsory Levy of Foodgrains) Order 1948 was issued on the 19th September 1948 providing for compulsory levy of foodgrains on large producers having 10 acres or more land under any seasonal crop requiring them to declare in prescribed form to the Preliminary Surveyors, the particulars of land and paddy etc. After considering the objections and appeals, a list of large producers in each village was

prepared and published showing the leviable surplus of each with direction to deliver the same to government godown or a government agent or an authorized Mill and receive payment at fixed price. Only three fourth of the surplus after allowing the legitimate expenses was taken by the government on payment. During the years 1949 to 1954 there was compulsory procurement. This order was applicable to the large producers of the districts of Bakerganj, Khulna, Jessore, Kushtia, Rajshahi, Dinajpur, Rangpur, Sylhet and Mymensingh (excluding the Subdivisions of Kishoreganj and Tangail).

The East Bengal (Procurement of Foodgrains) Order 1949 was issued on the 16th September 1949. Radical change in the procurement system started under this Order which was made applicable in the whole country. Any person cultivating 10 acres or more land as owner, tenant, bargader or any other capacity was defined as large producer. All large producers were required to declare particulars of Aman lands to Enquiry Officer (EO) of their respective area for preparation of assessment list. Advisory Committees were formed in each Union consisting of not less than 9 and not more than 12 members to assist the EO. The producers were served with assessment notice. During the year 1950-53 the demand notices were issued for delivery of leviable quantity of paddy at various rates varying from 1.5 maunds to 6 maunds for lands from 20 acres or less upto above 100 acres at fixed price. Procurement was made under this Order during the years 1950 to 1954. During the period 1950 to 1953 producers having less than 10 acres of aman paddy land were exempted which was raised to 17 acres in 1954.

The East Bengal Foodgrains (Disposal and Acquisition) Order 1948 was issued on 24th November, 1948. Under this Order every person holding any surplus stock of foodgrains was required to sell the stock or a part thereof, on call, at fixed price. During the years 1960 the method of procurement was voluntary without cordoning and border drive.

Border drive was another method of procurement to prevent smuggling of rice and paddy across the border. Under this method the surplus stocks of the producing families residing within the five mile border belt were procured. Under the above Order Monopoly procurement of rice from Major Rice Mills having boiling system located within the five mile border belt was introduced in the year 1957. Under this system, the Major Rice Mills were required to sell the resultant rice produced from paddy purchased by them only to the government. This scheme was extended to the major rice mills in the hinterland in December, 1965 but withdrawn in June, 1966.

Yet another method of procurement was "advance purchase" in the border belt in times of bumper crop to prevent smuggling and ensure economic price to the growers. Under this method 75 percent of the price of paddy was paid in advance at the time of contract and the balance after delivery of the adequately dried up contracted quantity. Procurement under this method continued from 1947 to 1965.

Procurement of aman in the year 1965-66 after the brief September war between India and Pakistan was undertaken to build up a food reserve to minimize dependence on supply from external sources and also to reduce chances of smuggling of foodgrains across the border under the following schemes -

- (i) Procurement of the entire surplus stocks of rice and paddy from producers in the 5 mile border belt through universal levy under the East Pakistan (Procurement of Foodgrains in the Border Belt) Order, 1965

Note : The different Orders mentioned in this chapter have been assembled together in Annexure Vol - III.

- (ii) Procurement in the rest of the country through selective levy on persons owning more than 5 acres of land in aman

growing areas under the East Pakistan (Procurement of Foodgrains) Order, 1965.

(iii) Monopoly procurement from the Major Rice Mills.

(iv) Voluntary procurement.

In 1965 it was decided to confine assessment to aman cultivated lands only and to raise the rate of levy to 4 maunds per acre in the hinterland. District wise targets of procurement were fixed.

3.4 FAIR AVERAGE QUALITY (FAQ) OF FOODGRAINS IN THE 1960S

It was the practice to declare the procurement price in early December that is one month before the commencement of procurement and publicize it widely in the rural areas. This price was fixed for fair average quality (FAQ) with the following specifications

For Paddy

(i) Admixture of coarse and medium grains	9 %
(ii) Moisture content.	11 %
(iii) Foreign matters (such as dust, sand, silica, wild seeds, chaff & empty husk)	1.5 %
(iv) Damaged, off coloured, heated and immature grains	0.5 %

For Parboiled Rice

(i) Admixture of coarse and medium grains	10 %
(ii) Moisture content	12.5 %
(iii) Pins and points (below 1/4th size)	3 %
(iv) Broken (below 3/4th size down to 1/4th size)	17 %
(v) Under milled grains	5 %
(vi) Under boiled grains	3 %
(vii) Over boiled/ heated grains	2 %
(viii) Husk and brans	0.5 %
(ix) Paddy content	0.5 %

Paddy and rice below FAQ quality used to be subjected to deductions (Batta) at various fixed rates for exceeding the above limits. Deduction factors were rather heavy and made the sellers subject to harassment.

3.5 PROCUREMENT THROUGH APPROVED GRAIN DEALERS (AGD)

To ensure fair deal to the producers and eliminate chances of harassment and encourage the producers to deliver stocks direct to the purchasing centers special measures were taken in 1966. Approved Grain Dealers (AGDs) were appointed. United Bank Ltd was appointed Paying Agent for government for making payments to sellers, including AGDs on all days of the week including sundays and holidays from 9 am to 4 pm. The Deputy Commissioner were empowered to open new purchasing centers with one Inspector and two guards on the recommendation of the District Controller of Food upto 30th April, 1966. Union Assessment Committees (UAC) were formed to verify the declaration forms. From January 1966 the AGDs were prohibited from buying any paddy/ rice within 2 miles from the purchasing centers. All these efforts however did not produce desired result. A large number of producers managed either to evade assessment or got their production under assessed with the connivance of the UAC.

Identity cards with passport size photos were introduced from April 16, 1966 for authorized agents of foodgrains license holders. Movement of paddy from Barisal district was restricted without permit. Stocking of foodgrains in excess of 20 maunds within the 10 mile southern border belt of Barisal district was prohibited. Movement of food stuffs without any authority through any unspecified route in the Sundarban area was also restricted from April 18, 1966.

Procurement under the Compulsory Levy did not bring good result in 1966. A large number of producers avoided levy demand by false declaration or by not declaring at all or by evading delivery of levy demand. DCFs and SCFs were empowered to seize the levy demand and move the same to nearby LSDs or keep under the custody of Jimmadars. Special Magistrates were appointed for speedy trial of cases. Any case under trial could be withdrawn on delivery of levy demand. In spite of all elaborate arrangement only 92 thousand tons of Aman rice was procured in 1966.

During pre-independence days domestic procurement remained more or less limited to border belt areas to curb smuggling of foodgrains. There used to be compulsory levy on producers. Voluntary procurement in the hinterland except in good crop years was not very successful. The principal objective of such procurement was to maintain stock for distribution under PFDS.

3.6 PROCUREMENT FROM SURPLUS AREAS

During pre-independence days about 50% of the subdivisions (now renamed as Districts) listed below were considered to be heavy procurement areas

(a) Rajshahi Division

(i) Dinajpur (ii) Thakurgaon (iii) Bogra (iv) Rajshahi (v) Noagaon (vi) Nawabganj (vii) Rangpur (viii) Chhatarpuri (ix) Gaibandha (x) Kurigram

(b) Khulna Division

(i) Jessore (ii) Jhenaidah (iii) Khulna (iv) Barisal (v) Bagerhat

(c) Barisal Division

(i) Barisal (ii) Pirojpur (iii) Patuakhali (iv) Bhola

(d) Dhaka Division

(i) Mymensingh (ii) Jamalpur (iii) Netrokona

(e) Chittagong Division

(i) Sylhet (ii) Moulvibazar (iii) Habiganj (iv) Chittagong

3.7 PROCUREMENT AFTER INDEPENDENCE

After liberation, procurement in real sense was in the year 1973-74 with collection of about 71,000 tons of rice. In 1974-75 procurement was through compulsory purchase plus farmers and grain movements were restricted by the producers to sell far below market price. In these restrictive efforts and restrictions imposed only about 100,000 tons of rice could be procured. Procurement operations in this year gave rise to serious resentment among farmers. From 1975-76 procurement which was on voluntary basis was considered to be more or less satisfactory with a price range of about 400,000 tons in the latter half of 1975-76.

tons in the 80s. Only twice in the entire history of procurement the figures exceeded one million ton in FY 81 and FY 92.

3.8 REVISED PROCUREMENT POLICY

Increase in procurement since 1975-76 could be attributed to policies adopted and vigorously pursued by the government viz (i) To increase production of foodgrains by maintaining a support price providing incentives to the farmers for greater use of HYV seeds, fertilizer and irrigation, (ii) To ensure price stabilization during lean seasons through release of adequate quantity of foodgrains in the open market from reserve stocks in the government godowns (iii) To build up adequate stock for the PFDS.

To implement the procurement policy government took a number of steps.

- (i) The support-cum-incentive price was fixed by taking into consideration the production cost including use of HYV technology, open market price, international price, ration price, production prospect and expected market arrivals, storage capacity and PFDS requirements.
- (ii) The procurement price was announced well before the sowing/ planting season.
- (iii) LSDs and CSDs were used as permanent procurement centers. Temporary Procurement Centers (TPCs) were opened at important hats and bazaars (Marketing places) during harvesting season for the convenience of farmers.
- (iv) According to the production forecasts by the Ministry of Agriculture, month wise and area wise procurement targets were fixed up well ahead of procurement seasons with

adequate staffing arrangement, storage space and banking facilities.

- (v) Private godowns were also hired to meet the storage space shortage. Suitable distribution programs were planned to ease storage and transportation problem.
- (vi) Advisory Committees at each procurement center were set up to motivate farmers for sale to the government godowns.
- (vii) The bank branches near the procurement centers were authorized to act as paying booths.

Fixation of procurement price had never been an easy task. Higher procurement price was not beneficial to the share cropper who had to part with 50 percent of the produce to the owner. Such higher price had a tendency to push up market price causing distress to poorer section of people and a belief of higher procurement by the government resulting in reduced availability of foodgrains in the open market giving rise to hardship for the small farmers and urban poor. There was conflicting views among the donor and international agencies about fixation of procurement price - one recommending support price against input subsidies while the other advocating input subsidies against support price.

Domestic Procurement was always considered necessary for building up reserve stock to fall back upon during emergency since imports of foodgrains both under aid and commercial purchase used to take considerable period of time and expenses.

It was observed that price of foodgrains used to register sharp increase during lean season between two harvesting times and government had to intervene through open market sales (OMS). So to make the OMS a regular feature all the year round

as and when the market behaviour so demanded the government was required to have ample stock of foodgrains in godowns. Adequate government stocks played significant role on market behaviour. Prices in the market tended to rise when the government stock was low. Strengthening of procurement operation for the purpose of building up stock was of utmost importance in the context of price stabilization.

The price differentials between the village market price and procurement price in FY 76-77 were ascribed to weakness of the procurement system such as insufficient number of procurement centres, indifference of the food officials to procure the quantity offered and limited access of the farmers to the procurement centres. In the initial period of harvesting the paddy contained higher percentage of moisture and the farmers were in dire need of selling their paddy to meet their urgent cash requirements. So inspite of higher procurement price the food officials were unable to buy and the farmers were unable to sell their paddy. This always remained an unsolved issue but the price differential narrowed down gradually with the procurement system undergoing improvements in administrative and organizational set up as would be evident from the price quotations and quantities procured in subsequent years as tabled below

Table 3.1

Grower Price of Aman Paddy (Rice) (Tk. per maund)

Month	FY 76 (74-118)*	FY 77 (74-118)*	FY 78 (80-128)*	FY 79 (80-128)*
December	60.80(91.20)+	60.25(90.35)	78.15(117.30)	81.95(123)
January	63.25(94.10)	67.45(102.30)	83.80(126)	87.49(132)
February	67.45(102.20)	72.00(108.00)	85.70(129)	93.42(141)

* Procurement prices of paddy and rice respectively excluding transport bonus.

+ Figures in parenthesis indicate prices of coarse Aman rice.

Difference in weight in market places (82 to 90 tolas to a seer) and procurement centres (80 tolas to a seer) and transport bonus at higher rate often made it attractive to sell at procurement centres. In FY 78 much higher quantity was procured than in the earlier years. In spite of major crop failure considerable quantity was procured in FY 79.

The procurement system grew in popularity and in spite of many difficulties such as price differential with market price, distance from the procurement centres and delay in payment etc it became an effective instrument for the price support policy of the government in preventing the unscrupulous traders from exploiting the farmers as in former days.

In order to make the procurement centres more accessible to the farmers a large number of Temporary Purchasing Centres (TPC) besides the LSDs and CSDs were opened throughout the procurement extensive zones in Rajshahi Division, Mymensingh, Barisal etc. The government planned to operate about 5000 procurement centres all over the country in course of time to

eliminate the problem of physical accessibility of farmers to procurement centres.

A large number of 250 ton capacity godowns built by LGRD Division at important growth centres and market places were taken over by the Ministry of Food starting from 1983 and used as TPC. A good number of them still operate as TPC during procurement seasons. This greatly benefitted the seller farmers as they were required to travel small distance from their farms to sell their rice/ paddy.

Hiring of private godowns was also practiced to ease the space problem during procurement season. Even premises of paddy huskers were hired whenever required. Dunnage and tarpaulins were provided in the TPCs at considerable expenditures on account of hire charge, transportation cost, stock and transit loss to meet emergency needs.

3.9 REVISED FAIR AVERAGE QUALITY

The discount (batta) system introduced in the 1960s was very complicated in nature and in fact acted as disincentive and harassment devices for the farmers. Previously specification in respect of free tolerance limit of refractions for fair average quality (FAQ) rice and paddy consisted of several slabs of moisture contents, admixture of coarse and medium grains, sand, silica, stones clay mudballs, chaffs, straw, husk, wild seeds, immature, shrivelled, damaged, discoloured, heated sprouted, broken and dead grains. The several slabs were dispensed with and one single slab specification was introduced from FY 78 to the great relief of the sellers. The new specification was

(i) Moisture	-	14%
(ii) Foreign matters	-	3%
(iii) Damaged grains	-	3%
(iv) Immature shrivelled grains	-	10%

Paddy grain upto 15% moisture content was made acceptable with no price discount upto 14%. For paddy with 14-15% moisture a flat discount of Tk. 0.75 per maund was allowed.

3.10 DIRECT PURCHASE FROM THE PRODUCERS

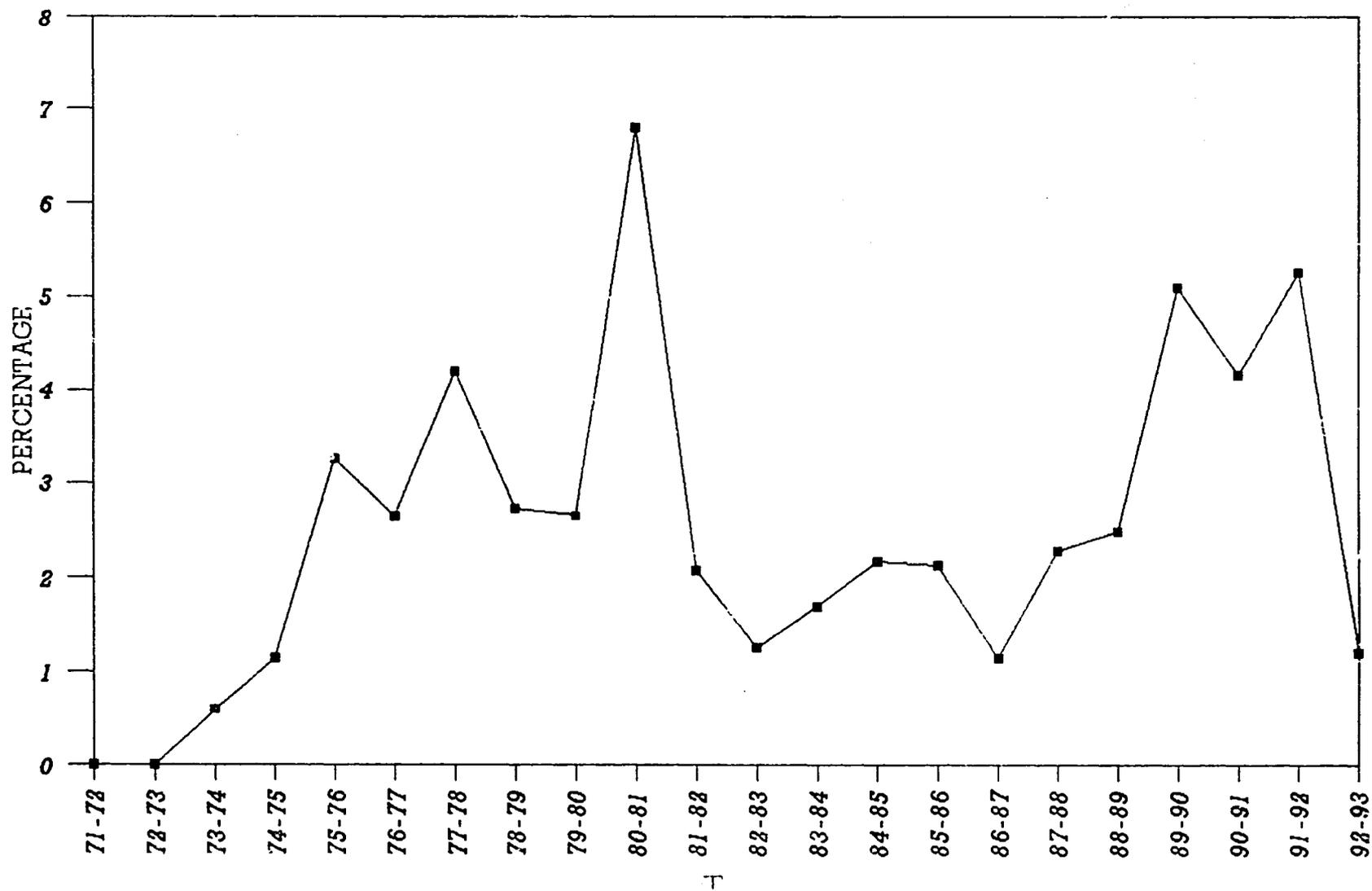
It was always the avowed policy of the Ministry to make direct purchase from the growers. No maximum limit was fixed for any individual seller. But unfortunately this goal could never be achieved due to various reasons such as inadequate staff and equipments in the procurement centres refusal to accept or charging of discount for higher moisture content, delay in receiving and payment of grains. These obviously scared away the small and marginal farmers mostly who had to go to private dealers to sell even at lower price. Supply of moisture meters and weighing scales at the procurement centres could not improve the situation to the desired level inspite of instructions for not insisting upon strict adherence to prescribed limit of moisture content for fear of adverse effects on the farmers affecting the procurement prospects. Six paddy driers established at selected places under Danish grant but could not be made operational due to high operation cost and lack of trust in them by the growers. These dryers are still lying unused as examples of unsuitable undertaking in our agricultural practices.

In the initial periods prevalence of different units of weights in the village markets also created impediments to procurement programme. To overcome the difficulties the international metric system of weight was introduced for the procurement of foodgrain from 1st July, 1983. The supervising

officers and field staff were imparted necessary training in this respect. 3200 sets of weights and scales under metric system were purchased and distributed to different procurement centres.

The practice of procurement through the Approved Grain Dealers (AGD) was introduced from December 1965 in absence of any farmers organization for marketing their commodities as an extension of benefit to small farmers who would not otherwise come to procurement centres. The AGDs were expected to buy at government fixed procurement price and deliver the quantity to government godowns and earn commission at fixed rates. But in reality the AGDs belied the trust reposed in them and bought the grains at the market price rather than at the procurement price and earned extra profit besides the commission thereby depriving the producers when the market price was considerably lower than procurement price. This happened in the aman harvesting season since FY 67 when the AGDs were appointed for the first time. The AGDs even used to influence the procurement officers for according them priority against the small farmers. The AGD system of procurement actually acted against the procurement policy of the Government. From FY 80 government took steps for not allowing AGDs operate in and around the procurement centres. Rather a scheme was drawn up for Mymensingh district to ensure that the AGDs collect foodgrains from individual producers from remote villages and hats and bring the same to the purchasing centres. The question of involving the private sector in the procurement operation was first mooted in FY 80. In fact purchase from a number of cooperative societies at thana level (TCCAs) began from that year. But it was not pursued seriously. The AGD system was eventually abolished from FY 83. Upto FY 71 only aman paddy/ rice used to be procured. But from FY 76 procurement of wheat, aus and boro/ Irri began. Procurement of aus never became successful. Only once in FY 81 the quantity procured was about 87,000 tons. In other years it was low. Procurement of aus stopped from FY 86. Procurement of wheat

Fig 3B Internal Procurement as Percentage of Production
(Rice and Wheat From FY 72 to FY 93)



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made a moderate beginning from FY 76 but grew in volume reaching the highest quantity of 215000 tons in FY 85. Thereafter the volume decreased. Procurement of aman remained more or less steady.

3.11 NEW PROCUREMENT POLICY

In the initial years internal procurement did not occupy a central role in the government food policy. It was pursued more or less as an adhoc measure. More stress used to be given on quantum of food aid. Gradually however internal procurement became a major source of supply for the public foodgrains distribution system. Due to increased production of boro/ Irri paddy, procurement of boro/ Irri grew in importance side by side of aman procurement. In order to maintain the procurement level the procurement price used to be increased annually to meet the input cost and announced at the time of planting/ sowing season. Figure 3B and Table No 7 Volume IV show the growth and trend of procurement since FY 73. Table No.8 Volume IV mentions the average monthly retail Open Market Price (OMP) and Procurement Price (PP) prevailing from January, 1970. Considerable price differential between OMP and PP existed from calendar year 1970 upto September, 1975. During the period October, 1975 - March, 1977 PP remained higher than OMP mainly due to increase in foodgrains production and political situations. Thereafter the OMP and PP occasionally showed upward and downward trends between them intermittently upto December, 1981. From January 1982 the OMP generally remained higher than PP except some short spells whence OMP fell below PP. However in the entire history of the internal procurement in the country the OMP of coarse rice reigned higher than PP most of the time and that of wheat always remained higher. Table No 8 Volume IV gives the picture of ups and downs of these prices.

