

Procurement under this scheme during the November to January harvest was limited to some 150,000 tons. From Mission discussion with various officials it would appear that the scheme was less than successful for a variety of reasons including an inadequate administrative structure, poor records of land holdings, and the influence of local interest groups.

Food Rationing System

The Government of Bangladesh distributes imported foodgrains as well as locally procured rice through a complex ration system. In general, food is distributed through authorized ration shops to ration card holders. The system provides foodgrains, at a highly subsidized rate, on a priority basis to defence forces, industrial workers and government institutions, then as a second priority to the five major urban areas and finally to the rural areas. There had been evidence of considerable distortion inspired by the large discrepancy between uncontrolled and ration prices, a large number of fraudulent ration cards being in circulation. The Government of Bangladesh has taken steps however to control these abuses and is distributing a new set of ration cards with much stricter control over their issuance. The degree of subsidization, the difference between ration prices and normal prices, should be kept under close review.

The ration system was originally intended to ensure sufficient foodgrains at moderate prices for the urban areas. It still has a large bias towards serving the urban areas, which by Bangladesh standards is basically middle class. Its effectiveness in terms of feeding the poor during times of scarcity or as a mechanism to stabilize price fluctuations could be improved substantially.