

Towards a corporate farming policy for Bangladesh

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Abstract: The objective of this article is to help formulation of a Corporate Farming (CF) policy for Bangladesh to increase agricultural growth ensuring safeguard of the interest of the farm sector particularly of the small farmers. Review of relevant literature was the method of writing this article. According to the findings of literature review, CF philosophy should be conducive to sustainable agricultural practices to accelerate agricultural growth and safeguard interests and autonomy of the farmers. As the principles, any affect on farmers due to CF should be compensated or rehabilitated by providing them with proper supports and subsidies. There should be a balance in the use labor and technology in agriculture to safeguard employment opportunities of the farmers. Any damage to soil and natural resources due to CF should have the legal provision of punishment and appropriate compensation. Problems of CF include myths regarding elimination of local middlemen, farmers' hyper indebtedness, politicizing agriculture against poor farmers, creation of monopolistic or oligarchic agricultural market, agricultural market volatility, corruption and breach of contract. Potentials of CF depend on proper backward linkage with farmers, using modern appropriate genetic engineering in agriculture, standardization of agricultural products appropriate for global agricultural market and modernization of farm implement industry.

Key words: Farming policy, Bangladesh.

Introduction

Corporate farming is a contemporary view of modern developed western economies in which the productive sector is dominated by large corporations characterized by a separation of ownership from control. In corporate farming, the corporation is an umbrella organization determining the running of individual farms – input and output prices and quantities. In the recent past corporate farming (CF) immersed as an industry and multinational corporations (MNCs) were approved by the WTO member countries like Bangladesh to do business in agriculture.

CF is a modern food industry issue, and encompasses not only the farm itself, but also the entire chain of agriculture related business, including seed supply, agrichemicals, food processing, machinery, storage, transport, distribution, marketing, advertising, and retail sales. In other words, CF may refer to the activities of mega-corporations involved in food production on a very large scale. Various adverse as well as beneficial implications are anticipated particularly on small farmers as MNCs start their operation in agriculture in developing countries. We could not yet identify alternatives to restructure the farm sector to mitigate those adverse impacts. The big question- what is the future of small farmers who comprises around 80% of the farm sector under corporate farming. The farmers are not yet prepared enough to face implications of CF and WTO in farm sector. It is no matter one agrees or not, in the current era of global market economy, each farmer of any place in the world is a market participant of the global agricultural market.

Advantages for contract farmers under CF are as: i) Inputs are often supplied by the sponsors, ii) Introduces new technology and varieties to increase yield and income, iii), iv) Enables farmers to learn new skills that can also be applied to other crops, v) Price risk is reduced, vi) Market is assured, vii) Opens up new markets which would otherwise be unavailable to small farmers.

Some practical examples of CF in Bangladesh can be mentioned here. Tobacco farming by Bangladeshi farmers in contract with British American Tobacco Company (BATC) may be considered as an example of CF in the southeastern and south western parts of Bangladesh. BATC provides farmers with inputs and credit at the farm gate and buys tobacco from the farm gate.

Farming by enterprises like Kazi Tea and Kazi Farms of Bangladesh resembles CF. Bangladeshi commercial

concerns Milk Vita, Arong and Pran are operating their pasteurized milk business collecting milk from their contract farmers. Bangladeshi enterprises collect shrimp from their contract farmers and export to foreign MNCs. A few NGOs in some areas including Savar have contract farmers of mushroom for export.

Sugar Mills of Bangladesh collects sugarcane from contract farmers. There is overlapping of both the characters, corporate farming and contract farming in the operation of all those enterprises. Thus, CF has become an emerging phenomenon in Bangladesh. MNCs are earning profit through CF and farmers are benefited from CF.

In the above paradigm it became an imperative to formulate a corporate farming policy for Bangladesh. This article was an attempt towards help formulation of the Corporate Farming Policy for Bangladesh.

Method and objectives

Review of relevant literature was the method of writing this article. The general objective of this article was to help formulation of a corporate farming policy for Bangladesh to increase agricultural growth ensuring safeguard of the interest of the farm sector particularly of the small farmers. To fulfill the general objective, the specific objectives of the article were as: a) to define corporate farming philosophy of Bangladesh, b) to set corporate farming principles of Bangladesh, c) to indicate the problems and potentials of corporate farming in Bangladesh.