USAID and WB always advocated fixation of procurement price at sufficiently attractive level to make it incentive price in the real sense. But it was found that the harvest prices remained consistently below the procurement price which could not be explained satisfactorily by price and production differences. According to them the procurement programme could be strengthened considerably during early period of harvest season specially in surplus districts. According to WB the PP could not offer support price to the majority of farmers. The PP could only be treated as an effective support price if the system could absorb at all times all the grain offered without too much effort and loss of time on the part of sellers.¹

In FY 83 the automatic rice mills were allowed to purchase paddy on government account, mill the paddy and deliver the resultant rice to government. Mobile purchasing centres were also opened for purchasing foodgrains from important hats and bazaars where foodgrains were sold in large quantities. Mill gate purchase was also started at other small mills whenever possible. Antihoarding measures were also strictly observed to check artificial shortage of foodgrains by unscrupulous businessmen and traders. Law enforcing agencies were alerted to keep vigil to prevent smuggling of foodgrains across the border. Increasing number of TPCs were opened. Logistics like dunnage, tarpaulins, forms stationeries, padlocks, weights and scales, gunny bags were supplied in adequate quantity. All the nationalized banks were appointed as paying agents. Sub-Inspector of Food functioning as O/C purchasing centres were empowered to issue Weight, Quality and Specification Certificate (WQSC) for receiving payment from the banks.⁴

¹ Bangladesh : Food Policy Issues - WB Report No 2761-BD December 19, 1979.

⁴ The Annual Report of the Ministry of Food 1982-83.

3.12 MILLGATE PURCHASE

Millgate purchase was introduced as a method of procurement from FY 84. Mostly paddy used to be purchased under this method so that the miller could get increased benefit on a number of counts such as milling ratio, transportation cost, delay in delivery etc. Subsequent studies revealed that Millgate purchase benefitted the mill owners much more than the growers because they took advantage of differential price and made purchase at market price and not procurement price. They received the full price of the so called procured paddy in connivance with the corrupt food officials who issued WQSC promptly. Milling orders were also issued quickly and milling commission paid in due course. In fact the mill owners were allowed to earn undue profit with impunity without any benefit to the growers. In many cases the mill owners carried on their lucrative business without any capital. In spite of all these benefits a large number of them defaulted in delivery of resultant rice to government, LSDs of FAQ standard with the consequence of large number of litigations some still continuing.⁵

Millgate purchase found favour both with the mill owners and the food officials. Overwhelmingly major share of procurement came from mill gate system which deprived the producers of their legitimate price accruing undue profit to a limited number of so called mill owners. It is amazing to note that the food officials remained oblivious of the real situation on the plea of fulfilling procurement targets. This system was similar to infamous AGD system of the past.

Due to unknown reasons the Food Department used to execute agreement with the mill owners for mill gate purchase on security deposit of Tk. 10/ 15,000 only. A large number of

⁵ Determination of Procurement Price of rice in Bangladesh by M/S Raisuddin Ahmed, Naimuddin Choudhury and Akhter U. Ahmed - IFPRI working paper No 6.

mill owners defaulted in delivering the resultant rice to government godowns. This system of Agreement was changed to deposit of 60% guarantee/ security money which reduced the incidence of default to a large extent.

In spite of reduction in default cases by end 1993 cases were pending against as many as 300 Rice Millers in 39 districts for realisation of rice of about 23,774 Metric Ton costing more than Tk 324.30 million. The division wise details are noted in the following table

Table 3.2
Number of default cases against Rice Mills

Division	Number of Rice Mills	Amount Due (Tk.)
1. Rajshahi	199	197.0 million
2. Chittagong	24	47.0 million
3. Khulna	25	25.0 million
4. Barisal	3	1.3 million
5. Dhaka	49	54.0 million
	300	324.3 million

The number of defaulters was highest in Rajshahi Division -- the highest procurement area of the country

According to food officials the mill gate purchase had a number of advantages such as (i) fulfillment of procurement targets, (ii) the millers used to buy paddy at competitive price, although at lower price than procurement price with the announcement of procurement date; (iii) the millers could buy paddy with government money so small mill owners used to execute agreement with the food department as they were not required to invest any working capital of their own; (iv) marketed surplus used to be mopped up to the benefit of the

sellers; (v) the procurement programme could operate on a continuous basis almost throughout the year assuring engagement of labourers and (vi) the millers used to buy paddy with moisture content varying upto 20% but deliver resultant rice with moisture content upto 14%.

Earning of undue profit at the cost of producers by the mill owners was too much for the government to bear and mill gate purchase was suspended by the government.

3.13 PROCUREMENT THROUGH TENDERING PROCESS

According to the recommendations of IFPRI, the Ministry decided in November, 1991 to procure rice through open tender, side by side, with mill gate purchase on an experimental basis to minimize movement/ transport loss and administrative/ management cost. This move was not liked by the mill owners for obvious reasons and they resisted unitedly.

In the face of stiff opposition and non-cooperation by the mill owners government could buy only 596 tons aman rice and 9013 tons boro/ irri during FY 92 at a price ranging from Tk.11.05 to Tk. 12.50 per kilogram against the normal procurement price of Tk. 10.10 per kilogram. During the same year, total procurement of rice under millgate and other procedures was 940000 tons of which 9609 tons were under tender system - a bare 1.02%.

Tender procedures however continued during 1992-93 as well. In August 1992 tenders were floated for purchase of rice. Only 6475 tons of rice could be purchased at a price ranging from Tk. 10.95 to Tk. 11.57 per kilogram against the prevailing procurement price of Tk. 10.10 per kilogram. Tenders were again floated in November, 1992 for the purchase of rice but no contract materialized inspite of submission of as many as 80 number of offers. Thereafter government kept the tendering

process in abeyance to examine the cost effectiveness of the process vis-a-vis millgate purchase.

3.14 FAQ SPECIFICATION FROM FY 90

Specifications of FAQ quality foodgrains in FY 90 are mentioned below :

Table 3.3
Specifications of FAQ quality foodgrains (In percentage)

Items	Paddy	Rice	Wheat
(i) Moisture content	14.00	14.00	14.00
(ii) Foreign matter	2.00	0.50	3.00
(iii) Immature and discoloured	2.00	2.00	10.00
(iv) Admixture of coarse grains	10.00	10.00	-
(v) Dead and damaged grains	-	1.00	-
(vi) Broken	-	15.00	-
(vii) Small broken	-	5.00	-
(viii) Chalky grains	-	6.00	-
(ix) Red and undermilled	-	6.00	-

Table No 9 Volume IV describes internal procurement price by commodity since FY 48.

3.15 FUTURE ROLE OF INTERNAL PROCUREMENT

The World Bank in their report of February, 1992⁶ recommended the following measures

- (a) domestic procurement of wheat could be discontinued - the rationale for wheat procurement was unclear;
- (b) milled rice could be procured instead of paddy which would be the more cost effective option reducing the cost of rice procurement by nearly 8.0 percent. Both options had same impact on farmers - they continued to receive the going market rate for their paddy from millers and traders but the millers and traders benefited more from the paddy options than from the rice option. In addition to the pricing differential the paddy option allowed millers to increase the return on government milling by any one of the following methods - (i) exceeding the stipulated conversion ratio and selling the excess rice on the open market; (ii) milling heavy (high moisture) rice to fill weight based contracts for government; (iii) using government paddy for sale in the open market and returning lower quality rice to the Ministry; and (iv) keeping new gunny bags provided by the Ministry and returning rice in worn bags.
- (c) procurement at the going market price rather than at an official procurement price regardless of the need of treating it as support measure or simply to fulfill the distribution needs. In spite of government's best intention the WB felt that under the present system the farmers received the going wholesale market price and not the procurement price so procurement price of milled rice at market prices would reduce the budgetary cost.

⁶ Bangladesh Food Policy Review : Adjusting to the Green Revolution WB Report No 9641-BD February 28, 1992.

- (d) Reduction of procurement cost by reducing losses due to spoilage on account of moisture content and storage methods.

EPC, a local consulting firm was employed by the Ministry to prepare a Master Plan for rehabilitation and maintenance of the existing food storage godowns and need of new construction upto 2000 AD recommended for annual domestic procurement in the range 0.7-0.9 million ton in the traditional scenario and 0.4 million ton in the alternative scenario.

Internal procurement has to be continued to build up ample security stock to meet emergency situations and to ensure price stabilization both during low and high market prices. But the mode and size of procurement should be determined on annual basis depending upon the quantum of food aid pledged by international donor community and domestic production prospect.

3.16 RICE MILLING

Background of rice milling for government purposes

Internal procurement of foodgrains, mainly aman paddy in the country started from FY 48 on a regular basis. This procurement used to be undertaken to build up stock in government hands for subsequent distribution to the people through rationing channels as rice.

Conversion of paddy into rice, therefore, grew in importance. Milling of paddy into rice came to be regulated under the provisions of the Bengal Rice Mills Control Order, 1943. Under this order milling of rice or manufacturing rice products by power driven machinery was forbidden except with a license issued for the purpose. Even a licensee mill owner was required to receive paddy only against a permit for milling

purpose. The mill owners were required to comply with government orders for the purchase and milling of paddy and distribution of milled rice.

Under the order agreement procedure between the government and the mill owners was introduced for the first time for receiving, milling and the manner of disposal of the resultant rice. An elaborate format was devised for the Agreement. According to the agreement the government would supply paddy to the mill premises as per quota fixed for the individual mill. The milling ratio for each variety of rice aus, aman and boro was mentioned. The milled rice should conform to fair average quality (FAQ). Any deviation from FAQ was subjected to realization from the miller at the maximum market price. Delivery of paddy to the mill and lifting of resultant rice as per milling ratio were carried out by the contractor appointed by the government in bags also supplied by the government. The miller could dispose of the bran and husk on his own account but broken would remain as the property of the government. The miller would have to store the resultant rice upto two months.

Government from time to time fixed milling ratio of paddy into rice. The milling ratio used to vary not only from region to region but also within a region. In 1963 some northern areas were categorized as Region I and the milling ratio was fixed as 38/38.5 seers of rice per 60 seers of paddy. The areas under Region I were Rangpur, Dinajpur, Rajshahi and Bogra. The Region II comprised of districts of Dhaka, Mymensingh, Sylhet, Tippera (Comilla), Noakhali, Chittagong and Chittagong Hill Tracts and the milling ratio was 38.5 seers of rice per 60 seers of paddy. Region III included Bakergang (Barisal), Faridpur and Khulna districts and the milling ratio was 39 seers of rice per 60 seers of paddy. According to government instructions issued on 4th October, 1963 the milling ratios were made applicable with effect from 12th February, 1958 as minimum outturn in all FAQ paddy. The milling commission was 62 palsa per maund of paddy and 12 palsa per maund for

bagging, sewing, masking, handling and other incidental charges.⁷ The milling commission was increased to 87 paise per maund from 1st January, 1964.¹

- A. The milling commission was unattractive to the millers in the 50s and 60s. Sale of milled rice under procurement programme was also unattractive due to low margin of profit besides additional botheration of milling and transportation cost.

3.17 TYPES OF RICE MILL

In 1969 there was about 93 small rice mills having milling capacity of 300-800 maunds per day. The rice mills were mostly of Engleberg type according to hulling mechanism. Majority of rice mills in the country belong to this type. The Engleberg huller consists of a roller rotating inside a horizontal casing having emery surface on the inner side. Round the face of the roller, there are spiral riles with sharp edges at the base end and longitudinal at the other. Paddy is fed into the casing through hopper fitted with the machine above the base end of roller which when rotates at 500-600 rpm acts as a screw. An adjustable blade prevents paddy from swirling around. By this action pressure is exerted causing the grains to rub against each other. Husk causes more and more paddy grains to become shelled (hulled) and ultimately the rice grain whitened (pearled). Rice with brokens, pins and points, unhusked paddy and husk and bran, is then discharged through opening near the end of the huller. This operation is repeated for complete hulling and pearling of all grains. Temperature generated inside the huller during operation ranges between 125-150 degree Fahrenheit. The other type in use is known as Rubber Roller degree Fahrenheit husker. It consists of two

⁷ Internal Procurement of Paddy and Rice Manual 1966 by Dept of Food - Page - 115.

¹ Ibid - Page - 117.

horizontal rubber rollers revolving in opposite direction and at different speeds through which paddy passes and thereby is husked without any breakage even when it is raw rice.⁹

Automatic Rice Mills (ARM) - This has roughly a milling capacity of 1000 maunds per day operating on 270 days a year. It has a mechanized drying unit, a drying yard with a capacity of 500 maunds per day. This type of Mill is built on 2.5 - 5 acres of land. It has an workforce of about 35 to 40. Rubber shell is used in majority of this type of mills for pearling and polishing of rice. Steam produced by the boiler is used to boil and dry paddy.

Major Rice Mills (MRM) - The MRM is generally built on land measuring between 1 and 3 acre with daily milling capacity of about 500 maund per day and having a drying yard with capacity of 400 maunds per day. MRM should have pucca storage capacity of 10-15000 maunds, standard boiler with Boiler Inspection Certificate, two soaking house of at least 125 maunds capacity and automatic system of paddy husking and winnowing. Many MRM boils and husks the paddy with the help of a single boiler (husking is done by a steam engine run by the boiler).

Small Husking Mill (SHM) - After the second world war and particularly after 1947 power driven small husking machines were set up in almost all market places and in important market areas. This machine has one Engleberg type huller run by electricity where available. Boiler used in this type of mill is not generally of standard type but is made of oil drum or steel sheets.¹⁰

An Introduction to the Principles of Inspection, Milling and Storage of Foodgrains by H. Rahman, Directorate of Inspection and Control, Food Dept., 1969.

¹⁰

Ibid.

3.18 PARBOILING OF PADDY

About 90% people of the country take parboiled rice. People of the districts of Sylhet, Chittagong and Chittagong Hill Tracts eat non - parboiled (atap) rice. In 1969 all the operating rice mills had parboiling arrangement. In fact commercial rice mills practiced the parboiling system in the country since the 1920s. The total milling capacity of parboiled paddy of the rice mills was about 0.2 million ton for annually in the late 60s.

The parboiling method used in our rice mills is simple in nature assuring good quality. For parboiling purpose the following arrangements are required -

- (a) Boiler - It is horizontal and has husk furnace.
- (b) Steel Drum or "Kettle" - It is cylindrical in the top and conical at the bottom and fitted to a steeping tank.
- (c) Steeping tank - These are concrete tanks at the edge of the drying yard and close to boiler. Capacity of tank varies between 300 and 400 maunds of paddy.
- (d) Drying yard - it is of pucca type with drainage facility.

Parboiling has the following advantage

- (a) removal of husk becomes easy
- (b) paddy yields more rice
- (c) less breakage
- (d) husking of lower grade of paddy becomes easier
- (e) rice maintains better quality
- (f) nutrients of rice are retained in greater quantity
- (g) cooked rice lasts longer (unparboiled rice becomes sour in lesser time)

Since the automatic and major rice mills are required to be registered with the Chief Inspector of Boilers their numbers are considered to be more or less correct. But the same cannot be said with the number of huller mills including the husking ones. The following table gives an idea about the number of different types of rice mills that existed in the country.

Table 3.4
Number of Rice Mills

Year	Automatic Rice Mills	Milling capacity (MT) per 8 hour day	Major Rice Mills	Milling capacity (MT) per 8 hour day	Huller including Husking Rice Mill	Husking capacity (MT) per 8 hour day
1969	-	-	93 / ¹¹	300-800 maunds each	5800 / ¹¹	-
1978	-	-	169 / ¹²	2844	11437 / ¹³	-
1982	-	-	206 / ¹⁴	4298	16171 / ¹⁵	26817
					----- 7548 / ¹⁶	
1986 / ¹⁷	66	-	251	-	43374	-
1987 / ¹⁸	88	16-32 each	486	8 each	50780	120-216 mds each

B. The 1988 figures under modern rubber roll sheller include 19670 small rice mills and the remaining ones (31100) were husking mills. These husking mills usually cater to small consumers requirement. They don't buy paddy and sell rice as

¹¹ An introduction to the Principles of Inspection, Milling and Storage of Foodgrain by H.Rahman, Directorate of Inspection and Control, Food Department published by the Government.

¹² Bangladesh Food Policy Issues, WB Report No 2761 - BD December 19, 1979 Page - 218.

¹³ Rice Markets in Bangladesh : A Study in Structure, Conduct and Performance by Dr. Nuimuddin Choudhury, IFPRI (B) - Page - 86.

¹⁴ Bangladesh : Economic and Social Development Projects WB Report No 5409 April 12, 1985 Page - 154. The figure includes Automatic Rice Mills.

¹⁵ Reference Study Report under (7). The figure is for huller mills including husking mills.

¹⁶ Ibid : The figure is for Husking Mills only.

¹⁷ Reference Study Report under (7).

¹⁸ Annual Report of the Ministry of Food for 1987-88.

traders. Mills are interested to mill paddy into rice for the Ministry of Food through contract (Agreement). The number of Rice mills registered with the Department of Food for the purpose of milling paddy into rice and for "millgate" purchase during procurement is mentioned below.¹¹

Table 3.5
Divisionwise number of Rice Mill

Division	ARM	MRM	HRM	Total crushing capacity (MT)
Rajshahi	19	55	1518	
Khulna	1	2	56	
Dhaka	6	7	-	
Chittagong	1	1	7	
	27	65	1621	112946

3.19 AGREEMENTS WITH THE MILLS

Previously agreements used to be executed with the mill owners on deposit of nominal security money. This practice resulted in large number of problems including misappropriation of paddy worth millions of taka. Huge number of money/misappropriation suits filed in courts are still pending. From 1986 new system of security deposit was introduced. Under this system security deposit equivalent to 60% of the value of allotted paddy for milling or of the quantity collected under millgate purchase is required to be deposited by the miller.

¹¹ Source : Annual Report of the Ministry of Food 1991-92.

The ARMs were paid milling commission at the rate of Tk. 28.13 per quintal of paddy and Tk. 10.50 per maund whereas the major and husking rice mills were paid at the rate of Tk. 24.78 per quintal and Tk. 9.25 per maund from 15 November, 1988.

The two tables indicate that only a very small percentage of husking rice mill got government contracts for husking paddy. The major share of government milling was borne by the ARM.

3.20 MILLING RATIO

Long controversy has been continuing about the milling ratio between paddy and rice. No uniform ratio could be fixed for the whole country since the time of beginning of government milling. It varied from area to area. From September 26, 1980 the following milling ratios were made applicable for each administrative district¹⁾

Name of old district	Milling Ratio (paddy : rice) for	
	Major Mills	Husking Mills
(a) Rajshahi except Nawabganj	60 : 38.60	60 : 39.10
(b) Nawabganj	60 : 34.10	60 : 38.60
(c) Parbatipur, Fulbari Nababganj, Ghoraghat and Hilli PS of Dinajpur	60 : 38.60	60 : 39.10
(d) Other areas of Dinajpur	60 : 38.10	60 : 38.60
(e) Bogra	60 : 38.10	60 : 38.60

¹⁾

Ministry of Food notification no Kha Ma/ Section - 15/3A-16/89/648 dated July 8, 1989.

Name of old district	Milling Ratio (paddy : rice) for	
	Major Mills	Husking Mills
(f) Dhaka, Mymensingh, Jamaipur, Tangail, Rangpur, Pabna, Jessore, Kushtia & Comilla	60 : 38.60	60 : 39.10
(g) Faridpur & Noakhali	60 : 39.10	60 : 39.60
(h) Khulna, Barisal and Patuakhali	60 : 39.50	60 : 40.00
(i) Chittagonj (Parboiled)	60 : 38.60	60 : 39.10
(Atap)	60 : 38.00	60 : 38.00
(j) Chittagonj Hill Tracts (Parboiled)	60 : 38.60	60 : 38.10
(Atap)	60 : 38.00	60 : 38.00
(k) Sylhet (Parboiled)	60 : 38.00	60 : 39.00
(Atap)	60 : 38.00	60 : 38.00

Such variation in milling ratio has not been explained.

Since the time of introduction of millgate purchase in FY83 as a mechanism for domestic procurement the Rice mills have been playing a major influencing role in the entire food management system. They have been able to organise a powerful coteri to frustrate the government bid to procure milled rice, through open tender instead of "millgate" purchase.

The undue profit by the mills at the cost of farmers through the programme of millgate purchase deserves to be resisted strongly by the government for the benefit of the producers by purchasing of rice through open tenders just from the beginning of harvesting season of particular crop at realistic procurement price which would create competitiveness among the traders as well as millers who would be free to participate in

the tendering process. Alternatively, purchase of rice under millgate scheme could also be experimented.

3.21 WHEAT MILLING

Wheat products came slowly to this country. When famine came in 1943 the wheat was imported from outside the country in quite a large quantity. But sufficient crushing/ milling facility was not available. This reality was not a small factor in the prevailing circumstances contributing to shortage of cereals for consumption.

The Roller mill system for milling of wheat started in 1881. The improved variety of Roller Mill with better grain handling and conditioning came to this country in the 1930s. Whole wheat when grinded between two stones yields "Atta". The wheat mills started to produce flour besides Atta. The percentage of extraction of flour in the mill came to be stabilized around 80%. The remaining residue called "offal" or "wheat feed" was used as livestock feed.

3.22 TYPES OF FLOUR MILLS

Flour Mills operating in the country are of three principal types viz, Major, compact and Roller.²¹

Roller Mills : The first batch of 30 roller mills in the country were imported from China in 1962. Each Roller Mill consisting of 4 units had a daily output of 33-37 quintal. Currently there are about 445 Roller Mills with 3195 units. The milling output of wheat is in the ratio of 68:16:16 for flour, atta and bran.

²¹ The structure and conduct of Bangladesh Wheat Markets : Some Emerging Insights by Dr. Nuimuddin Choudhury, IFPRI (B) - August, 1993.

Government has no milling agreement with the Flour Mills and Atta chakkis like Rice Mills for the purpose of PFDS. However, a substantial quantity of imported wheat is allotted to flour mills and Atta chakkis at OMS price and fixed price respectively through out the year which they crush and sell at their own price subject to market conditions. These two means have thus become important channels of PFDS distributing about 50 and 50 percent of total PFDS annually. They are contributing significantly to the government effort in stabilizing the wheat/ Atta/ Flour price in the country.

The Atta chakkis scheme was started in the country from FY 90 and received roughly 0.1 million ton wheat annually under PFDS at the rate of one metric ton per month each. Allocation of wheat to Flour Mills increased from a little over 0.1 million ton in FY 88 to 0.25 million ton in FY 92.

Bakery Industry is growing fast in the country consuming significant quantity of flour and atta. The fast food shops are spreading in every nook and corner of urban areas and are making huge profits. There was no logic behind supply of wheat to Flour Mills and Atta chakkis at cheaper price than market price allowing them to sell Flour/ Atta at their own price. No such practice was ever undertaken with the Rice Mills.

