

The Food Price Chain

Markets, Margins and Intermediaries in Bangladesh

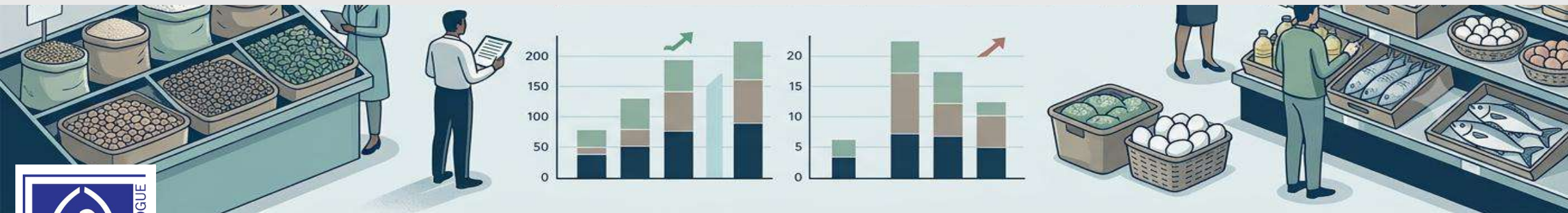


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Outline

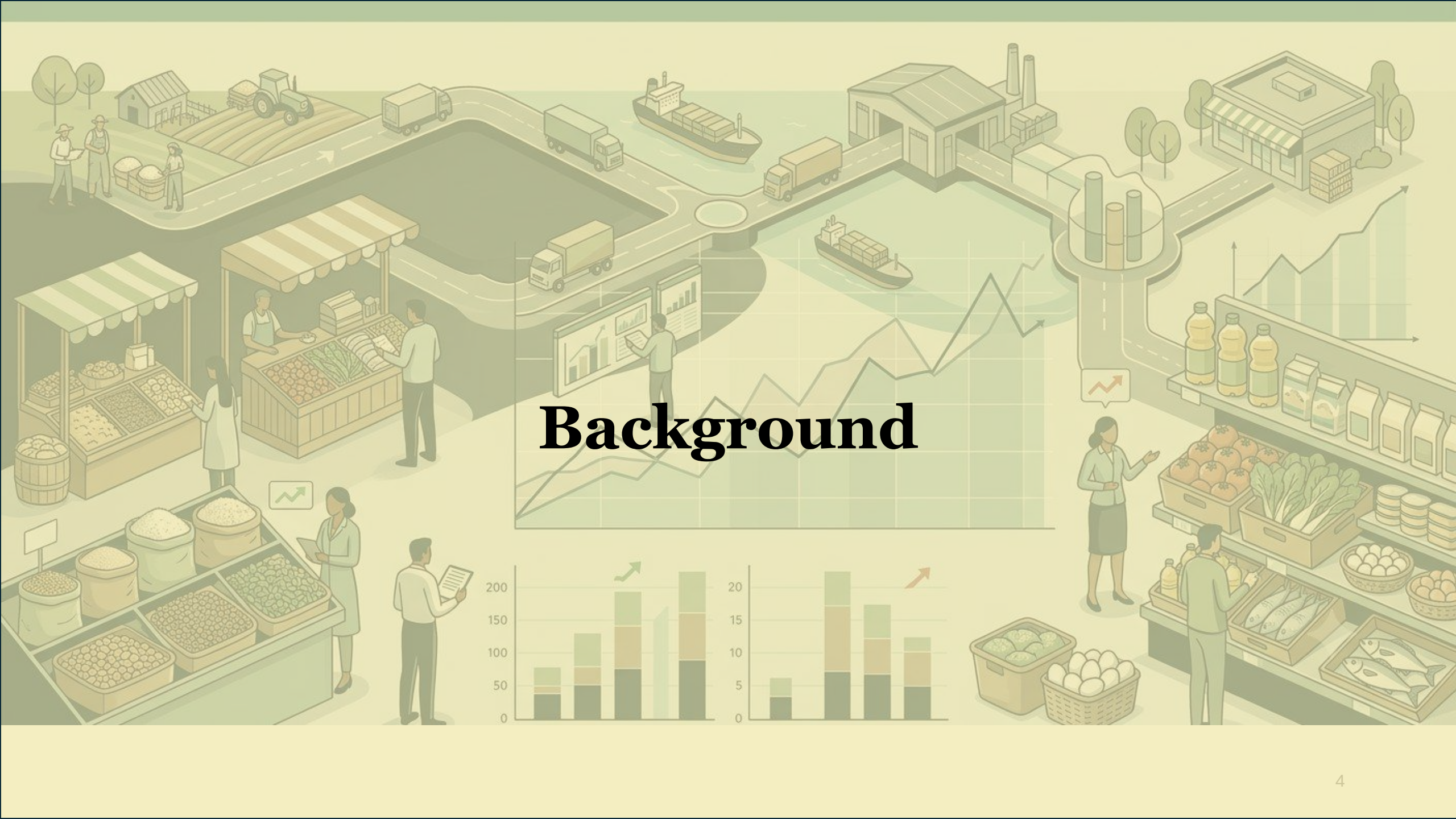
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Background

Rising Food Prices in Bangladesh: What May Be Driving Them

Supply-side Drivers of Food Inflation



Market concentration, hoarding & warehouse-operator dominance



Commission agents & middlemen dominance



Supply shortages and seasonal disruptions



Inadequate storage, transport, and cold chain facilities



Production costs and, for some commodities, import-related price pressures



Unpredictable weather & poor pest management



Post-harvest losses (onion, potato, brinjal)

~30% of Bangladesh's population remains food insecure despite recovery from COVID-19.

