

## Prof Wahiduddin Mahmud says: Govt should take step to stem tide of food-price hike

UNB, Dhaka

Noted economist Prof Wahiduddin Mahmud suggested the government to take steps to stem the tide of food-price rises beyond reach, including timely release of grains from the stock and making adequate import.

"Government has to take steps as the food price will cross the line of a price. This step will ensure there will be no panic and this will establish stable price of food-grains," he said at a seminar on 'Global Food Crisis: Causes, Consequences and Policy Choices' at the PKSF auditorium.

Prof Mahmud, chairman the Institute of Microfinance, opined that the government should take a 'brave decision' to buy food-grains from the world market at higher prices as the balance-of-payments situation of the country is not that much 'vulnerable'.

He refused to go for the option of import of food only through the private sector. "This option is not acceptable, neither from the political aspects also," he told the meet, organized by the Institute of Microfinance.

He asked the caretaker government to take knowledge from the stocking process that was done in the 70s and 80s, so that food does not rot in silos while people go hungry.

"At that time food-grains were not kept in stock for longer than six months as the food value of the foodstuff decreases. Do the bureaucrats know this fact...? If they knew, they must take steps to sell out the cereals kept in the godowns for over six months," said the eminent economist of the country.

He noted that the country annually imports 2.5-3 million tons of food-grains, mostly wheat. "Now the burning question is who will import those-private sector or public sector."

The former Finance Adviser of caretaker government informed that potato is not a good substitute for rice; rather flour is the best substitute for rice.

He stressed the need for keeping the food prices in a stable position. "If the situation became unstable, then it would be very much hard for anyone to make any future comment," he said.

World Bank lead economist Dr Hassan Zaman presented the keynote paper at the seminar. In the keynote he said almost all of the increase in global maize production from 2004-2007 went for bio-fuels production in the USA while existing stocks depleted for an increase in global consumption for other uses.

"Land use changes due to increased use of maize and oilseeds for bio-fuels led to reduced plantings of wheat, record subsequent depletion of world wheat stocks to record lows, and a surge in wheat prices," he said.

He mentioned that estimated increase in global US\$1/day poverty headcount is 4.5 percentage points (or 105 million additional poor worldwide).

He stressed higher levels of public and private investment in agricultural support services for boosting food production.