3.23 COMMERCIAL IMPORT

Background

Bangladesh continued to be a chronic foodgrain deficit area even after independence in December 1971. The food gap to meet the consumption requirements remained so big that even liberal food aid by foreign donors could not bridge the gap. This necessitated import of foodgrains under own resources or loan provided by foreign agencies (Suppliers Credit).

Compact Mills : This mill is of semi-automated design mainly by the local engineering industry. The first "Compact Mill" was set up in Chittagong in 1972 to cope with the increased flow of wheat aid in the war ravaged country. In 1992 there were about 196 compact flour mills. On one shift basis daily these mills received 225 MT wheat per month from the government. Output of compact mills of flour, atta, bran and filter was in the ratio of 65:11:22:2.

Major Mill : These mills include some modern technics such as (i) cleansing the wheat by using aspirators, disc separators, scourers, magnetic separators and washer stones, (ii) conditioning the wheat for grinding by adding moisture and sometimes by subjecting it to steam under low pressure, (iii) breaking and removing unsound kernel by hurling the wheat against finger like pins and (iv) grinding wheat by passing it through a series of roller-sifters, purifiers, rollers until the maximum amount of flour is separated. Presently there are about 53 major mills. On one shift basis daily each mill received 422 MT per month in 1992. Output of Major mill of flour, atta, bran and filter was in the ratio of 65:10:23:1.

Atta Chakki : The flour mills are located mainly in urban areas. The Atta Chakkis are located in both urban and rural areas. These are of Engleberg type. These chakkis mainly produce "atta". The atta chakkis mainly cater to small customers. There were about 11287 number of Atta chakki in the country in 1992.

According to a study 20% of all wheat millage capacity was absorbed by major mills, 39% by compact mills and 11% by roller mills. Approximately 63% of all wheat millage produced flour as principal products and atta and bran as by product. The remaining 37% was absorbed by Atta chakkis producing atta alone which was rich in protein and sold well in the rural markets.

3.24 PROCEDURE OF COMMERCIAL IMPORT

Import of foodgrains both rice and wheat under commercial procedures required huge foreign exchange which the country could not afford. So the shortfall between annual food gap and food aid could not be fully met in some years notably in FY 72-73, FY 77-79, FY 82 and FY 86 as will be evident from Annexure Vol. I. 13. It is also noted from the same Annexure that in some years inspite of food gap being more than adequately met by food aid there was commercial import of foodgrains.

The commercial import together with food aid could not however improve the per capita availability of foodgrains much during FY 56-82 above 15.5 ounce. In later years from FY 82 to FY 93 the consumption percentage improved and maintained a level higher than 15.5 ounce.

Commercial imports had to be made with own resources or loan provided by foreign agencies in years of natural disasters inspite of receipt of heavy quantity of food aid to overcome food shortage in the years FY 73, FY 75, FY 80, FY 83, FY 85, FY 88-89.²²

Commercial imports of foodgrains were made either on C & F or FOB basis through open tenders participated by international suppliers. Tender notice generally allowed one months time for submission of offers. In case of emergency even lesser time was allowed.

²² Source : Table No. 6, Volume IV

3.25 SPECIFICATION OF WHEAT FOR COMMERCIAL IMPORT

The wheat specified for import WERE

(a) For US origin wheat :

US grade no 2 or better soft red winter wheat or white wheat (white club wheat, western white wheat, soft white wheat) or hard red winter wheat or hard red spring wheat (dark northern spring, northern spring and red spring) as specified in the US official standards for grain of the USDA or equivalent quality as per official standards of other wheat exporting countries having following characteristics

- (i) Hard red spring wheat or white club wheat 57.0 pounds per bushel for all other classes and sub-classes 58.0 pounds per bushel.
- (ii) Damaged kernels - Maximum 4.0 percent including heat damaged kernels of 0.2 percent.
- (iii) Foreign Materials - Maximum 1 percent
- (iv) Shrunken and broken - maximum - 5.0 percent kernels.
- (v) Maximum limit of total defects - 5.0 percent (defects include damaged kernels, foreign matters and shrunken and broken kernels. The sum of these three factors should not exceed the limit for defects).
- (vi) Contrasting class of wheat = maximum 2.0 percent
Wheat of other classes = maximum 5.0 percent including contrasting classes.
- (vii) Protein content = minimum 9.5 percent (on 12.0% moisture basis).

- (viii) Moisture content = maximum 13.5 percent.
 - (ix) Dockage = maximum 1.0% however dockage in excess of 0.5% is deductible from value.
 - (x) Maximum radioactivity = 50 Bq/Kg of 137 Cs/ 134 Cs.
 - (xi) Crop year = latest crop.
 - (xii) The wheat shall be in sound condition fit for human consumption without any unpleasant odour, free from any sign of mold, fermentation or deterioration, free from obnoxious and deleterious matters and poisonous weed seeds, wheat must be free from infestation.
- (b) For non-US origin wheat - The above parameters would apply. Equivalent class/ standard should also be mentioned.

Since Bangladesh Shipping Corporation (BSC) did not have bulk carrier and wheat was imported in bulk, C & F offers used to be preferred. In case of favorable freight bid by BSC sometimes FOB bids were accepted and BSC was entrusted to carry by hiring bulk carriers.

For US origin wheat the pre-shipment inspection report certified by the Federal Grain Inspection Service (FGIS) mentioning the class, grade and specifications of the wheat and also a certificate stating that the wheat is free from live weevils and other insects injurious to stored grain were required. A phytosanitary certificate issued by the Plant Protection and Quarantine, Animal and Plant Inspection Services of the USDA was to accompany the wheat consignment.

The Ministry of Food also used to appoint Pre-shipment Inspection Agents of international standing for wheat of US or

non US origin for checking the quality and specification of the wheat.

3.26 IMPORT OF RICE

Occasionally in the past Ministry used to import parboiled rice under cash and loan. The specifications of rice were

- (i) Broken below 3/4 size = 20% maximum
- (ii) Foreign matters including paddy = 1% maximum but it must be stone free.
- (iii) Damaged and discolored = 2% maximum.
- (iv) White bellied grain (chalky) = 6% maximum.
- (v) Moisture content = 14% maximum.
- (vi) Radioactivity = 300 Bq/ Kg of 137 Cs (Maximum).

At the time of shipment, the rice should be free from persistent bad smell, weevilled webs, mouldy, sour, bitter tastes or any other abnormal tastes and live stored grain insects and diseases and the grain shall have its normal uniform color.

The import of rice used to be made either on C & F or on FOB basis. Transportation and Pre-shipment inspection matters used to be followed like import of wheat.

The Ministry faced a number of disputes with the suppliers of rice and wheat regarding shortage and damage of grains and also demurrage and despatch matters of carrier ships and calculation of lay out times which lingered on and on to the chagrin of both buyer and suppliers. A simplified procedure

could solve such ticklish matters which are less evident in the private sector import. These disputes strengthen the view that private sector import of foodgrains should be encouraged more and more in future.

3.27 IMPORT OF OTHER ARTICLES

Besides foodgrains, the Ministry also imported edible oil such as Soybean oil and Palm oil and salt with own resources. Ministry also purchased sugar from the Bangladesh Sugar and Food Industries Corporation (BSFIC) for distribution under PFDS. The table below indicates the position of such imports and procurement.

Table 3.6
Commercial Import/ purchase of non-cereals

Year	Commercial Purchase		Purchase from BSFIC
	Edible oil (MT)	Salt (MT)	Sugar
1983-84	36,500	-	-
1984-85	10,000	-	-
1985-86	12,500	-	-
1986-87	7,500	-	-
1987-88	5,000	21,790	51,650
1988-89	4,900	31,200	60,320
1989-90	15,190	3,530	52,650
1990-91	9,990	-	5,000
1991-92	10,870	-	-

Source : Ministry of Food Annual reports 1987-88 and 1991-92.

All the procedures that were followed in the case of commercial imports of rice and wheat were followed for external procurement of edible oil (Soybean and Palm oil) and salt. But in the case of sugar from BSFIC this item used to be purchased at the ex-mill price fixed by the corporation.

The need of commercial purchase of foodgrains and other items would remain as long as the PFDS continues to be in operation.

CHAPTER FOUR

4 FOOD AID TO BANGLADESH

4.1 Background

Bangladesh was a food deficit area from long before independence on account of foreign and alien rule of nearly two centuries. The rulers exploited the wealth of this once bountiful country. They did not take adequate steps for development of its natural resources. Agricultural production started upward trends only in the 1960s.

Bangladesh gained independence on 16th December 1971 after a nine month old bloody liberation war. There was devastation all around. The communication system was completely destroyed. The foodgrain production in FY 72 was 1.2 million ton less than that of FY 71 . More than 10 million people who fled to neighboring countries returned to their ruined homes. There was acute distress all around. There was no scope to overcome the food shortage through internal procurement of foodgrains.

Government felt the dire need of food aid from abroad for which urgent appeals were sent to foreign donors/ agencies. In March, 1972 the Sailer Mission visited the country and estimated the needs of massive reconstruction. In March, 1973 a conference of interested countries willing to extend assistance to Bangladesh was held in Dhaka. The requirements of the country were discussed in consequence of which the Aid group for Bangladesh was formed in 1974.

Canada, India, UNROB, UNICEF and IVA sent about 77,000 MT rice and 0.847 million ton wheat in FY 72 as grant to overcome the crisis. Flow of food aid was initially coordinated by the United Nations Relief Operations in Bangladesh (UNROB). Thereafter food aid became a regular feature the overwhelming share as grant and the balance as loan.

4.2 EVOLUTION OF FOOD AID

The following procedure was adopted for processing the case of annual food aid for the country.

After analyzing the prospect of foodgrain production, population growth and consumption requirements, the food gap was estimated. Probable internal procurement as well as PFDS requirement were then assessed. The import need calculated in this manner used to be presented in the Annual Aid consortium meeting for pledging of food aid. The annual food budgets presented to the Annual Aid consortium meeting from FY 77 have been summarized in Annexure 19, Volume IV. The annual net food gap and the quantity of food aid received have been shown in the said Annex. During the period FY 77-93, only twice in FY 83 and FY 84 the food aid received was more than the annual net food gap. Figure 3A shows the trend of food gap and food aid received.

The Aid Group also used to hold special meetings occasionally. In these meetings the performance of the country in every sector including food were examined threadbare and food aid pledges were made. The donors also undertook investigation of their own regarding requirements of food aid vis-a-vis government food policies.

Special Co-ordination cell was established for food aid. Periodic review meetings were held regularly with the donors. Special consideration was given to food aid in the overall development programme of the country. So food aid was exempted from administrative, financial, banking and planning procedures of the country.

Disbursement of food aid during the period December 16, 1971 upto June 30, 1992 is noted below¹ :

Table 4.1
Pledge of Food aid and disbursement

Total food aid/ grant pledged	Total food aid/ grant disbursed	Percentage of disbursement
US Dollar 5006.979 million	US Dollar 4946.050 million	98.78

During the period however the total pledged loan amount of US Dollar 709.10 million was fully disbursed. When quantified during the 20 years period, the pledged quantity of foodgrains was 2.214 million ton rice, 23.093 million ton wheat and 19,000 MT sorghum against which actual disbursement amounted to 1.190 million ton rice (53.75%), 21,554 million ton wheat (93.33%) and full quantity of sorghum. About 1.085 million ton rice and 2.375 million ton wheat under loan was disbursed during the period.

Disbursement of both rice and wheat under loan stopped from FY 86. Pledge of rice grant decreased from FY 89 and stopped from FY 91 but disbursement continued under back pledges. On the average the annual supply of grant rice was about 60,000 MT and that of grant wheat was about little more than 1.19 million ton.

As many as 28 countries and International Multinational Agencies supplied food aid to Bangladesh of which USA topped the list with disbursement of US Dollar 1519.491 million. The UN system occupied the second place with US Dollar 912.541

¹ Flow of External Resources into Bangladesh dated February 24, 1993.

million. Canada was third with US Dollar 811.988 million and EEC was fourth with US Dollar 472.861 million.

4.3 US FOOD AID

US food aid under PL-480 Title began in the country (erstwhile East Pakistan) in the 1960s. The commodities received under PL-480 were distributed through PFDS and the fund thus generated were used for Rural Public Works Programme through the Basic Democracies Institutions (the so called Local Governments) of that period.

After independence Bangladesh did not receive US Food Aid despite critical food situation due to US government's stand during the liberation war. US government did not support the liberation movement.

Bangladesh looked for other sources of Food Aid. US Food Assistance to Bangladesh was resumed in FY 74 with the signing of PL-480 Title I programmes. Before signing of this Agreement about 0.875 million tons of food grants were delivered to Bangladesh by December 1972. Food (Rice and Wheat) supplies under PL-480 Title I (loans with highly concessional terms) to Bangladesh started from American FY 74 (October-September). Food supplies under this Title continued upto FY 78. More than 1.5 million ton wheat and about 0.65 million ton rice were supplied under this Title. Wheat supplies under PL-480 Title II started in this country from FY 72 and has been still continuing. Supplies under this Title upto FY 93 have been made through a Non Government Organization (NGO) - CARE. Total supply under this programme was more than 2.5 million ton wheat and 0.15 million ton rice. PL-480 III programmes are aimed at creating an open market system of food distribution and market pricing. According to USAID Bangladesh became self sufficient in rice in 1993 as a result of these programmes, foodgrain prices have stabilized and food stocks were more

abundant even following natural disasters.¹ Supply of wheat under Title III began from FY 78. Supply of rice under this programme was received during the period FY 82-89. Supply of wheat under this programme is still continuing. Total supplies under this programme (upto FY 93) have been over 4.76 million ton wheat and 0.694 million ton rice.

Sale proceeds of PL 480 III foodgrains are to be utilized for financing specific agricultural projects. The PL 480 programmes have influenced the public policies of the government. The important provisions of PL 480 Agreement signed on April 2, 1978 were (i) half of the commodities purchased from the USA are to be transported in US Flag vessels; (ii) the two governments shall take maximum precautions to assure that sales of agricultural commodities will not displace usual marketings of the exporting country in these commodities or unduly disrupt world prices of agricultural commodities; (iii) the two governments shall seek to assure conditions of commerce permitting private traders to function effectively and (iv) the government of Bangladesh will provide a detailed statement of the progress of self help measures.

The Agreement was extended in March 1982 and for a further period upto 1985. The overall objectives of the agreement were; (a) procurement of foodgrains from the farmers at incentive price to encourage agricultural production; (b) building up adequate reserve of foodgrains for security; (c) reduction in food subsidy; (d) increasing the issue prices of foodgrains under rationing channels; (e) stabilization of prices of foodgrains through open market sales; (f) undertaking specific agricultural and rural development programmes with counterpart fund and (g) promotion of private marketing and processing of foodgrains.

¹ US Bilateral Economic Assistance to Bangladesh. All years summary 1953 through September 30, 1993 USAID Bangladesh, January, 1994.

Most of the conditions of the Agreement were implemented by the government of Bangladesh. The private sector grain trade was liberalized step by step to expand their participation. Provisions in the Anti Hoarding Orders were amended in 1981 and 1982 to increase the amount of foodgrains that could be stored by the wholesalers and retailers. The ration prices of rice and wheat were raised, ration quota was slashed and rice proportion was decreased, all to reduce subsidy on foodgrains.

The Title III Agreement signed in April, 1987 provided that supply of PFDS foodgrains at subsidized rates to SR and OP channels should be discontinued by September, 1989. The PFDS should be directed to help the beneficiaries under VGF, FFW, TR and GR channels, orphanages, other welfare institutes. The MR should be reformed in innovative and effectual way to respond to the needs of the poor in the rural areas and OMS operations should be improved. Private sector imports should be promoted to support flour mills and bakery industries. Domestic procurement should be undertaken in cost effective manner and all acceptable and offered quantity should be accepted. The rural maintenance programme (RMP) should be supported by using the sale proceeds of Title III commodities.

To make MR more rural oriented MR was cancelled in March, 1989 and Rural Rationing (Palli Rationing) was introduced from 1st April, 1989. Simultaneously Palli Chakki scheme was also introduced. Allocations under VGD and FFW were increased. All restrictions on storage and movement of foodgrains were completely withdrawn from 3rd December, 1989.

In the Title III Agreement signed on July 1, 1991 it was mentioned that noteworthy progress had been achieved in preventing famines, increasing domestic production and stabilizing foodgrain prices and stocks. Under this Agreement Bangladesh accepted to increase the price of wheat at 110-115 percent of the prevailing procurement price for SR, OP, FM, LE and OMS channels. Only EP, PR and other minor channels were

spared of this price increase. Incentive structure for domestic production and private sector marketing of foodgrains were also to be ensured under the Agreement.

In the Title III Agreement signed on March 18, 1992 it was noted that although increased and improved targeting of foodgrains to the poor had occurred there remained substantial room for improvement. The proportion of the population below the poverty line had been reduced and there had been gains in reducing chronic and acute malnutrition.

4.4 FOOD AID BY OTHER COUNTRIES

Food aid agreements between Bangladesh and other countries did not have such detailed provisions except the conditionalities that the foodgrains should be used for poverty alleviation programmes such as FFW, VGD and the like.

EEC Food Aid

EC aid to Bangladesh began in the 1960s and was the first type of assistance provided to the country which was at that time the eastern part of Pakistan. Since its independence in 1971, the European Community has allocated food aid to Bangladesh every year. 98% of this food aid has been cereals (wheat), the remainder consisting mainly of vegetable oil (discontinued after 1990) and (up to the mid-1980s) dairy products. Between 1976 and 1991, EC food aid to Bangladesh was worth 416 million ecu. From 1976 to 1980 the EC supplied a total of 593,000 metric tonnes (mt) to Bangladesh. During the 1980s, cereal aid in the form of wheat has averaged some 150,000 mt a year making Bangladesh second only to Egypt as a beneficiary of Community food aid. The share of total cereals aid to Bangladesh during the 1980s was 12%. The EC is also contributing food and other resources to the large WFP project

portfolio in Bangladesh. EC food aid wheat is supplied in bulk and is delivered free at the Chittagong outer anchorage. Ministry of Food is responsible for lighterage and discharging at the Chittagong jetty and silo berths. The discharging costs are reimbursed by EC to the government at a fixed rate. Prior to 1985, the entire quantity of EC Food aid was sold through the Government's Public Food Distribution System (PFDS). The counterpart funds generated are used to finance the local costs of development projects included in the Annual Development Programme. A list of projects in food, agriculture and rural development sectors is agreed each year between EC and the Government. Coverage of sectors financed by EC food aid counterpart funds has widened and now includes health, sanitation, etc. From 1985, EC food aid has been increasingly allocated for targeted programmes - "Food For Work" (FFW) programmes for generation of large scale work opportunities in the rural areas for unskilled labour during the lean seasons, and "Vulnerable Groups Development" (VGD) for the destitute women and their dependent children. A small part of EC food aid is monetized to provide cash resources for construction of structures on feeder and rural roads and for support - staff, revolving credit fund, training etc. - for the "Vulnerable Groups Development" programme. The WFP is closely involved with the planning and monitoring of EC food aid, particularly the targeted programmes, which are implemented through Government Ministries and NGOs. National production of cereals has increased substantially and Bangladesh is now on the verge of achieving selfsufficiency in rice. However, there is still a deficit in wheat which EC food aid contributes to meet. Under the food aid programme, EEC has supplied about 2.1 million ton wheat during the 15 year period 1976-90. In October 1988 the EC financed and organised a Food Strategy Seminar, sponsored by the Bangladesh Planning Commission. The objective was to help develop a long term strategy to ensure closer and better adaption of policies to the needs and priorities of the country. Following the seminar the EC actively supported the setting up of a joint Government of

Bangladesh (GOB)/ Donor Task Force on Strengthening the Institutions for Food Assisted Development (SIFAD). The Task Force submitted its report in July 1989. The EC supported its recommendations and together with other major donors, has closely pursued their implementation. For this purpose EC allocated 2500 mt of food aid wheat for monetization to meet the local costs of the Operational Unit which has been charged with preparation of action plans and providing assistance for implementation. In line with SIFAD Task Force recommendations to improve the development impact of food aid by providing complementary financial and technical assistance resources to the executing agencies, the EC has recently approved an Integrated Food Assisted Development Programme (IFADEP). This will provide food aid on a multi-annual basis for six years beginning in 1992-93. Complementary financial and technical assistance resources will be provided for implementation of a number of projects in the fields of rural road construction, small scale inland fisheries and women's training, credit and income generation. A total of 562,000 mt wheat, valued at 73 million ecu (Mecu), will be provided for sale as well as for the targeted development projects. The total EC commitment for this programme including food aid and financial and technical assistance is valued at 103 Mecu.¹

4.5 FUTURE OF FOOD AID

It is obvious that the US Food aid under the three PL 480 titles exercised profound influence over the country's overall food policy. It is immaterial whether the US food aid was extended to serve that country's interest in this region or not but it cannot be either denied or overlooked that continued food aid by this country helped Bangladesh to increase foodgrain production to nearly self sufficiency level

¹ European Community and Bangladesh - Brochure published by the Delegation of the Commission of the European Communities in Bangladesh, Dhaka, November, 1992.

and reform the half century old urban biased foodgrain rationing system for better coverage of the rural poor and vulnerable segments of the population. This was certainly a very commendable achievement. Food aid prospects grow dimmer and dimmer in view of foodgrain production situation in the country. There are already signs of lesser food aid coming to the country. In the remaining period of the present decade the volume of food aid coming to Bangladesh remains uncertain which may result in over all shortage of wheat calling for adequate steps for its import or substitution by rice if possible. This question will have to be decided by the policy makers.

CHAPTER FIVE

5 FOOD GRAIN STORAGE

5.1 STORAGE FACILITIES IN BENGAL IN BRITISH INDIA

Bengal was one of the deficit provinces of British India and had to import about 0.5 million tons of foodgrains annually, half in rice and half in wheat to meet the consumption requirement. 1938-41 were lean years and the stocks carried over from good years were almost exhausted by 1942. The deficit of Bengal used to be met by imports from Burma and other foodgrain surplus provinces of India¹

To meet occasional shortage of foodgrains in specific areas rationing in some form or other was in existence in Bengal before the Great Bengal Famine in 1943. Although there was government control in movement, prices and supplies of foodgrains, there was no food storage facilities owned by the government. The government agents appointed for distribution of rationed foodgrains used their own storage facilities though not in very hygienic condition.