Corporate farming philosophy for Bangladesh

- 1) The CF is to increase agricultural growth rate ensuring safeguard of interest of majority of the farmers i.e. the medium, small and marginal farmers of Bangladesh.
- 2) Farmers of Bangladesh should have secured right to find out their own ways to survive and also to find out their way back to sustainable and farmer-friendly farming practices if destroyed by mechanization and modernization of farming.
- 3) Enriching the land, generating fertile soil, regenerating natural soil fauna, conserving natural resources, harnessing surface water use, conserving indigenous seeds, and other practices related to sustainable farming are not just farming practices, but also important jobs that add to the country's assets. Therefore, such farmers should be given various incentives by the government.

Corporate farming principles for Bangladesh

- a) Since CF allows large scale periodical operational transfer of agricultural land to corporations in the name of development, relevant farmers should be given direct support apart from loan relief.
- b) Farmers engaged in revival and improvement of indigenous and sustainable farming practices should receive subsidy and support from the government.
- c) Moving people against their will out of the agricultural sector in the name of reducing dependency on agriculture should not be allowed.
- d) Moving people out of agriculture should have mandatory clear specification as to where these people will be moved, and where and how to rehabilitate them.
- e) Causing permanent damage to Bangladeshi soil and natural resources due to CF should have the legal provision of punishment to the concerned and appropriate compensation.
- f) Production-cost based price compensation should be given instead of loan relief.
- g) Organic farming should be ensured in more than 50% land under CF.
- h) Technology and inputs have to be integrated with farming practices in such a way that farmers can use them in their own way, without either government support or help from input dealers.

Problems of corporate farming in Bangladesh

Structural Problems:

- a) In spite of bright prospect of CF there is a myth that CF will eliminate the intermediaries between farmers and consumers, as the corporations themselves are the bigger intermediaries.
- b) CF may add to farmers' woes and increase exploitation of farmers through abuse of the system.
- c) Usually state supports (efficient or not) get politicized with benefits going to those who are politically influential. In such a situation, policy supports may not reach to the target farmers.

Legal Problems:

- a) Farmers may breach the contract and sell their inputs/products outside.
- b) Corporations may breach the contract with farmers.
- c) Inefficient management of sponsor corporations may result to manipulation.
- d) Inadequate counseling with farmers may lead to farmer discontent and jeopardize CF operations.
- e) Tenant farmers under CF without legal control of the country may run into problems with landowners which can affect business of the relevant corporation.

Market Imperfection Problems:

- a) Agriculture may be viewed as an industry when it provides significant economies of scale to large producers. As is the trend in such industries, agricultural production in most free-market economies has been increasingly concentrated at the hands of a small number of mega corporations. If this trend continues, markets for agricultural commodities may suffer from imperfection.
- b) Risk of sudden national or international market failure may result to employment, production and income decrease or failure problems.

- c) Sponsoring companies may come out as unreliable due to market imperfection.

Potential of corporate farming in Bangladesh

- a) Potential of CF in Bangladesh depends on fruitful backward linkage with the large number of small and medium farmers for the products that the farmers themselves do not consume.
- b) CF practices may also more readily involve the use of genetically modified crops, hormones, preservatives, color additives and insecticides, with a view to maximizing yield and profit.
- c) CF may open the global agricultural market to the farmers of Bangladesh through ensuring the international standard in input use, plant nursing, harvesting, carrying, quality control, processing, packaging, transporting and retailing.
- d) Farm implement industry of Bangladesh may have a big push towards the increase in quantity and quality of products to meet the demand of the CF sector.
- e) Agricultural commodities of Bangladesh may emerge as competitive in the export market qualitatively and quantitatively if the corporations market Bangladeshi agricultural products through actual chain stores in abroad.
- f) Domestic consumers of agricultural commodities may get varieties in quality, quantity and standard.
- g) CF with small farmers can be politically more acceptable than estate.

Corporate farming philosophy of Bangladesh should be conducive to sustainable agricultural practices which can accelerate agricultural growth safeguarding the interest and autonomy of the farmers.

As the principles, any affect on farmers due to CF should be compensated or rehabilitated by providing them with proper supports and subsidies. There should be a balance in the use labor and technology in agriculture to safeguard employment opportunities of the farmers. Any damage to soil and natural resources due to CF should have legal provision of punishment to the concerned and appropriate compensation. Problems of CF include myth of elimination of local middlemen, farmers' hyper indebtedness, politicizing agriculture against poor farmers, monopolistic or oligarchic agricultural market, market volatility, corruption and contract breaching. Potentials of CF lie in proper backward linkage with farmers, application of modern appropriate genetic engineering in agriculture, standardization of agricultural products for global market and modernization of farm implement industry.

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