During 1945-47 Food Department built food storage godowns of the type Lahore Sheds and Twin Nissen Huts with materials supplied by the Defence Department and also Calcutta Sheds in all the 17 greater districts. These were purely temporary structures expected to last 5 years. This was perhaps the first effort by the government to set up own storage facilities. Besides these godowns the government used to hire a large number of Pucca, Semi Pucca and Kutcha private godowns in the districts.

¹ Pages 26-27, Food Administration in India 1939-47 by Sir Henry Knight KCSI, CIE published by Food Research Institute, Stanford University, California, USA in Jan 1954

At the time of partition of British India in August 1947 these storage godowns were inherited. In 1952 the government owned food storage capacity in greater districts was as follows¹ :

Table 5.1
Storage facilities in 1952

District	Capacity in maunds					
	Lahore Shed		Calcutta Shed		Tin Shed	
	Number	Capacity	Number	Capacity	Number	Capacity
1. Khulna	112	22,52,800	-	-	4	10,200
2. Rajshahi	37	4,03,000	-	-	10	1,30,000
3. Chittagong	-	-	13	2,88,000	12	2,55,600
4. Mymensingh	40	4,98,000	-	-	-	-
5. Dinajpur	40	6,40,000	-	-	-	-
6. Sylhet	-	-	-	-	2	1,00,000
7. Kushtia	3	40,000	-	-	1	25,000
8. Jessore	-	-	-	-	1	35,000
9. Barisal	8	1,28,000	-	-	1	9,000
10. Noakhali	2	30,000	-	-	-	-
11. Pabna	3	37,500	-	-	-	-
12. Tippera (Comilla)	9	1,38,000	3	48,000	-	-
13. Bogra	7	94,000	-	-	9	4,04,000
14. Faridpur	-	-	-	-	-	-
15. Dacca	10	1,33,500	17	2,72,000	14	2,70,600
16. CHT	-	-	-	-	-	-
17. Rangpur	-	-	-	-	-	-
	271	43,94,800	33	6,08,000	54	12,39,400
		=1,17,747 tons		=16,289 tons		=33,206 tons
Total 1,67,242 tons						

¹ Report of the Civil Supplies (Losses) Enquiry Committee of the Department of Civil Supplies, 1952 Part II published in 1958 pages 100-101

Total capacity was about 167,242 tons at the conversion rate of 37.324 kilograms per maund.

Upto the time of partition of British India on 14th August, 1947 into two independent states of India and Pakistan, storage facilities for foodgrains under government account did not increase much.

5.2 GROWTH OF FOOD STORAGE IN PRE INDEPENDENCE PERIOD

Food deficit continued to occur and import of foodgrains from overseas as well as domestic procurement of aman (paddy and rice) became a regular annual feature to meet the consumption needs of the population in varied quantity according to requirement. To meet the shortage of storage facilities the department continued to hire private godowns of temporary nature at various places of the country.

Efforts in storage capacity build up were undertaken by the government in the 1950s and by end 1959 the total storage capacity increased in the following manner¹

¹ Annual Report on the Activities of the Food Department during 1959 published by the Food and Agriculture (Food) Department of the erstwhile Government of East Pakistan in 1961.

	<u>Unit</u>	<u>Capacity</u>
(1) Government Godowns		
(i) Old Lahore Shed	143	85,800 Tons
(ii) Calcutta Shed	9	5,400 Tons
(iii) Assam Type	2	6,000 Tons
(iv) Twin Nissen Hut	36	28,800 Tons
(v) New Godown (old Dhaka type)	259	1,29,500 Tons
	-----	-----
	449	2,55,500 Tons
(2) Private Godowns	480	1,11,225 Tons
(3) Storing Agencies	-	15,874 Tons
	-----	-----
	929	3,82,599 Tons

The capacity of the storage units varied from 500 tons upto 800 tons. The Assam type was an exception in size and there were very small number of this type.

5.3 KIND OF GOVERNMENT FOOD STORAGE

The government store houses of foodgrains came to be known as Central Storage Depots (CSDs) and Local Supply Depots (LSDs). The CSDs with substantial storage capacity were generally located at important business and industrial centers with easy communication facilities through road, rail and water ways. The LSDs of varying storage capacity were located at thana headquarters and important market centers with communication facilities (rail, road or water ways).

There were 8 central storage depots located at Chittagong, Khulna, Chandpur, Dacca, Narayanganj, Tejgaon, Santahar and Mymensingh comprising 341 units with total storage capacity of 2,20,786 ton. The new godowns used as LSDs and 98,725 tons capacity used in the CSDs were built under two separate 1 lakh and 1.5 lakh ton schemes. The godown type under the schemes

was known as old Dhaka type. So by end 1959 the total storage capacity was as follows¹

Type	Govt. owned	Private	Storing Agencies	Total
i) LSD	2,55,500	1,11,225	15,874	3,82,599 Tons
ii) CSD	2,20,786	--	--	2,20,786 Tons
	-----			-----
	4,76,287			6,03,385 Tons

5.4 TYPES OF GODOWNS

There were a variety of food storage types. The Twin Nissen huts and Lahore Sheds with CI sheet roof and walls; the Jute sheds, Calcutta sheds, Tin sheds and Assam types with CI sheet roofs and brick walls were constructed in the 1940s and 1950s. Some sheds with CI sheet roof and wavy concrete roof were built in the 1950s and 1960s. Yet other types by the name of Prismatic, Pakistan or Shell with non flat wavy concrete roof and brick wall were built in the 1950s and 1960s. The old Dacca type godowns of 500 tons in single unit and of 1000 tons in double unit came into existence in the 1950s and also in the 1960s. These structures had rigid arch, inverted beam with flat concrete roof and brick wall. There was no clear long term food policy pursued by the government. The objectives of the administration were to procure available foodgrains from domestic producers through coercive methods and to import foodgrains to meet the shortage for distribution through rationing channels under Public Foodgrains Distribution System (PFDS). For this purpose godown facilities were essential for storage of foodgrains. Types of godowns are in Annexure 16, Volume IV.

Construction of foodgrain storage facilities continued at slow pace and by end 1969 the government owned storage capacity was⁴

	<u>Type</u>	<u>Capacity</u>
(i)	CSD	2,55,000 Tons
(ii)	LSD	4,34,000 Tons

	Total	6,89,000 Tons

5.5 SILLO

The World Bank identified the need of silos for bulk storage of grains in the early 1950s. The project proposal of construction of 4 silos at Chittagong, Narayanganj, Ashuganj and Santahar was accepted by IDA and the credit became effective in April, 1966. Silo construction was completed by June, 1971. During the liberation war the Ashuganj silo and the Jetty of Chittagong silo were damaged. After repair of the damage and necessary equipment adjustment the silos were made operational after December 1971. The cost of the silos was met by World Bank credit (80%) and the balance (20%) by Swedish credit. The total capacity was 225,000 MT as detailed below -

Chittagong	=	100000 MT
Ashuganj	=	50000 MT
Narayanganj	=	50000 MT
Santahar	=	25000 MT

	Total	225000 MT

⁴ Food Strategies in Bangladesh (Medium and Large Term Perspective) published in 1989 by UPL on behalf of the Planning Commission, GOB.

The silos helped in faster imports of wheat, better storage and handling facilities.

5.6 STORAGE CAPACITY AT THE TIME OF INDEPENDENCE

After achievements of independence in December 1971 the 4 silos with capacity of 2,25,000 tons were commissioned. So by end 1971-72 the total government owned capacity was

	<u>Type</u>	<u>Capacity</u>
(i)	Silo	2,25,000 Tons
(ii)	CSD	2,55,000 Tons
(iii)	LSD	4,34,000 Tons

		9,14,000 Tons

During the early 1970s a new type of storage units known as Danish type with aluminum sheet roof and walls came into being under the Danish government aid.

The Lahore sheds passed their normal life. The hired and requisitioned godowns on account of Kutcha plinth became heavily infested by rats causing heavy damage and required urgent replacement. The country was devastated during the nine month long war of independence. Foodgrain production came down by 1.2 million ton. More than 10 million people who fled to India during the liberation war began to return to their homeland and they needed food for their subsistence. So there was great demand for foodgrains. The World community responded well and substantial quantity of foodgrains began to flow into the country requiring storage facilities. Distribution under Public Foodgrain Distribution System almost doubled to meet the short supply of foodgrains in the market. It was decided to maintain a security reserve of about 1.5 million ton all the year round to meet emergency situations. It was also decided to establish new LSDs and to expand the existing

capacity in the CSDs for facilitating increased domestic procurement as well as easy distribution to the rural population. Due to initial delay in organizing project aid, much headway could not be made in building up new food storage godowns during the First Five Year Plan (1973-78).

Japan government offered project aid in 1977 for the rehabilitation and new construction of godown units in a limited number of CSDs. They built 80,000 tons new capacity all in 1000 MT units and rehabilitated 35,000 tons total 115 units. Asian Development Bank and IDA offered loan and Netherlands offered aid in 1979 for the construction of storage godowns.

5.7 STORAGE CAPACITY AT THE END OF TWO YEAR PLAN

After the Two Year Plan (1978-80) the storage capacity by end 1980 was⁵

	<u>Type</u>	<u>Number of</u> <u>locations</u>	<u>Number of</u> <u>godowns</u>	<u>Total Capacity</u>
(i)	Silo	4	4	2,25,000 Tons
(ii)	CSD	12	494	4,01,900 Tons
iii)	LSD	330	1044	5,27,688 Tons
		-----	-----	-----
		346	1542	11,54,588 Tons
	From Ware Housing Corporation			5,500 Tons

				11,60,088 Tons

⁵ Memorandum for the Bangladesh Aid Group Mid-Year Review of Food Situation 1979-80 published by ERD on January 7, 1980, Dacca (page 41).

5.8 STORAGE CAPACITY AT THE END OF SECOND FIVE YEAR PLAN

Although construction of substantial capacity of storage facilities under project aid by different donors such as IDA, ADB, Netherlands, FRG, Japan and Canada was continuing, the need for building up at least 2.5 million ton capacity was considered necessary during the next Five Year Plan owing to the increase in the minimum requirement of stock to 1.5 million ton, fast turnover of foodgrains to maintain regular steady flow of offtake requiring transfer of food directly from the ships to supply centers. Introduction of CMS also required longer storage period for distribution only during times of distress. There was also a felt need of expansion in capacity for facilitating procurement as well as distribution to rural population. It was also decided to construct storage godowns at important market places and augment the capacity of the existing CSDs and LSDs.

During the Second Five Year Plan (1980-85) other donors such as DANIDA, AEC, and UNCDF besides ADB, IDA, Netherlands, FRG and Japan also offered liberal project aid for the construction of new storage godowns and rehabilitation of old and decrepit godown units. In 1983 the Local Government and Rural Development Division transferred about 56,250 ton capacity (225 units of 250 ton capacity unit) to the Ministry of Food. These were located at growth centers identified by the Planning Commission. In 1985 Ministry of Food retained only 39,750 ton capacity of these godowns.

Major donors of project aid for construction of food storage facilities mainly in the Local Supply Depots during the period 1980-85 are named below

Name	Capacity	Period of construction
1. IDA	1,65,000	1979-84
2. ADB	62,500	1979-85
3. EEC	48,000	1980-85
4. FRG	20,000	1978-84
5. CIDA	25,000	1980-84
6. NETHERLANDS	12,000	1979-83
Total	3,32,500	

UNCDF with the help of Jugoslavian government set up one 800 MT capacity steel silo within the premises of Moheswarpasha CSD in Khulna during this period.

Quite a large capacity of food storage facilities and special type of salt godowns were also constructed in different parts of the country with fund provided by the government of Bangladesh during the second five year plan (1980-85) through Annual Development plans under the following names

(i) Crash Programme	231500 MT
(ii) Salt Godowns	80000 MT

	311500 MT

As a result of all these activities the total capacity of storage godowns increased phenomenally and by end 1984-85 the capacity was⁶

⁶ Year Book 1991-92 of the Ministry of Food (Page 83)

(i) Silo	2,25,800 Tons
(ii) CSD	4,68,030 Tons
(iii) LSD	11,41,970 Tons
(iv) LGRD units	39,750 Tons

Total	18,75,550 Tons

The total capacity increased by about 61.50 %.

To recapitulate the following table gives the evolution of government owned storage capacity at a glance excluding the Temporary Purchasing Centers (TPCs) and the hired godowns.

Table 5.2
Growth of Storage facilities

Year	Type of storage (MT)			Total (MT)
	Silo	CSD	LSD	
1947-48/	--	--	--	1,67,242
1951-52				
1959-60	--	2,20,786	2,55,500	4,76,286
1969-70	--	2,55,000	4,34,000	6,89,000
1971-72	225000	2,55,000	4,34,000	9,14,000
1979-80	225000	4,01,900	5,27,688	11,60,088
1984-85	225800	4,68,030	11,41,970	18,75,550

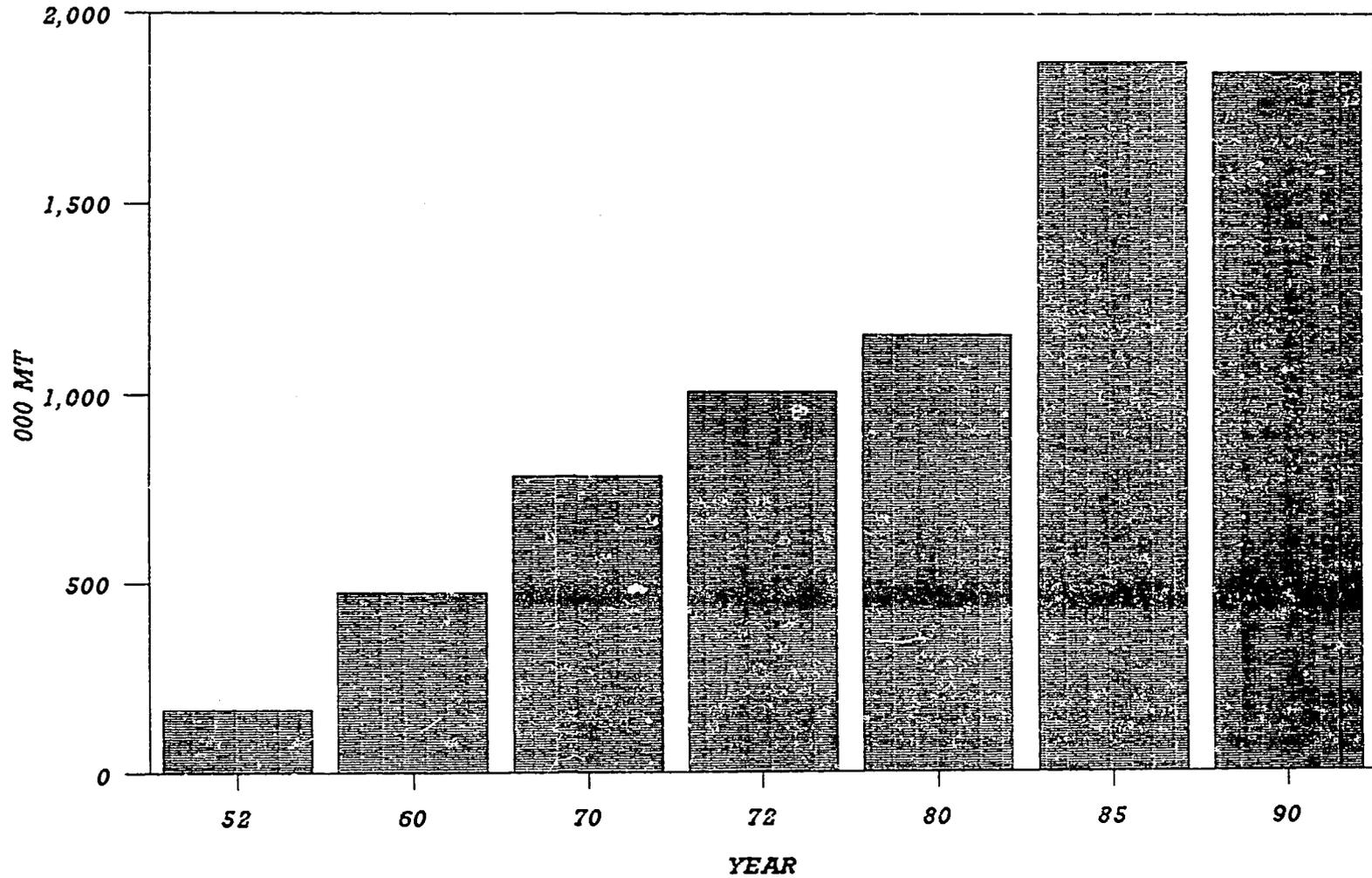
Figure 5A and Table 10, Volume IV indicate the growth of storage facilities upto FY 90.

During the Second Five Year Plan, improved versions of Dhaka type godowns were built by different donors. Popular version is like an inverted shoe-box with brick walls and a flat

¹ Ware Housing Corporation godowns

² LGRD godowns

Fig 5A Foodgrain Storage Capacity
(From FY 52 to FY 90)



Storage

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concrete and lime terraced roof. Sheet metal sliding doors are fitted at the two opposite walls with inner and outer security and vermin proof grill door for the sake of ventilation when the godown remains locked. There are also screened apertures at the top of the side and end walls for ventilation. In all the storage sites old type godowns after dismantling have been replaced by Dhaka type.

There was practically no new construction of any additional godown space during the Third Five Year Plan (1985-90). Project aid was utilized for large scale rehabilitation of dilapidated godowns. Upto 1985 only godown units were constructed. During the period 1980-90 ancillary facilities such as residential quarters of the officers - in - charge and security guards, boundary walls, internal roads including approach roads, drainage, drying yards, water supply and electrical works etc were constructed and land developments were carried out under project aid to make the facilities self sufficient.

5.9 COMPLETE LIST OF GOVERNMENT FOOD STORAGE FACILITIES

A complete list of storage centers with total capacity has been appended at Annexure 17, Volume no IV.

5.10 OBJECTIVES OF FOODGRAIN STORAGE FACILITIES

The location and capacity of foodgrain storage facilities were expected to have the following objectives :

- (a) To ensure steady and easy supply of foodgrains to the vulnerable segments of population for minimal nutritional requirement;

- (b) To issue foodgrains for stabilization of prices during lean season and high price periods;
- (c) To maintain adequate foodgrains reserve to guard against famine and starvation due to natural calamities and crop failures;
- (d) To purchase and stock foodgrains during and after harvesting seasons at incentive price (procurement price) from the local producers to increase production; and
- (e) To replenish stock through movements to places holding low stock.¹

Besides the above objectives there were other considerations such as (a) Discharge points of imported foodgrains; (b) Disaster prone areas; (c) Regional disparities in foodgrain production, population density, consumption requirement etc; (d) Climatic inconveniences; (e) Underdeveloped transportation and communication situation; (f) Availability of Mills, drying facilities etc; (g) Market mechanism; (h) Seasonality of foodgrain production and supply; and (i) Socio-political condition.¹

Viewed in the above context, construction of new food storage units should have been carefully examined and planned because by the end of Two Year Plan (1979-80) the total storage capacity reached about 1.16 million tons in silos, CSDs and LSDs.

As has been explained earlier in para 5.8 the government decided to build up 2.5 million ton storage capacity to keep a minimum stock of 1.5 million ton all the year round. But the objectives and other considerations for location and capacity of food storage godowns were sadly overlooked and government

¹ Bangladesh : Food Policy Issues, WB Report No 2761-BD, December 19, 1979.

launched a massive new construction work with the help of generous project aid provided by a large number of donors. It appears that the prime consideration for both the government and donors was to increase the storage capacity as quickly as possible and the new sites were selected just for the sake of capacity build up without any consideration of actual requirement. To cite an example, during the procurement seasons of 1976-77 and 1977-78 there was procurement of about 84,000 tons against available storage facilities of about 21,000 tons in Patuakhali district due mainly to bumper production and concerted procurement drives by the field level food officials with the help of local administration. The ADB took up construction plan of a large number of food storage godowns in different parts of old Barisal district (presently Barisal, Jhalokhati, Perojpur, Patuakhali and Burguna district) from 1979 and completed construction of 62,500 tons by 1985. Subsequently it was found that quite a sizeable number of godowns were never used for storage of foodgrains since their construction and storage capacity of a large number of godown units remained grossly unutilized. There were also other such godowns in other parts of the country built under other programmes.

5.11 CAPACITY UTILIZATION OF STORAGE FACILITIES

The World Food Programme regularly carried out studies about the capacity utilization of food storage units in the country. Their findings on a number of dates since FY 1986 are noted below :

Table 5.3
Capacity Utilization of Storage facilities

Division	Name of District	Percentage of storage capacity in use on							
		28/11 1985	1/4 1986	31/10 1987	28/3 1988	20/2 1989	30/9 1991	1/12 1991	22/4 1993
Rajshahi	Dinajpur	62		27	51	70	82	41	92
	Thakurgaon	58	82	29	44	68	79	22	76
	Panchagarh	73		63	69	50	31	13	86
	Rangpur	63		57	58	78	60	28	68
	Lalmonirhat	53		72	98	80	36	30	83
	Nilphamari	55	57	47	58	75	41	15	69
	Kurigram	44		65	65	38	26	22	58
	Gaibandha	69		47	43	68	54	25	61
	Bogra	65		16	41	73	87	24	89
	Jaipurhat	120	75	62	68	47	68	28	83
	Rajshahi	66		52	69	37	18	35	47
	Nowgaon	83	45	47	62	38	44	16	66
	Natore	58		86	45	53	48	29	59
	Nawabganj	38		23	29	57	20	17	29
	Pabna	70		21	36	68	41	26	80
	Serajganj	83	69	66	99	78	64	55	56
Khulna	Kushtia	55		28	56	36	45	38	53
	Chuadanga	31	21	24	50	51	19	14	39
	Meherpur	61		48	91	61	42	33	43
	Jessore	53		43	66	63	43	44	57
	Jhenaidah	44		42	70	42	30	25	43
	Magura	37	36	34	59	69	34	34	56
	Narail	66		50	100	38	53	54	76

Division	Name of District	Percentage of storage capacity in use on								
		28/11 1985	1/4 1986	31/10 1987	28/3 1988	20/2 1989	30/9 1991	1/12 1991	22/4 1993	
Khulna	Khulna	58	33	21	53	58	22	17	95	
	Satkhira	31		32	41	59	68	52	36	
	Bagerhat	35		26	52	27	30	24	50	
Barisal	Barisal	69	30	35	66	38	31	24	43	
	Jhalokhati	56		29	40	44	43	40	48	
	Perojpur	50		42	38	29	32	27	35	
	Bhola	21		22	26	37	33	28	14	
	Patuakhali	41		42	37	53	51	39	32	22
	Barguna	45			42	54	46	34	26	16
Dhaka	Jamalpur	61	36	72	68	49	26	29	38	
	Sherpur	63		22	64	16	8	15	43	
	Mymensingh	62		34	39	46	27	13	59	
	Netrokona	74	35	45	64	69	47	34	37	
	Kishoreganj	32	30	34	28	40	17	17	39	
	Tangail	46		24	58	29	19	25	47	
	Dhaka	71		56	62	47	45	33	64	
	Gazipur	75	43	98	100	77	43	42	57	
	Narasingdi	67		40	59	50	28	25	49	
	Narayanganj	46		19	69	37	11	17	85	
	Munshiganj	50		34	55	55	33	33	46	
	Manikganj	52		38	79	53	44	33	48	

Division	Name of District	Percentage of storage capacity in use on							
		28/11 1985	1/4 1986	31/10 1987	28/3 1988	20/2 1989	30/9 1991	1/12 1991	22/4 1993
Dhaka	Faridpur	57		66	59	56	49	32	27
	Rajbari	63		65	81	71	49	49	50
	Madaripur	31	61	23	59	37	43	42	26
	Gopalganj	85		81	120	103	59	82	47
	Shariatpur	99		79	69	30	46	59	49
Chittagong	Sylhet	43		55	49	69	31	34	35
	Moulvibazar	57		90	77	109	65	49	63
	Habiganj	59	34	64	65	74	32	32	34
	Sunamganj	70		72	54	64	40	51	27
	Comilla	50		57	79	78	34	34	34
	Brahmanbaria	61	24	45	47	47	14	10	71
	Chandpur	53		85	67	74	48	34	62
	Noakhali	30		37	42	63	34	27	68
	Laxipur	450	27	593	700	78	25	44	42
	Feni	39		54	52	76	19	33	40
	Chittagong	29		25	54	39	16	33	72
	Cox's Bazar	20	21	30	21	27	11	20	39
	Rangamati	45		28	45	88	34	72	59
	Khagrachari	40	42	62	52	70	29	33	64
	Bandarban	90	49	87	64	79	39	25	56

5.12 MAINTENANCE OF STORAGE FACILITIES

The storage capacity in different parts of the country evidently remained largely unutilized. Soon the maintenance

requirement posed to be a heavy burden on the government exchequer and government had to ask for project aid for rehabilitation and maintenance work. Although during the Third Five Year Plan (1985-90) large scale rehabilitation works of the godowns were completed maintenance work suffered due to lack of fund. Fund from revenue budget was allocated by the Ministry for maintenance programme on annual basis. The following table gives the allocation and expenditure :

Table 5.4
Fund for Maintenance Works (Tk. in million)

Year	Allocation	Expenditure	Remarks
1982-83	8.00	0.61	
1983-84	8.00	3.30	
1984-85	13.00	13.00	
1985-86	22.00	18.50	
1986-87	33.00	29.18	
1987-88	34.27	34.27	
1988-89	42.00	13.98	Balance fund diverted to flood projects
1989-90	42.90	42.90	
1990-91	57.91	48.67	
1991-92	34.80	30.40	
1992-93	42.00	42.00	

Source : Maintenance Unit, DG Food, Ministry of Food

Normal maintenance of the huge structures and mechanical components of the silos also suffered due to lack of fund. The erstwhile Federal Republic of Germany (FRG) assisted the Ministry with grant under the Food Security Assistance Programme (FSAP) by providing German Technical staff for supervision of maintenance of the silos including procurement and payment for spare parts from 1976 to 1985. Thereafter

routine maintenance of civil and mechanical works ran into difficulty. No maintenance worth the name was carried out in the silos due to fund constraint and non availability of spare parts taken out of production line long before.

5.13 FUTURE STORAGE REQUIREMENT

According to World Bank, the silo project was conceived at a time when increasing the storage capacity was given great importance for food security against recurring natural disasters for storage of imported bulk wheat. Later studies however showed that the capacity utilization of the silos was far from satisfactory. A good volume of wheat used to be carried to Chittagong Jetty from mother vessel at outer anchorage for unloading at greater cost instead of carrying the same to silo jetty for storage. Silos at Chittagong and Narayanganj however played useful role in storage and quick movement of imported wheat to different storage centers located all over the country. The impact of Ashuganj silo was marginal and that of Santahar silo was negligible. Supply of foodgrains via Ashuganj silo was more costly than direct supply from Chittagong silo. Similar was the case with Santahar silo than direct supply via Khulna CSD.¹⁰

If the annual PFDS figures are compared with the available storage capacity from FY 85 it is found that during FY 85-93 the annual PFDS varied between 1075 (lowest) and 2935 (highest) thousand tons. The overall capacity utilization remained considerably low (Table 5.3)

If the government wants to limit operation under PFDS to less than 1 million ton annually about half of the existing storage capacity becomes surplus.

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Bangladesh Foodgrain Storage Project Impact Evaluation Report
- WB Report No 6567 December 31, 1986.

EPC in their Master Plan study has recommended retention of about 0.7 million ton capacity as detailed below in their alternative scenario¹¹ :

(1) Silo	175,800 M. Ton
(2) CSD	257,097 M. Ton
(3) LSD	267,155 M. Ton

	700,052 M. Ton

It has been recommended to close down Ashuganj silo. The present CSD capacity has been proposed to be trimmed. Major reduction in LSD capacity has been recommended. LSDs at each new district headquarter and farflung and disaster prone areas have been suggested. The decision of selection of such LSDs would however depend on the Ministry.

EPC has also recommended for annual and special (Quadrennial) maintenance of all types of existing storage facilities upto 2000 AD so that these expensive structures are not dismembered and misappropriated for want of proper care.

Ministry of Food cannot afford to either abandon the surplus storage capacity or allow them to ruin. Perhaps a portion of capacity in Chittagong port and other areas can be rented to private importers. Substantial capacity can also be developed to meet the requirement of export needs.

¹¹ Master Plan for the Rehabilitation needs of existing food storage facilities and need of new construction by 2000 AD - Study by EPC, June 1993.

CHAPTER SIX

6 FOOD MANAGEMENT DURING EMERGENCIES

6.1 INTRODUCTION

Government always played a major role in food management during emergencies created by natural disasters and famines created by food shortage. In Bengal, about 80 to 90 percent of the food consumed consists of cereals. Rice alone constitutes about more than 95 percent of total cereal consumption. During the course of the year, three rice crops are grown in Bengal, the Aman, Aus and Boro with Aus coming next to Aman in terms of importance. The supply of rice in the province at the beginning of a calendar year consists of almost the whole of the Aman crop reaped at the beginning of the preceding year and "Old rice", that is the balance of earlier grown and imported rice carried over from the previous year. During the year this initial supply is augmented by the Boro and Aus crops and imports. The season of marketing is determined by the time of harvest. Upto 1942, the process of trading from the cultivators - to the traders to the consumers was entirely governed by the market forces.

6.2 GREAT BENGAL FAMINE OF 1943

In the course of the 15 years preceding 1943, there were 3 years (1928, 1936 and 1941) in which the supply obtained from the Aman crop reaped in the previous year, was seriously short because of the partial failure of that crop from natural causes. The aman crop reaped in 1942 was short of its trend level. But actually it was less serious than in 1941 (Table 6.1).

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Table - 6.1
Current Supply in terms of weekly requirements

Year	Current Supply (in terms of weekly requirements)
1928	45
1936	44
1941	39
1943	43

Source : Famine Inquiry Commission : Report on Bengal; Government of India, 1948. Page 15.

A phenomenal rise in the price of rice occurred which was of a very different order from the small rise which took place in the earlier years of shortage.

During the period of second world war, with the loss of Burma, unusual demands made on the rice supplies in the principal rice growing provinces of India, specially Bengal. Prices began to rise even while the crop reaped in the winter of 1941-42 was moving into the markets and reached an unprecedented level by the end of the year. The whole sale price of coarse rice in Calcutta rose from Rs. 7 per maund during the first quarter of 1942 to Rs. 12/8/0 a maund in the end of 1942. This phenomenal rise was primarily due to cultivators and traders speculations about the rice market and also due to the pressing demand arising from places like Ceylon and Western India, which were dependent to a large extent on supplies from Burma. From available statistics (1948) Famine Inquiry Commission : report on Bengal, it is found that imports during the first seven months of 1942 were less than during the corresponding period of 1941 by nearly 300,000 tons, exports during the same period increased from

136000 tons in 1941 to 319000 tons in 1942.¹ The result of this was that a net import figure of 296000 tons in 1941 was changed into a net export figure of 185000 tons in 1942.

In this condition of the market, the Government of Bengal in June decided to intervene and issued an order fixing maximum prices for medium and coarse rice in the Calcutta market. The immediate effect of the price control order was that supplies disappeared from the Calcutta market. A similar position arose in the districts. On the 16th July the Government also prohibited all exports of rice and paddy from the province except under permit. A similar step was taken in other provinces at about the same time.

At this point, a portion of the stocks of "denial" rice was moved into Calcutta and distributed, partly through controlled shops to the general public, partly through issues to employers of industrial labor and partly through Calcutta corporation. Also the "Bengal Chamber of Commerce Food stuff Scheme" was brought into being with the backing of the Government of Bengal. In August 1942 the scheme catered for approximately 500,000 employees, while in December 1942 the number had risen to 620,000, and the total number of persons served, including dependents, to approximately one million. Other arrangements similar to this were undertaken jointly by different chambers and provision of supplies at subsidized prices were made for about 300,000 employees.

It was at this stage that West Bengal was visited by a great natural calamity. On October 16, 1942, a cyclone of great intensity struck the western districts of the province. The result was that, standing aman crop, which was then flowering, was in large measure damaged. In the worst affected areas it was not only the standing crops which were destroyed, reserve stocks of the precious crop in the hands of cultivators,

Famine Inquiry Commission : Report on Bengal; Government of India, 1948, P 28.

consumers, and dealers were also lost. The immediate result was a resumption of the upward movement in prices (Table 6.2).

Table - 6.2
Market Price of Rice in 1942

Date	Market price per maund of medium rice		
	Rs.	A.	P.
13th November 1942	7	8	0
25th November 1942	10	8	0
2nd December 1942	11	8	0
7th December 1942	14	0	0

Source : Famine Inquiry Commission : Report on Bengal; Government of India, 1948. Page 33.

In the face of such abnormal rise in rice prices, the government undertook their first procurement scheme and district officers were directed to commence buying operations through local traders. But air-raids on Calcutta heavily disrupted the smooth operation of the scheme because this had led to closing down of a considerable number of foodgrain shops. On 9th January, the scheme was abandoned and by that time only 2800 tons were purchased against a target of 7400 tons.

Subsequently another procurement scheme was undertaken at an expanded scale. Seven trade agents were selected for this scheme and this was also proved to be a failure because of internal inconsistency of the scheme (Knight 1952). In the face of such crises, the government, in its bid to ensure smooth supply of foodgrain in the market, decided to abrogate any vestige of price control by announcing it publicly on the 11th March 1943. The immediate effect of de-control was an

increase in the volume of supplies purchased by Government accompanied by a sharp increase in price. In Calcutta, it rose from Rs. 15 on the 3rd March to Rs. 30/10/- on the 17th May. The effects of the high prices were felt throughout Bengal. On the 13th of May, the commissioner of Burdwan Division reported : "Economic conditions approaching a crisis. Rice out of reach of the poor. Rice should be imported if the people are not to starve." Thus, towards the end of the second quarter of 1943, famine had began in parts of Bengal.

6.3 GOVERNMENT ACTIONS DURING THE FAMINE, 1943

In the face of wide spread starvation and deaths the entire food situation was discussed in Calcutta at a meeting between the representatives of the Government of India and the Bengal Government. The central government was urged to expedite the implementation of the "Basic Plan". Under the Basic Plan, whose origin dates back to September 1942 at the sixth Price Control Conference, a centralized purchase scheme of foodgrains from the surplus regions/ provinces was taken with a view to redistribute it in the deficit areas according to the requirements so that no shortfall arises in any part of the country. But the plan failed to serve its objectives due to the inability of the surplus provinces to handover its excess supply of foodgrains in proper time. The central Government therefore allowed inter province free trade of foodgrains to ensure adequate food supply to the Bengal market through the market. It has been estimated that during the free trade period 91000 tons of foodgrains moved into Bengal from other parts of the Eastern Regions. Of these 38,000 tons represented despatches out of purchase made by Government of Bengal through their agents. But this policy created serious imbalance of food supply in the adjoining provinces of Bengal and in view of the strength and unanimity of the opposition the Government of India postponed the free trade policy and recommended that the Basic Plan should be continued with such

adjustments of godowns as might be necessary. At the same time, a Foodgrains Policy Committee was set up, consisting of non-official, and officials representing the central Government as well as Provincial and State Governments. The recommendation of this committee, which covered the whole range of the problems of supply and distribution of foodgrains, were accepted almost in entirety by all the Governments concerned. The fundamental principles of policy and administration were finally laid down and the country as a whole proceeded to build up the system of food administrations which is functioning today. The result of all the measures taken during the course of the year 1943 was that, the total quantity of rice despatched during 1943, on private as well as on Government account from other parts of India was 294000 tons. In the domestic market, the Bengal Government started acquisitioning foodgrains from the hoarders and surplus farmers and total stocks obtained by this method were 23000 tons of rice and 18000 tons of paddy. In addition, the Government, decided to embark on active purchasing operations with a view to procuring as much as possible of the stocks coming on the market.

All these supplies which passed through the hands of Government in Calcutta were distributed in three ways : by despatches to deficit districts, by deliveries to controlled shops and by issue to employers' organizations. Large supplies of grain, despatched on Government account from outside the province, began to arrive in Calcutta. The arrivals of these supplies found the Bengal Government completely unprepared as regards the supervising staff, transport vehicles, and storage accommodation necessary for the reception of the grain and its despatch to places where it was needed. At this time, the viceroy, Lord Wavell visited Bengal at the end of October 1943, when the famine was at its height, and as a result of his visit, military assistance was given to the civil authorities in Bengal. The help provided by the Army was in three forms : first, officers were loaned to assist the

headquarters staff of the Department of Civil Supplies in organizing and controlling the movement of food stuffs from Calcutta to distribution points within the province; secondly, troops were allotted to assist the civil authorities in moving and distributing supplies in the districts; thirdly, military medical units were despatched at places where the need was greatest. The introduction of army in the overall operation significantly improved the situation.

Apart from the above mentioned programs to combat famine, the Government, in July 1943, authorized District Officers in the badly affected areas to employ whatever relief staff was necessary. Food kitchens were opened in these areas at about this time. In August it became abundantly clear that Bengal was in the grip of a great famine and that relief of a very wide scale was necessary. By November 1943, the number of food kitchens reached 6,625. From December 1943 onwards the food kitchens were gradually closed down and homeless and indigent people were housed and fed in workhouses, destitute homes, and orphanages.

From the above analysis, it becomes apparent that the primary cause of the food crisis of 1943 was due to traders and cultivators speculative behavior in the food market. The whole economic activities particularly for the food was rest on the strength of market forces. But the market seemed to have betrayed the poor. It gave a strong lesson to the ill equipped Bengal government. Today, this is no longer the case. Throughout India the grain trade is under government control of varying degrees of intensity. No grain moves from within the boundary of one province or state to another except in accordance with a plan framed by the Government of India. In large sections of the wholesale trade government agency has replaced private traders and other sections operate under close control and supervision. The consumer in all the cities and most of the large towns, and also in extensive areas of the country-side, is rationed. In many parts of the country

the producer is no longer free to retain his surplus grain at his discretion. In such areas the surplus of each cultivator is regularly assessed, and millions are required to sell the quantities prescribed to Government at fixed price.

6.4 THE 1974 FAMINE IN BANGLADESH

First the floods; then the famine, so runs the story of the Bangladesh famine of 1974. The floods which occurred at the end of June caused severe damages in the Northern districts, taking away part of the Aus crop [harvested in July-August]. After another fortnight the level of river rose again and seedlings of Aman in their nurseries were in danger. Then, by the middle of August, floods reached their maximum for the years, affecting recently transplanted Aman. At the beginning of September the Brahmaputra again crossed the danger line, hitting once more what was left of paddy which has been transplanted after the previous floods.

The price of rice rocketed during and immediately after the floods, as table 6.3 shows.

Table 6.3

Rise in the price of Rice in Bangladesh following the 1974 Floods

Month in 1974	Bangladesh average	Index of retail price of coarse rice		
		Mymensingh	Rangpur	Sylhet
July	100	100	100	100
August	121	130	116	129
September	150	169	184	160
October	178	202	183	204
November	151	162	113	167
December	133	132	85	155

Source : Sen (1981) : Poverty and Famine, p. 132.

In some of the most affected districts like Mymensingh and Sylhet, the rice price doubled in the three months between July and October. Reports of starvation started flowing in immediately after the flood, and grew in severity. The government of Bangladesh officially declared famine in late September. Some "Langarkhanas", providing modest amounts of free cooked food to destitute, were opened under private initiative early in September and government sponsored "langarkhanas" went into full operation in early October. At one stage nearly six thousands "langarkhanas" were providing cooked food relief to 4.35 million people more than 6 percent of the total population of the country (Sen, 1981). By November rice prices were beginning to come down, and the need for relief seemed less intense. By the end of the month the langarkhanas were closed down.

How many people died during this devastating famine in Bangladesh? As in the case of all previous and contemporary famine, perhaps no one will be able to come up with an estimate that will satisfy all. Infact, there was no systematic attempt to record famine deaths. The Bangladesh government, infact, discouraged public discussion of excess mortality. With regarded to various estimates, Arthur and Mac Nicoll¹ point out such figures as 30,000 being officially acknowledged, 500000 quoted in Baldwin, and 80,000 in Rangpur district alone mentioned by Wahidul Haque et al. Alamgir¹ has provided an estimate of excess mortality due to the 1974 famine, using crude birth rate and death rate figures. His estimates put the total excess mortality at about 1.5 million, a figure slightly less than that quoted for the Great Bengal Famine of 1943.

¹ W. Brain Arthur and Geoffrey Mc Nicoll, "An Analytical Survey of Population and Development in Bangladesh", Population Development Review 4(1):29(March 1978).

¹ Mohiuddin Alamgir (1980) : Famine in South Asia.

This brief and oversimplified sketch shows very little of the actual nature and causes of the famine and role of the government in response to such crisis. In the following section, we will look into the foodgrain availability situations in 1974 and the role of the government in assuring its adequate distribution through the market.

The Profile of 1974 Famine

The peak of the Bangladesh famine of 1974 coincided with the Aus harvesting time and preceded the time of Aman harvesting. It is thus best to define the production based supply of 1974 by adding the Aman crop of 1973-74 (November-January) to the Boro and Aus crops of 1974. Table 2 presents the yearly rice output from 1971 to 1975. It also presents the index of per capita rice output. It can be seen that 1974 was a local peak year in terms of both total output and per capita output of rice. In moving from rice production to foodgrains availability, wheat output and government import of foodgrains (both commercial and aid sponsored) have to be added to it. This is presented in table 6.4.

Table 6.4
Rice Output of Bangladesh, 1971-5

Year	Production of rice (thousands tons)	Index of rice production	Per Capita rice output (tons)	Index of per capita rice output
1971	10445	100	0.133	100
1972	9706	93	0.120	90
1973	10459	100	0.121	95
1974	11778	113	0.139	105
1975	11480	110	0.132	99

Source : Sen(1981) : Poverty and Famines, Oxford University press, p. 137.

Table 6.5
Foodgrains Availability in Bangladesh, 1971-75

Year	Total available foodgrains for consumption (million tons)	Population (millions)	Per Capita availability (oz./day)	Index of per capita availability
1971	10.740	70.679	14.9	100
1972	11.271	72.535	15.3	103
1973	11.572	74.441	15.3	103
1974	12.355	76.398	15.9	107
1975	12.022	78.405	14.9	100

Source : Sen (1981) : Poverty and Famines, Oxford University, p. 138.

It is found once again, that 1974 was a local peak. If one went by over all food availability, one would expect a famine less in 1974 than in any of the other years. And yet the famine did occur precisely in 1974 and this happened so because foodgrains availability is not synonymous to foodgrains supply in a given period of time. And in a country with a very low base of per capita foodgrains output, government assumes a great responsibility in ensuring adequate supply of food whenever market fails to do so. Any failure of the government to maintain such intake balance, which is already delicately resting between starvation and subsistence level is bound to create famine. This is precisely what happened in Bangladesh during 1974.

6.5 ROLE OF THE GOVERNMENT DURING 1974 FAMINE

The situation prevailing in Bangladesh as 1974 approached can be best understood if reference is made to certain indexes. The index of real income per capita stood at 87 in 1972-73 as

compared with 100 in 1969-70. There was an unprecedented expansion of money supply. According to its narrow definition, total money supply increased from Tk. 3875 million on December 1971 to Tk. 8079 million in December of 1973. Shortfall in production combined with an increase in money supply created tremendous inflationary pressure in the economy. Wholesale price indexes of agricultural and industrial products increased from 100 in 1969-70 to 188 and 255 respectively in 1972-73.

The good harvest of the 1973-74 winter rice crop did not seem to have changed the situation at all since, in spite of it, rice prices showed an upward trend. In addition, the supply of rice into the market became very uncertain. In early April, district authorities in some areas carried out a drive against hoarding by seizing rice from the traders and selling it in the open market at moderate prices. This abrupt and ad-hoc step by government, instead of hitting the target, scared away rice from the market. On closer look, it can be observed from the behavior of rice market that of getting back to the equilibrium level through reduced demand rice price actually diverged from it, and traders speculation about future price played a major role for creating such disequilibrium. And also it is evident that the government with its supply and distribution schemes were ill equipped to intervene in the market in order to bring down the price. First, the foodgrain stock at government disposal was not satisfactory. Table 6.6 presents data on government stock of foodgrains at the beginning of each years.

Table 6.6

Government Stock of Foodgrains on 1st January and Annual Requirement in Bangladesh 1971-76 (000 tons)

Year	Rice	Wheat	Total	Requirement	Stock as a % of requirement
1971	183	411	594	10365	5.73
1972	235	240	475	10637	4.47
1973	14	123	137	10917	1.25
1974	44	223	267	11204	2.38
1975	30	151	181	11498	1.57
1976	345	548	893	11800	7.57

Source : Alamgir (1980), Famine in South Asia, p 198.

In 1974, the beginning of the year stock was very low, only 2.38 percent of the annual requirement. The government stock of foodgrains is important from the point of view of meeting a crisis, because the amount of private and trading stock carryover between years is nil or negligible. Therefore, in an aggregate sense, the government was inadequately prepared to tackle a food crisis in 1974.

Government consumed over foodgrain in any period is not only determined by beginning year stock, but also on internal procurement and import. In the past, the government had intervened in the market through internal procurement with the purpose of stabilizing domestic prices but often lack of vigor as Mc Henry and Bird observed, "Since it is much easier to order a shipment of food through the embassy in Washington than to spend time and money on a domestic procurement program, a definite complacency has settled over the bureaucracy"⁴ A combination of voluntary and compulsory procurement methods were applied in different periods. It can

Mc Henry and Bird, "Food Bungle in Bangladesh", p. 183.

be seen from Table 6.7, that the amount of internal procurement was rather small in all years except 1975 and 1976. In 1974, out of a target of 400,000 tons the actual amount procured was only 71,000 tons.

Table 6.7

Government Procurement of Foodgrains (Rice+Wheat) in Bangladesh, 1971-76

Year	Net Output (000 tons)	Internal Procurement (000 tons)
1971	9401	6
1972	8735	10
1973	9413	-
1974	10600	71
1975	10332	204
1976	11108	395

In addition to the failure of the procurement effort in 1974, the government created an additional problem by restricting interdistrict movement of foodgrains through a normal trading channel, with an adverse effect on regional availability and prices.

Now we come from the scenario of domestic procurement to import of foodgrains. There is little doubt that the government of Bangladesh found itself severely constrained by the lack of an adequate food stock as we have already noted earlier, and that has prevented running a large operation at the height of the famine. By 1974 Bangladesh was already chronically dependent on import of food from abroad, and despite the famine conditions the government succeeded in importing less foodgrains in 1974 than in 1973 (Table 6.8).

Table 6.8

Import of Foodgrains into Bangladesh, 1973 & 1974

Month	1973	1974
January	228	38
February	194	90
March	467	99
April	212	147
May	179	224
June	126	135
July	83	291
August	159	225
September	263	29
October	287	76
November	59	190
December	83	149
Total	2,340	1,693

Source : Sen(1981), "Poverty and Famine", p. 135.

In fact, in the crucial months of September and October the imports fell to a trickle, and the amount of foodgrains imported during these two months, rather than being larger, was less than one-fifth of the imports in those months in the preceding year. In constraining the operations of the Bangladesh government, the shortage of food stock clearly did play an important negative part.

An analysis of inadequate foodgrain stock under government command during 1974 explains only a part of the role of government played during the famine and the distribution side has to be brought into in order to complete the story. The imported and internally procured foodgrains are distributed by government at a subsidized price through a system of rationing. The distribution takes place under four major

categories. The first is statutory rationing (SR), covering six cities, and all families within the city are eligible to draw a weekly ration. The cities covered are Dhaka, Narayanganj, Khulna, Rajshahi, Chittagong and Rangamati. The second system of rationing is called modified rationing (MR). Only low income groups such as the day laborers in both rural and urban areas are covered under this system. The third system of distribution is relief and is earmarked for the people affected by natural calamities. The final category is termed "other" and it includes distribution to select groups such as the government employees, teachers and student dormitories, large scale industrial enterprises and priority groups (hospitals, jails, police and defence services). The distribution of foodgrains under statutory rationing and "others" is regular in other systems continuous supply is not assumed. In absolute terms the total amount of foodgrains distributed by the government in 1974 was the lowest since liberation, except for 1976 (Alamgir, 1980). Moreover there was little fluctuation by month, and the level was about the same as the 1973 average (Table 6.9), which meant a lower per capita offtake given the population growth.

Table 6.9

Monthly Distribution of Foodgrains by Government in Bangladesh, 1973 and 1974 (000 tons)

Month	1973	1974
January	143	127
February	157	121
March	175	131
April	206	137
May	253	130
June	214	162
July	151	152
August	153	182
September	170	177
October	187	151
November	145	148
December	123	109

Source : Alamgir (1980), "Famine in South Asia", p. 226.

The total foodgrains distributed through statutory rationing and to the select "other" groups, was 41 percent and 58 percent of the total government offtake in 1973 and 1974 respectively. What these figures also suggest is that even under extremely difficult situations such as those prevailing in 1974, the government did not change the pattern of distribution in favor of the poor - in fact, MR and relief were a lower proportion of total ration in 1974 than 1973, implying that the rural poor received even less during the famine. The monthly pattern of distribution of cereals through the relief channel in 1973 and 1974 is shown in Table 6.10. It can be seen that government relief effort was geared up from September of 1974 and this increased operation continued up to November. The government declaration of famine came in late September. In fact, when the famine broke out, Bangladesh did

not have a famine code of its own. The government could have invoked the old Bengal Famine Code but this was not done. Beginning in September, the government relief effort was concentrated primarily on free food distribution to the famine affected people through langarkhanas. A summary statement of food relief during September-November 1974 is presented in Table 6.10. Both the total number of langarkhanas and the average number of persons fed daily fluctuated during this three month period. Figures presented in the table actually reflect the maximum level of operation that was reached in October 1974.

Table 6.10

Distribution of Cereals Through Relief Channel (000 tons)

Months	1973	1974
	Relief	Relief
January	10595 (7.4)	2802 (2.3)
February	6002 (3.8)	2736 (2.3)
March	10553 (6.0)	2886 (2.2)
April	5930 (2.9)	2518 (1.8)
May	12111 (4.8)	1458 (1.1)
June	10028 (4.7)	3861 (2.4)
July	9144 (6.0)	1621 (1.1)
August	7372 (4.8)	10215 (5.6)
September	5615 (3.3)	14666 (8.3)
October	5595 (3.0)	32456 (21.4)
November	4044 (2.8)	31700 (21.4)
December	4318 (3.5)	9412 (8.7)
Total	91307 (4.4)	116391 (6.9)

Note : Number in parenthesis show percentage of monthly total offtake

At one point 5792 langarkhanas (gruel kitchens) were providing food to about 4.35 million people. It is important to note that the amount of food distributed per capita was very small. Except in some areas during the month of October, the calorie equivalent of food per capita was far short of the minimum requirement. Besides, it is somewhat disconcerting to note that the famine in the relatively harder hit districts received less foods per capita as compared with other areas. For example, Rangpur, Mymensingh and Sylhet were among the bottom three districts measured by per capita daily distribution of wheat. Clearly, the relevant government machinery failed to ensure food relief distribution according to needs of different areas in 1974. On the whole, the relief came too late, it was too little, and it was stopped too soon.

6.6 THE 1984 FLOOD

In 1984, severe flood hit vast area of Bangladesh. Three times the country was hit - in May, in July - August, and again in September. Its effects were spread very unevenly, causing widespread suffering to the lives of poor, year round half fed people of Bangladesh. The first floods in May followed a drought in April, which delayed planting. The drought ended with record rainfalls and this caused serious flash flooding, especially in the east of the country : Sylhet, Maulivibazar and Sunamganj districts in particular. The second floods started in June as heavy rainfall caused the rivers to rise, worsened in July as they crossed the danger level, and by August the newspapers were already talking of "another 1974 or even worse than that" (Holiday 10/8/84). Heavy rains in mid September caused rivers to rise again above the danger level. The newly transplanted aman rice crop was badly hit by the unseasoned flooding. Vast areas of cultivable land were affected although not with the same intensity. Among the affected districts Faridpur, Pabna, Tangail, Jessore and Kishoreganj were badly hit. Total crop loss was estimated to

be about 1.5 million tons in 1984-85. The loss was more than that of 1974 and about 10% of annual production. Apart from the direct losses to crops, livestock and property, the most serious impacts of the floods were the reduction on employment opportunities, and the effects on food prices, which rose due to fears of food scarcity. In July 1984 the WFP estimated that 120 million man-days of direct employment had already been lost due to crop damage. Simultaneously, food was becoming expensive. In April 1984 rice prices rose about 25% in some places.

6.7 RESPONSE BY THE GOVERNMENT IN 1984 FLOOD

Historically, during any natural calamity like flood, famine, cyclone etc, governments responses are co-ordinated at two levels, i.e., "National Level" and "Local Level". We will, for our purposes, only discuss the response measures regarding distribution of food because that is the most important measure in the short and medium term for preventing a food crisis. At the national level, there are many co-ordinating bodies and committees, both adhoc and permanent. Three important bodies concerned with food and disaster monitoring are : (i) the Food Planning and Monitoring Secretariat (FMPS), (ii) the Planning Cell of the Ministry of Food (Food Division), and (iii) the Central Control Room of the Relief and Rehabilitations Division. It is interesting to note that in 1984 all three were part of the Ministry of Food.

For convenience, the Governments programmes in response to the 1984 flood crisis can be divided into (i) relief (i.e. programmes during the flood), and (ii) rehabilitation (i.e. programmes after the flood). The main programmes were :

(i) Relief

- * emergency relief materials (e.g. blankets, clothes, emergency flood shelters, cash and food "Gratuitious Relief", medicines, etc.)
- * Stepped up food distribution, especially
 - VGF (Vulnerable Group Feeding)
 - TR (Test Relief or Rainy Season Food for work)
 - Public Ration System (Statutory Rationing, Modified Rationing, etc.)
 - Open Market Sales (to stabilize food prices)
- * Medical programmes
- * Presidents Relief Fund.

(ii) Rehabilitation

- * Continued food distribution (VGF, GR and other public rations)
- * Employment programmes, especially FWP (Food for work programmes)
- * Continued health programmes
- * Agricultural rehabilitation programmes especially :
 - cattle and ITAP (Intensive T. Aman Programme) loans to farmers
 - seed distribution for winter crops (wheat and rabi)
 - fertilizer distribution and other inputs
 - other crop loans to farmers
- * repairs to infrastructure (roads, rail, bridges, ghats, etc.) we will try to elaborate here on that part of the relief and rehabilitation programmes that deals with distribution of food.

The first sign of trouble came in April 1984, when rice prices rose alarmingly. The government responded quickly by reducing rice through "open market sales". This contributed to the fall in rice prices. In May, the government sanctioned Tk. 7.75

lakh and 7000 maunds of wheat for the affected districts of Comilla, Fabisgang and Feni. As the floods in Sylhet worsened, the government stepped up its responses. The actions sounded impressive, through the amounts involved were small : 106 metric tons of wheat for Sylhet (i.e. 1850 maunds) represented less than a day and a half's food supply for 10% of the District population.

By the end of June attention was shifting away from Sylhet to the other parts of the country which were being affected by record rainfall. Particularly affected areas were western districts such as Jessore, Pabna, Faridpur and Barisal, which received half a metre of rain more than usual. Again the government responded speedily. On 25 June a National Committee was announced for co-ordinating flood relief and rehabilitation with the President as Chairman and the Minister as members. At the same time, District level and Upazila (now thana) level committee were to be set up, co-ordinated by the ZMLAs (Zonal Martial Law Administrators). Infact, it was in early June when one of the most crucial actions was taken which helped to avert a famine. The Food Minister flew to Burma and Thailand to arrange a special immediate purchase of rice. Two weeks later he returned with an agreement to buy 465,000 tons for cash payment (most of it from Thailand) for delivery in August and September. This agreement was crucial in terms of keeping government food stock at security level.

In June, various programmes were announced by the government to deal with the flood situation, both relief (for immediate allocation of distress) and rehabilitation (for longer term recovery). On June 23, the Food Ministry announced that Test Relief was to be intensified 56000 metric tons were allocated for this season. In mid July the government was agreeing with the WFP about the expansion of the VGF (Vulnerable Group Feeding) for the period August - November, and the expansion of day season FWP (Food For Work Programme) for December - May. 66000 extra tons of wheat were allocated to VGF, to run

from August to November, and 35,000 extra tons for FWP for December to May. By the end of July, Gratuitous Relief (GR) had been sanctioned to 51 out of 64 Districts, with 8,500 tons of wheat and Tk. 1.18 core cash sanctioned. Thus all of the food assistance programmes were substantially expanded as the flood crisis developed, and priority was given to the flood affected areas. In September, after the third floods hit, a further expansion of VGF and FWP was agreed : an extra 15500 tons for VGF (Oct. - Nov.) and 38,000 tons for FWP (Dec. - May).

Food Assistance From the Donors

In late July the government requested a special meeting of the donors "Local Consultive Group" (LCG). After the meeting, the World Bank circulated a request to members of the Aid Group for extra foodgrain assistance of 600,000 tons by February 1985. Although this additional food aid did not arrive in the most critical months, it was a great help to Bangladesh in creating public confidence about future food stocks. After the third floods occurred in September, the Bangladesh Government requested a special meeting of the LCG. In September 1984 USAID's programme for their new fiscal year was announced, and the PL 480 Title III programme was increased substantially over the previous year. By November 1984, the USA's food commitments exceeded 400,000 tons, and this played a large part in creating confidence in Bangladesh about food situation.

How Well Was the Targeting ?

Of the different types of food aid distributed to the rural areas during the flood crisis, the largest in July, August and September 1984 were Test Relief (TR), VGF and GR respectively. Surprisingly the TR and GR programmes were not specifically targeted at the flood affected areas, nor even to the worst affected areas. Analysis of the figures showed that TR was

distributed uniformly among all Upazillas on the basis of population rather than according to the level of flood damage. GR wheat and cash were distributed in a rather ad hoc manner. A few Districts which had been in the headlines were sanctioned comparatively larger amounts (e.g. Sylhet, Gopalganj, Magura); other districts were given a flat allocation, regardless of population or flood damage. The VGF and FWP programmes were, on the hand, targeted at the worst affected areas. When Flood struck, additional allocations were made according to the level of crop damage sustained by each Upazila. The worst hit Upazilas received an extra 100.7 allocation of FWP wheat, and substantially larger VGF allocation. Thus, the local food assistance to the rural areas was partially targeted and partially non targeted.

Two important conclusions can be drawn. Firstly, it was the government's timely purchases in early June which ensured that foodstocks were kept at an adequate level during the most critical months. It was not the foreign donors food that saved the situation. Out of 7,09,000 tons imported in August, September and October, 95% arrived as commercial imports and half of this was due to the Thailand and Burma agreement. Although the donors responded, particularly in July and August, the food did not start to arrive till November or later, after the worst of the crisis had already passed.

Secondly, the government's timely action in early June was taken before the main floods had begun and therefore was not a special response to the floods. Rather, it was more an exercise in sensible stock keeping and in view of the floods which followed it was a little bit lucky as well.

6.8 THE FLOOD OF 1987-88

In 1987, severe flood engulfed large areas of the country. For the first time in the history of Bangladesh, boats were found

plying on the roads of Motijheel, Mohammadpur, Mirpur and other parts of the capital city Dhaka. The intensity of damage of the flood was huge in terms of the area and people it had affected. The ministries of "Relief and Rehabilitation" and "Agriculture" record the losses caused due to flood, cyclone or other natural calamities. According to a latest estimate of the ministry of Relief and Rehabilitation, fifty districts with an area of 19237 square miles were affected. More than 2.9 million acres of crop land was fully affected while another 1.87 million acres were partially damaged. In fact, the flood played havoc twice in that year once in June-July and second in August-September. According to a report of the Ministry of Food, total loss of foodgrain was estimated at about 13.27 lakh tons. The flood time loss of foodgrain together with disruption of communications for foodgrain movement had resulted in rising prices. With a temporary fall in prices during the November-December, 1987 prices in the open market rose sharply and crossed the level of previous year by a large margin.

6.9 EMERGENCY MEASURE DURING THE FLOOD

Immediately after the flood had started, the Ministry of Relief and Rehabilitation ordered the District/ Upazila food officers to protect the food godowns from the flood. Moreover, the government ordered concerned authorities to send food from different CSD/ LSDs to the affected areas immediately and special unit was set up to monitor the movement program.

In order to tackle the food crisis the government increased its allocation of food usually distributed under the PFDS channels. Compared to the allocation of 41000 tons of rice and 26000 tons of wheat in July 1987, governments allocation was substantially increased to 65000 tons of rice and 150000 tons of wheat in August of the same year. In September this

allocation was further increased to 89000 tons of rice and 294000 tons of wheat.

In different parts of the country including the Dhaka city, rice, wheat and salt were distributed through the government approved rationed shops at controlled prices. In addition to this, district food controllers were given the administrative authority to increase the allocations of rice, wheat and salt in their respective areas in the face of any crisis.

In order to run a large distribution scheme during such emergencies, the government needs to maintain large stocks of foodgrains under its control. On 1st July 1987, estimated stock with the government was 9.76 lakh tons. In addition to the expected arrival under normal program of 751 thousand tons immediate additional arrangements of 306 thousand tons were made under commercial import. Moreover, the Finance Minister convened a meeting with the head of the diplomatic mission and donor agencies in order to appraise them of the extent of damage caused by the flood and of the emergency demanded for foodgrain to meet the crisis.

Foodgrain production in 1987-88 was seriously affected by flood. The final aman harvest was 78 lakh tons against a target of 86 lakh tons. To tackle the situation, the government undertook distribution programmes both in monetized and non-monetized channels. The total distribution during the year was 25.30 lakh tons in which the share of non-monetized channels was about 44% (Table 6.11). In the monetized channels the distribution under OMS was increased as it has moderating effect on rising prices.

Table 6.11
Food Distribution in Flood Year of 1987-88

Channels	Distribution (000 tons) 1987-88		
	July-Dec.	Jan.-June	Total
Monetized	956.3	436.4	1392.7
Non-monetized	475.4	635.3	1110.7
Total	1431.7	1071.7	2503.4

Source : Year Book 1987-88, Ministry of Food, Government of Bangladesh.

In 1987-88, the import was 29.22 lakh tons which was highest since independence. The distribution was also the second highest during the last decade (highest being 2.562 million ton in 1984-85). The import consisted of 1.135 million tons under own resources and 1.787 million tons under food aid. A portion of the food distributed was to face the emergency food crisis and the rest was used for the government rehabilitation program.

6.10 CONCLUSION

Bangladesh is very much prone to natural disasters such as drought, floods, cyclones and tidal bores. These disasters often cause breakdowns in normal public and private foodgrain supplies and immediate rise in market price of food resulting from serious dislocations in communications, and destruction of standing crops and temporary paralysis of the marketing systems. The responsibility of the Ministry of Food during emergency and disaster situations as recorded in its Year Book 1987-88 is to keep the supplies uninterrupted, activate OMS and meet PFDS demand throughout the country. But such steps can be taken only if adequate stocks in strategic locations and intensive consumption pockets have been built up. Moreover, the Ministry of Food provide emergency relief in terms of free distribution of food to the disaster affected people. Government's standing orders for flood and cyclone

have clearly spelled out the role and responsibilities of the Ministry of Food in such situations. Although the overall food management system in Bangladesh has improved, but its capacity to cope with serious disasters is not adequate. The major problems confronting the Ministry of Food in dealing with disaster situations are of the following nature :

- The loss of domestic production cannot be immediately estimated, consequently reliable target for import and distribution cannot be determined.
- Anticipating large size loss in domestic production emergency import plan is usually made slightly in excess of what is finally needed, which is criticised later on.
- The logistics for emergency food movements are not adequate and sometimes even not suitable to handle emergency foodgrain operations.
- Sometimes stocks in the government stores though adequate are not conveniently located in strategic places. Moreover, when the stocks are available, the desirable proportion between rice and wheat in the godowns does not exist to meet the PFDS requirement in a particular locality/ region.

CHAPTER SEVEN

7 FOOD POLICY AND FOOD MANAGEMENT

7.1 INTRODUCTION

This country was once known as a land of milk and honey. During nearly two hundred years of British colonial and twenty four years of Pakistani neo colonial rule attention was never given to proper development of any sphere of life. Agriculture sector was no exception. From FY 48 upto FY 71 annual production of rice and wheat increased by only 4 million tons which was totally inadequate to meet the food requirement of the bulging population which grew by about 30 million heads.

Natural disaster like cyclones, floods, drought and tidal bores were almost an annual feature devastating standing crops with loss of life. Year after year availability of foodgrains was never sufficient to ensure minimum nutritional level of the majority of the population. Distress loomed large throughout the length and breadth of the country and deaths due to hunger were not uncommon.

Government involvement in food administration began in the country from 1943 following the Great Bengal Famine with the promulgation of the Bengal Rationing Order, 1943. Government took full responsibility of providing the residents of Calcutta city and at later date of a number of smaller urban towns and rural areas with rationed articles under Statutory and Modified Rationing System.

To maintain a regular supply of foodgrains (rice and wheat) it was necessary for the government to procure, store and distribute sufficient stock of the commodities all the year round.

7.2 FOOD POLICY BEFORE INDEPENDENCE

Records and statistics of the period 1947-71 show that the function of the Food Department was to guess the probable requirement of foodgrains for the population and to ensure supplies of the same to meet the same. Maintenance of a reserve of about 600000 tons of foodgrains (300000 tons in rice and 300000 tons in wheat) was also considered necessary through import from outside the country.¹

Domestic procurement of aman paddy/ rice on a periodical basis from January to March existed in the country during the British and Pakistan days. During 1947-71 domestic procurement was resorted mainly to prevent smuggling of foodgrain across the border and in mopping up local surpluses for distribution in different parts of the country to minimise import needs. Procurement was also said to serve as a price support measure ensuring minimum price to the growers. But the statistics do not support this assertion. Procurement price fixed was always much less compared to average retail price of coarse rice in major towns of Dhaka, Narayanganj, Chittagong, Sylhet and Saidpur.² Although the average retail market price was very low during FY 55 there was no procurement. Whatever food policy was followed by the then government was short term in nature mainly centering round building up stock for public distribution.

During the nine month long struggle for independence the country was devastated and foodgrain production suffered by about 2 million tons during FY 72. There was acute shortage of foodgrains and appeal for urgent food aid was sent to donor countries. The world community responded well and food shipments flowed from FY 72 and is still continuing.

¹ Internal Procurement of Paddy and Rice Manual 1966 of the erstwhile Department of Food.

² 20 years of Pakistan in Statistics 1947-67 pages 226-227.

7.3 CONDITIONS OF FOOD AID

The World Bank and the donor countries/ agencies began to set condition for continued food aid and advocated steps which inter alia included (i) Increased internal procurement at support price (Incentive price) to the farmers to increase production; (ii) Expansion of Open Market Sales to stabilize foodgrain prices during high price periods; (iii) Reduction in the coverage of the rationing system and restructuring of the Public Food Distribution System by curtailing the benefits to the more affluent urban based population and extending the benefits to rural poor; (iv) reduction in food subsidy and (v) Building up and maintaining adequate security stocks to cope with natural disasters.

7.4 FOOD POLICY STATEMENTS

No official announcement of food policy by the Ministry of Food has ever been made except one comprehensive National Food Policy circulated through a letter dated 16th April, 1988.¹ However the Ministry used to submit annual brief setting out goals of food policy and management to the Ministry of Planning and the Economic Relations Division on the basis of which they prepared Memorandum for the Bangladesh Aid Group meeting stating the achievements made in the past year and probable food gap in the instant year and requirement of food aid. The Aid Group used to deliberate on the prepared brief and after either reiterating the old conditions or setting new conditions pledged food aid. This practice is still continuing even today. Annexes 18 and 19 describe the policy statements and food budgets.

¹ National Food Policy published by the Ministry of Food in April, 1988.

According to the annual memoranda the main components of food policy were: (i) Achievement of self sufficiency in the production of foodgrains at the earliest possible time; (ii) Increased internal procurement to minimise import; (iii) Declaration of incentive procurement price well ahead of planting (sowing) season for increased production of foodgrains; (iv) Increase in Issue price of both rice and wheat to reduce subsidy; (v) Reduction in ration quota specially of rice; (vi) Increase in storage capacity; (vii) Attainment of stock level including security reserve of minimum 1 million ton to meet disasters; (viii) Restriction in SR areas to limit the number of card holders; (ix) Reduction of urban bias of PFDS in favour of rural bias; (x) Increase in allocation for FFW and VGD programmes; (xi) Increase in MR and OMS distribution; (xii) Due role of private sector in food operation and including relaxation of restrictions on trading, stocking and movement of foodgrains; and (xiii) Better management and monitoring of food policy.

The statements on Food Policy and Management are at Annexure 18 Volume IV.

7.5 PROGRESS IN ACHIEVEMENT OF GOALS OF THE FOOD POLICY AND MANAGEMENT

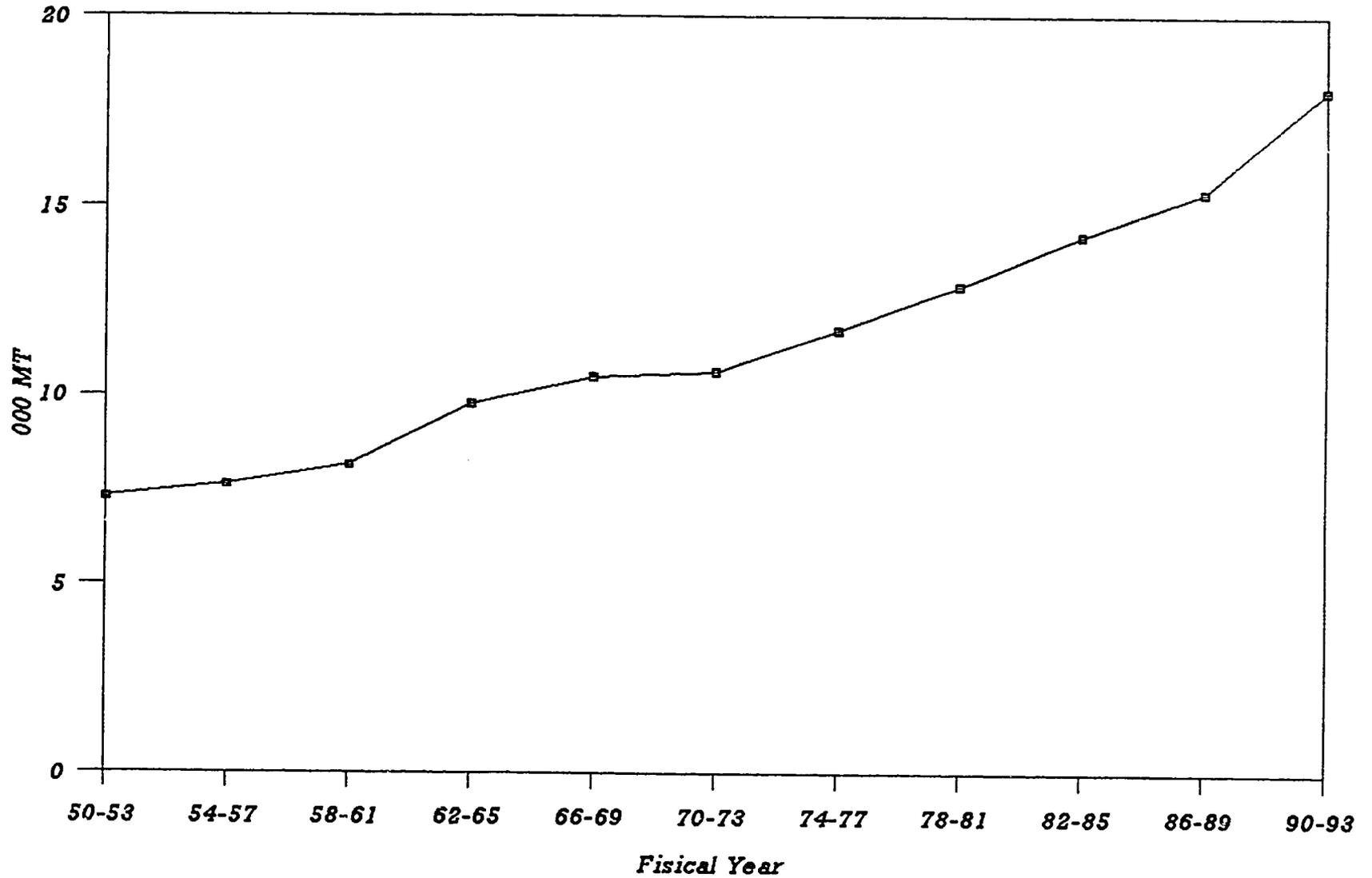
Progress in achievement of goals of the food policy and management is described below

Achievement of self sufficiency in the production of foodgrains at the earliest possible time.

- (a) The Ministry of Food was not competent to achieve this goal alone which fell under the domain of the Ministry of Agriculture. However due to concerted efforts by the Ministry of Agriculture such as increased use of

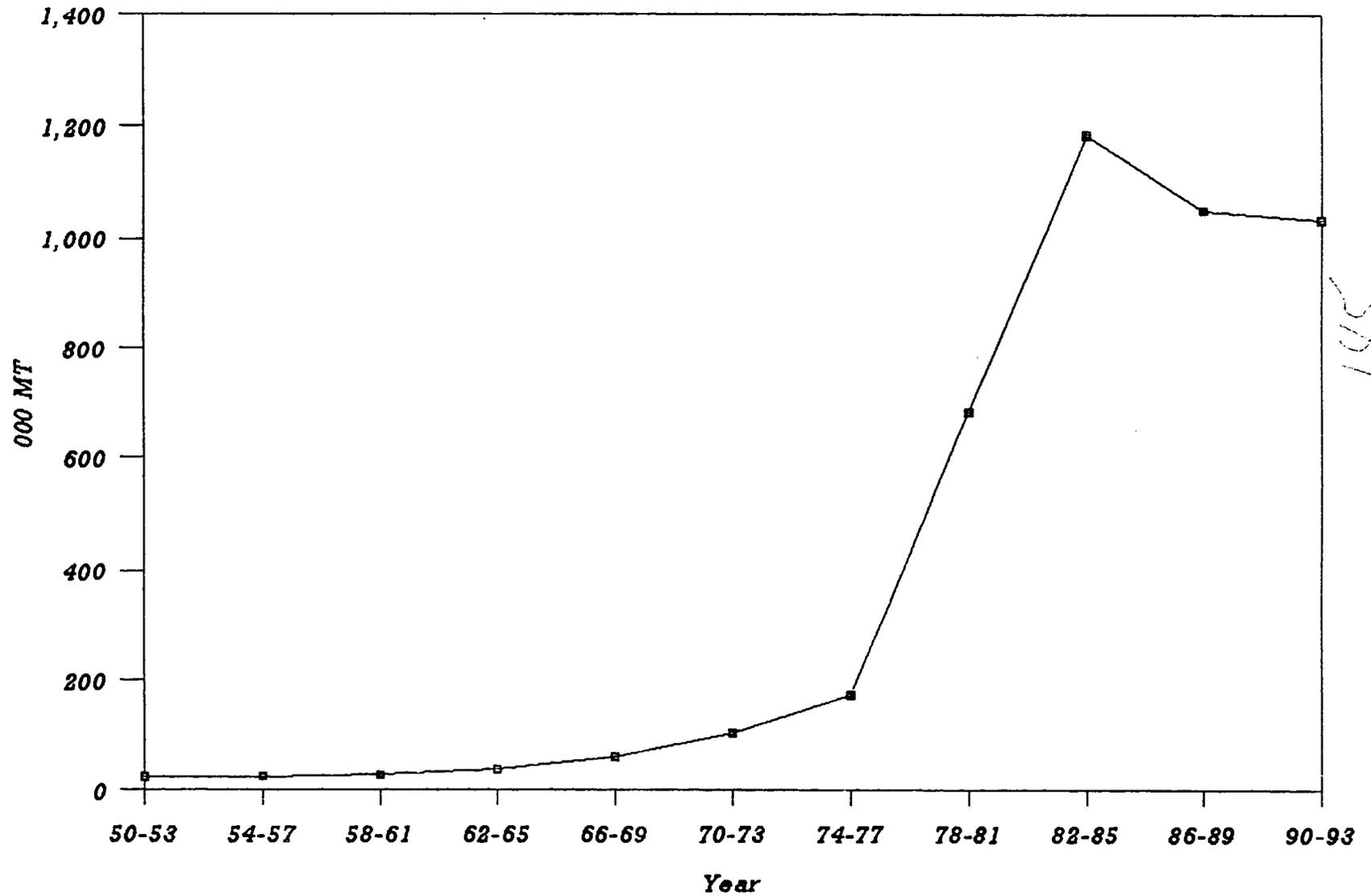
Fig 7A Total Production Of Rice

(4 - Year Average from FY 50 to FY 93)



Avgr

Fig 7B Production Of Wheat
(4 - Year Average from FY 50 to FY 93)



fertilizer, Irrigation and HYV seed and able support rendered by the Ministry of Food through procurement at incentive price, production of foodgrains increased. According to World Bank percentage of annual trend growth rate in respect of rice was 2.0 during FY 61-90, 1.8 during FY 70-80 and 2.7 during FY 80-90. Aus presented a negative annual growth percentage of 1.4 during FY 80-90, Aman 1.1 percent and Boro 9.2 percent.⁴ The following table presents the production figures during the last 23 years⁵

Table 6.1
Food Grain Production In million ton

Year	Aus	Aman	Boro	Wheat
1970-71	2.8	5.9	2.2	0.1
1980-81	3.3	7.9	2.6	1.1
1991-92	2.3	9.1	6.3	1.0
1992-93	2.0	9.7	6.6	1.1

Figures 7A and 7B depict the trends in production of rice and wheat from the 1950s.

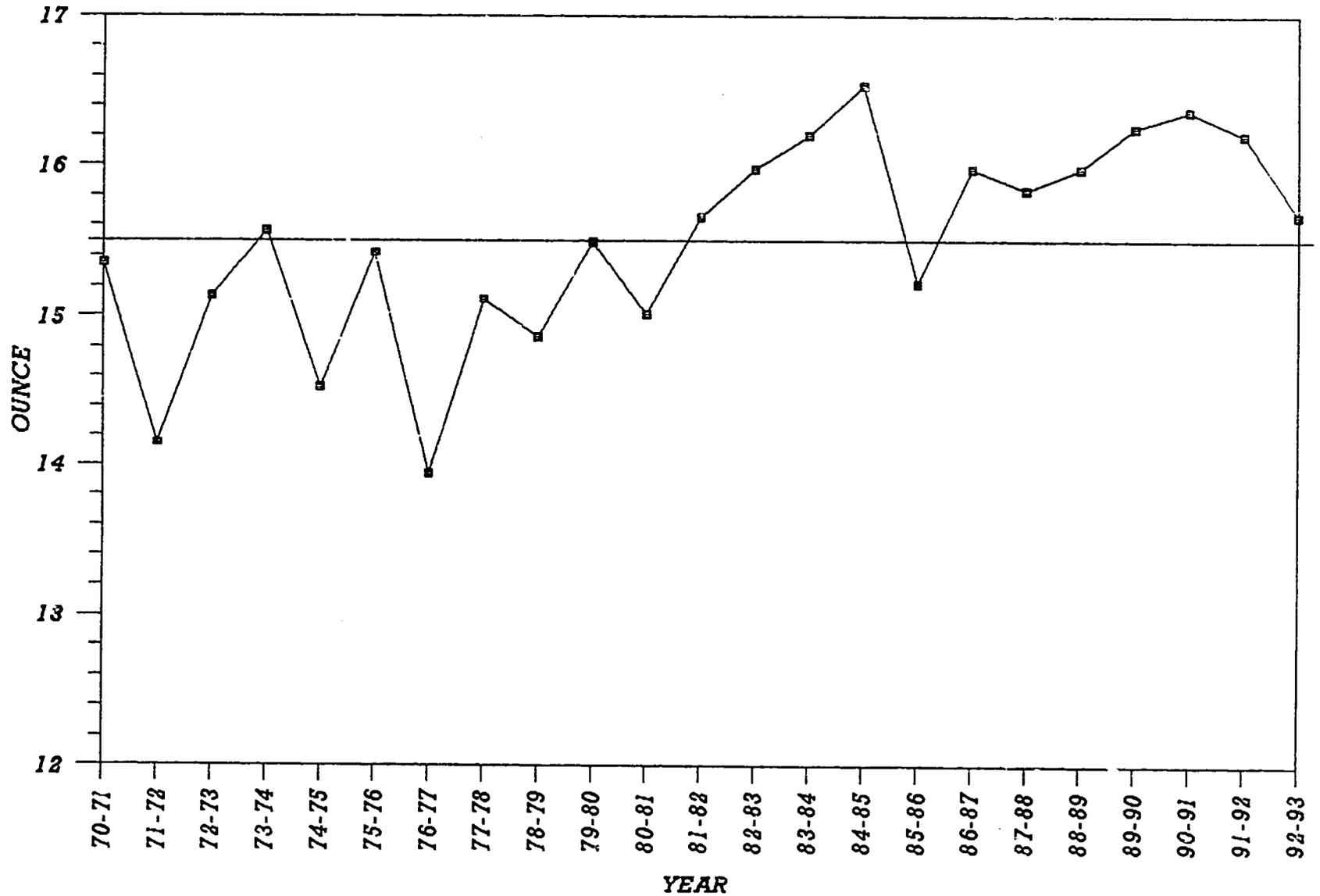
- (b) Although there was appreciable increase in production of foodgrains it was not sufficient to meet the consumption requirement of the population. According to BBS, the growth rate of population was 2.26 in 1961 census, 2.48 in 1974 census, 2.35 in 1981 census and 2.03 in 1991 census. Consequently the annual food gap per capita per day⁶ has never been filled up. It reached the highest

⁴ Bangladesh Food Policy Review : Adjusting to the Green Revolution WB Report No 9641-BD February 28, 1992.

⁵ Table no 11, Volume IV.

⁶ Table no 12, Volume IV.

Fig 7C Per Capita Availability of Foodgrains



1.81

peak about 2.9 million ton after independence in FY 73 and the lowest peak of about 0.37 million ton in FY 90. Government tried to narrow the food gap through import (commercial and aid) and internal procurement but per capita availability remained well below or near 15.5 oz most of the years upto FY 81. Thereafter per capita availability increased considerably above 15.5 oz. except in FY 86. Although more quantity of foodgrains are now available but its impact on nutritional level is yet unknown. Figure 7C presents the per capita availability of foodgrain from FY 71 to FY 93.

Increased Internal procurement to minimise import

- (a) Internal procurement was expected to serve a number of purposes. Firstly to ensure incentive price to the farmers for greater foodgrain production. Secondly to prevent foodgrain price sliding below the floor price (sale price below which the farmer would incur loss). Thirdly, to protect the farmers to hold back his produces for the time being against low and uneconomic open market price and sell to government procurement centers at the procurement price and fourthly, to minimize the need as well as the cost of import with scarce hard earned foreign exchange.
- (b) Success of internal procurement depended on a number of factors such as marketed surplus; price differential between the open market price and procurement price; government target and above all the sincerity and seriousness of the field level food officials. From Table no 7, Volume IV it is known that the during pre liberation time domestic procurement was negligible. Internal procurement became an important component of government food management after independence. After FY

75 internal procurement was on voluntary basis without any levy or cordon or border drive.

- (c) Figures in Table no 7, Volume IV do not present any pattern of procurement. It is obvious that procurement suffered in years of natural disasters destroying standing crops. The government made policy statements several times that any quantity of foodgrains offered for sale at government procurement centers would be accepted. It is difficult to ascertain whether the quantities procured annually confirm the statements. But instances are not infrequent about refusal of foodgrains offered for sale on flimsy grounds of higher moisture contents and below FAO standard.

- (d) Over the years new heavy procurement districts have emerged after independence due to increase of improved technology in agriculture. Heavy procurement districts in the 1960s and the new districts in the 1970-80s are noted below

Table 6.2
Heavy Procurement Districts

Pre Independence Heavy Procurement Districts (greater)	Post Independence Heavy Procurement Districts (greater)
1. Dinajpur	1. Dinajpur
2. Bogra	2. Rangpur
3. Rajshahi	3. Bogra
4. Rangpur	4. Rajshahi
5. Jessore	5. Sylhet
(excluding Narail and Magura)	
6. Khulna	6. Mymensingh (excluding Tangail and Kishoreganj)
7. Barisal	
8. Mymensingh (excluding Tangail and Kishoreganj)	
9. Sylhet	

More than 80% of procured foodgrains was generally received from the four greater districts in Rajshahi Division.

- (e) It is noted from Table 6, Volume IV that the annual food gap during FY 72-93 was sought to be met by import (both commercial and aid/ grant), food aid/ grant taking the lion's share. Internal procurement played an important role only in keeping the producer's price stable specially during the initial period of harvesting season, It also acted as some sort of incentive to the producers

a though all grain offered for sale by them were never accepted for procurement.

Declaration of procurement price

- (a) In the pre-independence days, the government used to announce the procurement methods and price of procurement of only aman paddy/ rice in the month of December. Procurement used to begin from 1st January. After independence, primarily on the suggestion put forward by USAID the government began to announce procurement price for each variety of foodgrain before the planting/ sowing season to provide incentive to the farmers to produce more specially by adopting the improved technology in agriculture.
- (b) The planting/ sowing and harvesting seasons of major foodgrains are noted below

Table 6.3
Crop season

Crop	Sowing/ Planting Season	Harvest Season	Life time
1. Aus	March-April	July-August	90-120 days
2. Aman	June-July	November-December	130-150 days
3. Boro	December-January	April-May	120-170 days
4. Wheat	November-December	March	120-140 days

Source : FPMU/ MOF

- (c) The procurement price announcement schedules for the crops were
- (a) For Aus on or before 1st April
- (b) For Aman on or before 1st July

- (c) For Boro on or before 1st December
- (d) For Wheat on or before 15th October

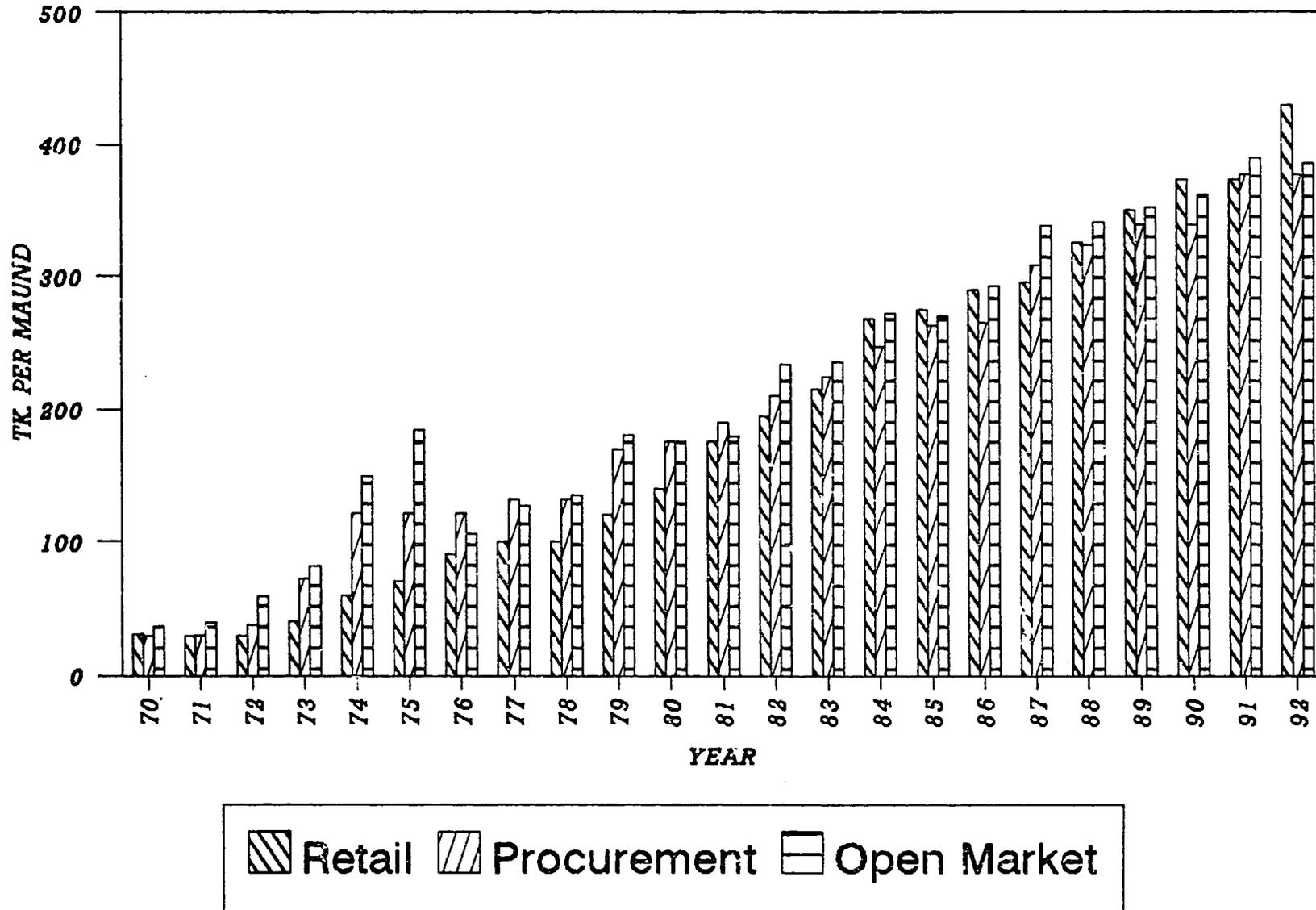
- (d) Table no 9, Volume IV indicates dates of admissibility of procurement price of individual crop. The government used to decide this price and the date and target of procurement at high level meeting chaired by the Chief Executive of the country. The procurement price announced in the previous year for any variety of paddy/ rice and wheat used to be applicable for any subsequent crop unless changed through fresh announcement

- (e) Internal procurement suffered heavily in Fy 93 inspite of bumper crop. In the past procurement methods through AGD system and Mill gate purchase came under heavy criticism as mechanisms aimed at allowing the agents more pecuniary benefits than to the farmers. It was recommended to procure rice through open tendering process. It was argued that the producers would not suffer more under this method than the mill gate system but the government would incur less cost since storage and issue of paddy and milling charge would be saved. Government efforts of procurement through tendering process did not meet with success due mainly to management incongruities. Powerful coterie of mill owners resisted the move and did not cooperate with the government. Time of purchase was not also suitable. In view of the current reforms of PFDS the size and suitable methods of annual procurement is to be determined on the basis of requirements and consensus.

Increase in Issue price of rice and wheat to reduce subsidy

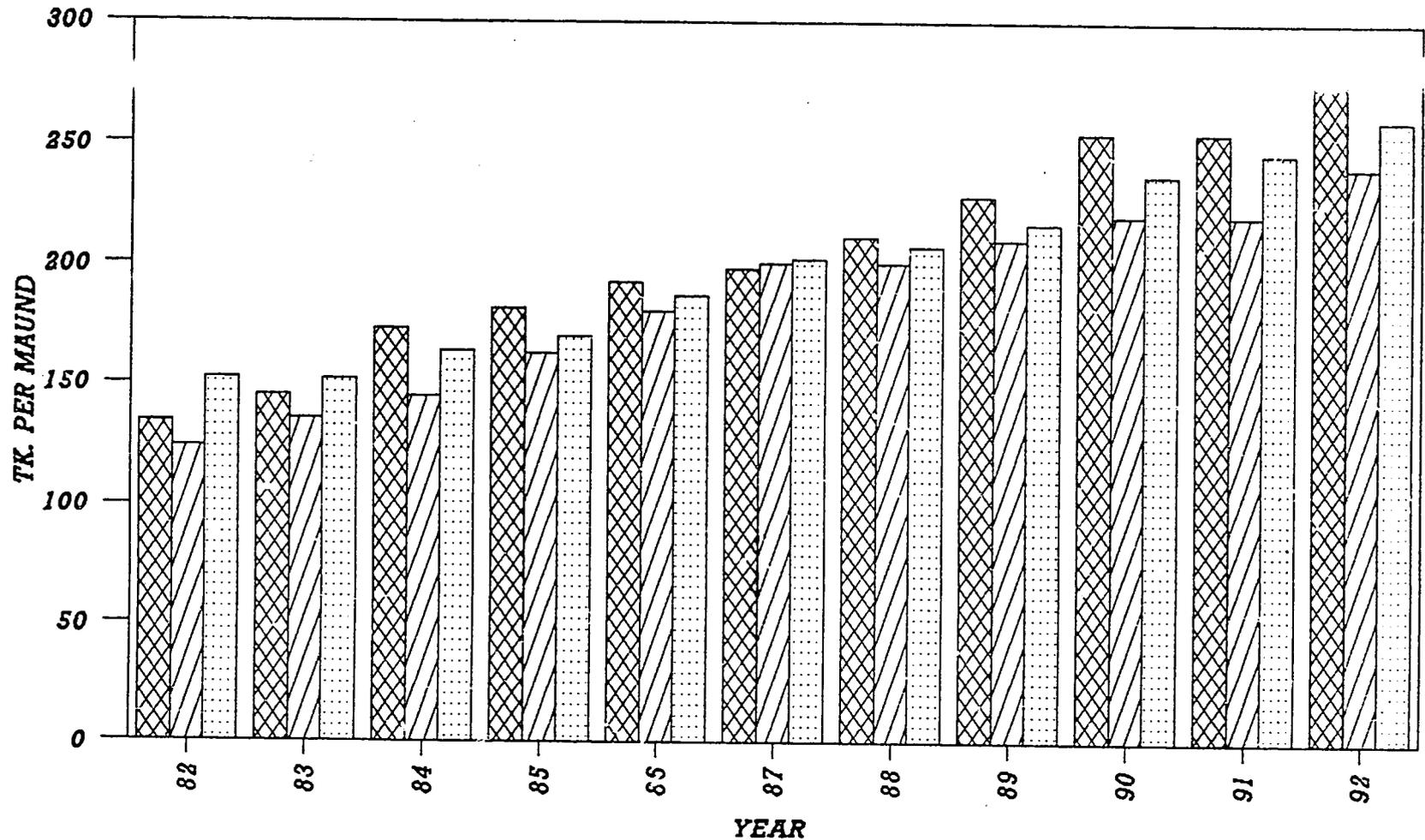
- (a) World Bank, USAID and other food aid donors were very critical about supply of foodgrains at highly subsidized rate to comparatively affluent groups of urban population and other categories belonging to EP, OP, LE etc. at the

Fig 7D Retail, Procurement & Average Open Market Price Of Rice From Calendar Year 1970 to 1992



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Fig 7E Retail, Procurement & Average Open Market Price Of Wheat From Calendar Years 1982 to 1992



199



cost of millions of rural poor living below subsistence level. They wanted the government to withdraw subsidy from foodgrain and divert the savings to development projects. Table no 2, Volume IV indicates that the Ministry was well aware of the problem and started increasing the issue price (both ex-godown and retail) from 1st July, 1973. Table no 8, Volume IV, figures 7C and 7D give the comparative picture of retail, procurement and average open market price of rice and wheat from 1970 upto 1992. Proportion of rice in the weekly cereal quota was reduced from 19 March, 1973 (Table no 1, Volume IV). Famine of 1975 forced the government to increase the proportion of rice again from 6th September, 1975 which continued upto 2nd December, 1977. Rice and wheat proportion, was equal between the period 3 December, 1977 - 2 May, 1980. Proportion of rice was drastically reduced from 3 May, 1980 and ultimately eliminated from 29 December, 1986. Total cereal quota was continuously reduced from 3 January, 1981.

Increase in storage capacity

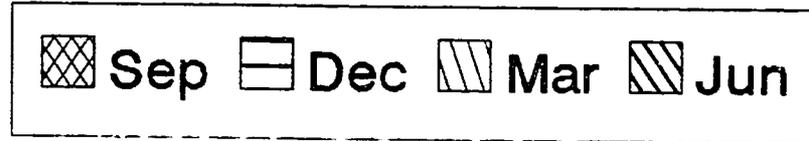
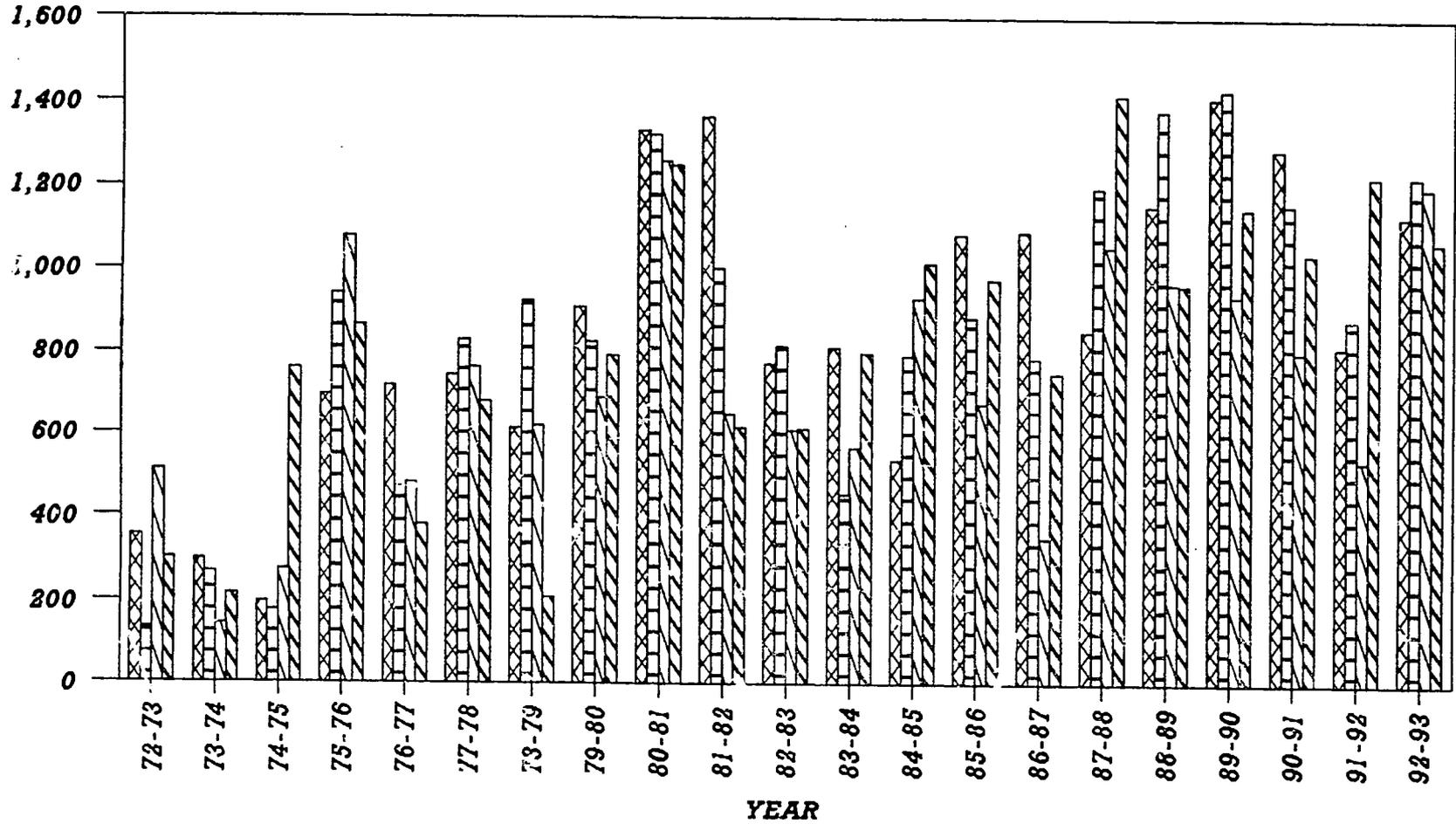
- (a) Evolution of storage facilities is stated in Table no 10, Volume IV. Storage capacity increased eleven times the capacity available in 1947-48 during the past four decades reaching the capacity of 1.848 million ton in 1989-90. The maximum increase accrued during the second five year plan (1980-85) by about 0.7 million ton.
- (b) Subsequent studies by World Bank and analysis by WFP and FPMU regarding the capacity utilization of silos and other types of storage facilities confirmed the view that the expansion programme was based on over estimation about the requirement of such facilities. Bulk storage of such large capacity as 100000 tons silo at a single place was not necessary. Lesser capacity of 50000 tons at

Chittagong, the port of entry and one or two other at some selected places such as Narayangong or at Mongla, the second port of entry could perhaps serve the purpose well. Even if the capacity build up in the CSDs was taken to be justified, expansion of LSD capacity in the nook and corner of the country was unjustified. LSD capacity at important locations only could have served the purpose.

Stock level of 1 million ton

- (a) Maintenance of constant stock level of 1 million ton all the year round was not an easy task. Table no 13, Volume IV indicates that during FY 73-93 stock of 1 million ton and above could be maintained only during FY 81 and FY 93. During FY 88-91 stock level was maintained in some months. During past 20 years stock level was below 1 million ton most of the time. Maintenance of adequate stock is considered essential to meet emergency situations. Build up of such stock depended upon internal procurement and import. In the coming years the food aid is likely to diminish. So stock build up would depend mainly on the success of internal procurement. Figure 7E shows the picture of month end stock held by the government.
- (b) Previously 3 months average monthly PFDS distribution equivalent to about 0.6 million ton was considered to be sufficient as security reserve. In view of the recent reforms in the PFDS and lesser distribution under PFDS a stock of 0.4 million ton is considered sufficient as security reserve. The government is expected to decide on the size of security reserve which should be sufficient for intervention through OMS for longer period if need be for stabilization of foodgrain prices during high price period.

**Fig 7F Month End Stock
March, June, September & December**



Reduction in Urban bias of PFDS in favour of rural bias

- (a) Rationing of foodgrains as experienced by the people of the country during the past five decades meant periodic distribution of fixed quantity of foodgrains at considerably cheaper price than the prevailing market price of similar quality. So the rationing system by its very nature, should have been aimed at alleviating the needs of poor and vulnerable section of the population irrespective of areas they lived. Unfortunately this simple objective of the rationing system remained not only unfulfilled but also neglected during the long five decades. It acted as an effective tool of the government in power to appease the political bases in urban areas. Although the government accepted the need of restructuring the PFDS the actions taken were slow in result as will be evident from Table no 3, Volume IV. The non monetized channels such as FFW, VGD, GR, TR, etc. were directed mainly to target groups in the rural areas. Although the percentage of these channels gradually increased from FY 79 it exceeded more than half of the total PFDS distribution only once in FY 93.
- (b) Government attitude about urban supplies vis-a-vis rural supplies was explained in the Memorandum for the Bangladesh Aid Group, Mid year Review of Food situation, 1979-80 that abolition of urban supplies under rationing which has been in existence since 1943 in a single stroke will be a difficult task. The social, administrative and political consequence of such a step are fraught with dangerous consequences. It has to be gradually phased out. The government took a number of steps to reduce supplies in SR areas. Although these steps were not considered to be enough by the donors and World Bank these were indeed very important and bold steps taken by the government heralding a departure from the traditional

PFDS pattern ultimately culminating in wholesale reform of the system in the nineties.

- (c) Specific allocations of foodgrains for programmes under FFW and VGD mainly wheat started from FY 77 and FY 81 respectively and were progressively increased. On the average about half million ton was distributed under FFW which came down sharply to 0.37 million ton in FY 93. The annual average distribution under VGD varied between 0.2 and 0.5 million ton declining sharply to 0.13 million ton in FY 93.
- (d) The donors and the World Bank advocated increased distribution under OMS as a means of increasing foodgrains supplies to rural areas. OMS used to be conducted by the food department through private grain shops to stabilize foodgrain prices in the local markets. OMS was started on a regular basis from FY 79 but the quantity remained small. Distribution under this channel exceeded 0.2 million ton in FY 85 and FY 87-89. OMS was resorted to when the price of foodgrains increased above certain level. Absence of OMS in other years leads one to believe that the prices of foodgrains remained at reasonable level not too high and not too low which to some extent was due to satisfactory management of food by the government.

Due role of private sector in food operation including relaxation of restrictions on trading, stocking and movement of foodgrains

- (a) USAID and World Bank were always in favour of shrinking the government role and increasing the private sector role in food management. Both these organizations and other donors as well in subsequent stage favored participation of private sector in foodgrain trade inside the country and import without any hindrance. They argued

in favor of liberalisation of restrictive laws in this respect.

The restrictive orders were

- (i) The Bengal Rice Mills Control Order, 1943 under which rice mills were prohibited from milling rice without license and also to accept any paddy, during initial period, from anybody not possessing any valid permit to hold such commodity. Movements of milled rice were also restricted.
- (ii) The Essential Supplies (Temporary Powers) Act, 1946 and The Hoarding and Black Market Act, 1948 under which supply, distribution and availability of foodgrains at fair prices were regulated. Hoarding and Black marketing of foodgrains were made punishable offence.
- (iii) The sugar and sugar products control order, 1948 which required every producer and dealer to abide by directions regarding productions, sales, stocks and/ or distribution of sugar or sugar products.
- (iv) The East Bengal Flour and Dal Mill and Chakkis Control order, 1948 under which millers were prohibited from selling or disposing of any wheat product except in accordance with a permit or order issued by a competent authority.
- (v) The East Bengal Foodgrains (Movement Control) order, 1949 which prohibited export of foodgrains from the country.
- (vi) The East Bengal Food Stuffs Price Control and Anti Hoarding order 1953 under which government was authorized to fix maximum selling prices of food stuffs by retailer/ wholesaler/ any other person for different areas. Trading of foodstuffs except without license was also prohibited.

Limit was also imposed on quantity of foodgrains which could be kept in stock and the period of such stock. Movement of foodstuffs from one place to another by rail, road, river or any other means was also prohibited.

- (vii) The Essential Articles (Price Control and Anti Hoarding) Act, 1953 under which similar restrictions mentioned in (vi) above were imposed in respect of an essential article.
- (viii) The East Bengal Essential Foodstuffs Anti Hoarding Order 1956 under which bringing of essential foodstuff by land, water or air into any area was restricted without a valid permit, stocking of essential foodstuff without license and movement of such foodstuff by any person from one non statutory rationed area to another non statutory rationed area without any valid road permit were prohibited.
- (ix) The East Pakistan Control of Essential Commodities Act 1956 under which the government was empowered to regulate supplies, distribution, availability at fair prices, storage, transport, consumption and trading of foodstuffs.
- (x) The Food (Special Courts) Act 1956 under which trial of persons contravening the provisions of the East Pakistan Control of Essential Commodities Act 1956 were provided.
- (c) Restrictive laws such as anti hoarding and movement of foodgrains order, carrying on business of foodgrains without license etc. were withdrawn from 3rd December, 1989. Import of foodgrains was also allowed from FY 93. These actions ensured large scale participation by private traders in foodgrain business. After these steps no untoward happening was noticed in the foodgrain sector. There was ample supply of foodgrains in the market and the prices also remained at reasonable level.

The private sector appeared to earn the trust of the government and it is expected that their large scale participation would continue.

BETTER MANAGEMENT AND MONITORING OF FOOD POLICY

- (a) During pre-independence days the Food Department and in the initial years of post-independence period the Ministry of Food and Civil Supplies used to administer food matters with the help of central staff and field level employees. The feed back arrangement from the fields was poor and not well organised. It was not possible to know the food storage position, food movements, crop condition, procurement progress etc correctly due to time lag. There was no scientific method of data collection analysis and policy suggestions with promptness due to lack of proper orientation on the part of the food official. So policy decisions and their implementation suffered.
- (b) The World Bank mounted a Food Policy Review Mission in 1977. The Mission found a frame work of institutional mechanism was lacking for formulation and monitoring of food policies, both short and long run with inter related facts to serve high policy makers effectively. The Mission recommended for establishment of a "Food Policy Unit" with full time professional secretariat to (a) monitor and project food production, prices, stocks, offtake, procurement and imports; (b) devise and operate an early warning system; (c) analyse food policy issues and (e) advise the government on policy reforms. These recommendations were endorsed in the 1978 Food Aid Group meeting.
- (c) In the aftermath of 1979 drought another WB Mission visited Bangladesh to consider requirement of additional

food imports and changes required in food policies to avoid food shortages in 1980 and to set Bangladesh's food management on a sound footing.

- (d) The government agreed in principle to create the Food Policy Unit and requested the International Food Policy Research Institute to provide consultancy service towards the establishment of the unit. In the face of 1979 spring crisis, the cabinet - level committee on Food was reconstituted with the President as Chairman and the Minister of Planning as the Co-ordinator and a Food Planning and Monitoring Unit (FPMU) was set up at the Secretaries level with the Minister of Planning as Chairman (Convenor) in the middle of 1979. The FPMU was first placed under the Planning Commission. It was transferred to the Ministry of Food in 1983.
- (e) The national level Food Planning and Monitoring Committee (FPMC) continued to function and decide food policy issues. The FPMU, after its transfer to the Ministry of Food was reconstituted with the Minister of Food as Chairman. The FPMU provided secretarial support to the FPMC.
- (f) The responsibilities of the FPMU were
 - (i) To function as research unit of the Ministry of Food and supply analytical data to the National Food and Monitoring Council and the Ministry;
 - (ii) To undertake long and short term study through local as well as expatriate consultants and professional persons in the fields of food subsidy, price, procurement, distribution and management within the overall frame work of food security plan;

- (iii) To evolve an early warning system for alerting the concerned agencies in time about the possible food shortage and insecurity among the consumers;
- (iv) To create a data bank with the help of concerned agencies of the government;
- (v) To prepare and distribute food situation report on a regular basis.
- (g) FPMU has been rendering valuable support to the FPMC in deciding policy issues in food management. A number of studies carried out by FPMU jointly with the International Food Policy Research Institute (IFPRI) with project aid provided by USAID in respect of stabilization of internal procurement price, evaluation of PFDS, trends in rice price vis-a-vis labour wages and optional food storage have contributed significantly towards effecting suitable changes in the food policy and management.
- (h) The role and importance of FPMU is expected to increase in the crucial years ahead atleast upto 2000 AD watching and analysing the food situation in the country and feeding the FPMC in shaping the future food policy and management. To enable FPMU perform its assigned tasks, the Unit needs to be integrated with the Ministry on a permanent footing even it becomes necessary to curtail the strength in other wings.

7.6 FOOD POLICY OF THE FUTURE

Food is a very sensitive item in human life. It plays havoc in society both in plenty and in scarcity enjoining careful handling. So food is required to be managed well. The question is whether it should be managed by the government jointly with the private sector or alone.

The food management in the past five decades was in the hands of the government. The country passed through a number of political, social and economic upheavals profoundly influencing the life of the people. Food crisis persisted requiring huge quantity of food aid. It was not possible for the government to undertake radical changes in the food management and for that matter in the PFDS. But the government initiated steps towards reform soon after independence.

The radical reforms introduced in the PFDS the mirror of government food management in late eighties and early nineties such as cancellation of several channels of PFDS both urban and rural, import of wheat by private sector, internal procurement through open tendering process etc has appreciably reduced the role of government and increased the participation of the private sector.

It is apprehended that the quantum of annual food aid is likely to decline in the years ahead completely stopping by 2000 AD or even earlier. Any import programme of foodgrains, rice or wheat, might be shared by the government and private sector through mutual understanding.

The donors are insisting on stoppage of rationing supplies to other channels such as EP, OP, FM, AC, etc. These channels may arrange with the private sector for their supplies. Or government may find out ways to solve the issue.

Complete withdrawal of the government from food management will not be, perhaps, advisable. Government should continue to maintain adequate security reserve of food to meet emergency situation at least for the time being situation and also to continue internal procurement to ensure floor price to the farmers and undertake OMS to stabilize prices in high rise periods. Government role in food management will however depend on foodgrain situation in the country undergo suitable changes with the demand of time.