Despite increases in nominal wages, persistent inflation constrained real wage growth, eroding purchasing power and increasing household vulnerability to poverty.

Why Look into the Food Price Chain?

➤ **Food inflation is not only about how much prices rise; it is also about how prices are formed.**

- Food prices in Bangladesh have remained high and volatile, with food inflation playing a major role in overall inflation in recent years.
- The impact is particularly severe because food accounts for a large share of household expenditure, especially among lower-income households. The poorest households have much less capacity to absorb sustained increases in food prices.
- Yet movements in retail prices cannot always be explained by changes in production costs or aggregate supply conditions alone.
- Between the producer and the consumer, commodities pass through several stages involving traders, commission agents, processors, wholesalers and retailers.
- At each stage, costs, margins, market power, storage, transportation, losses and trading practices can influence the final price paid by consumers.
- Understanding food inflation therefore requires looking beyond the retail price and examining where and why value and prices are added along the chain.

What Does the Food Price Chain Help Us Understand?

➤ **Tracing prices from farm gate to retail allows us to identify the mechanisms behind price increases.**

- **Where do prices rise most?** Identify the stages where the largest price increases occur between producers and consumers.
- **What drives the increase?** Distinguish legitimate costs, such as transport, storage, and processing, from unusually high margins or market inefficiencies.
- **Who receives what?** Examine how the final consumer price is distributed among farmers, intermediaries, processors, wholesalers and retailers.
- **Does market structure matter?** Assess whether concentration, collusion, hoarding, stockpiling or dominance by particular agents contributes to price formation.
- **Where should policy intervene?** Identify whether interventions are needed at production, storage, transportation, wholesale, retail or market-governance levels.

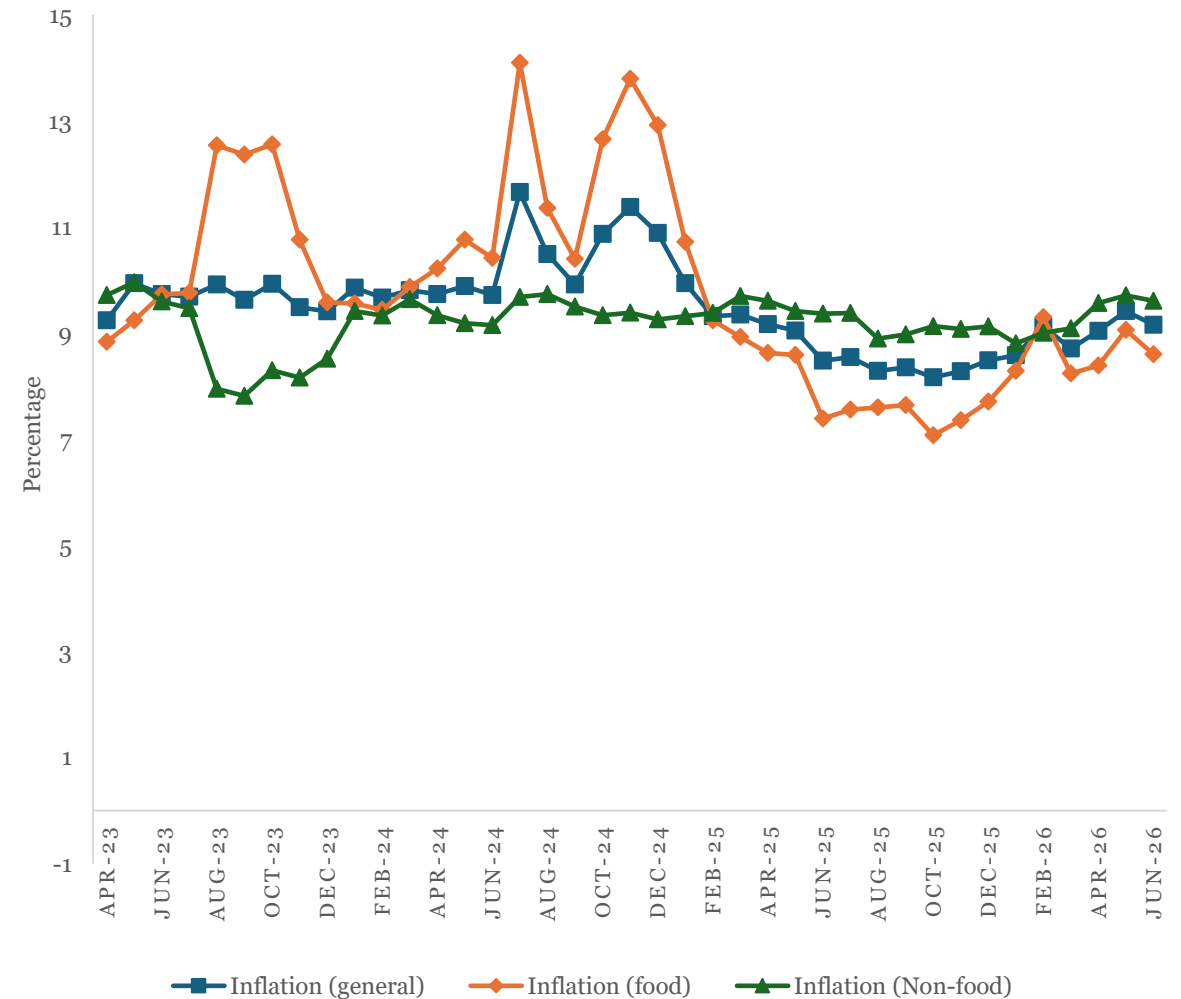
Objectives of the Study

- Trace the supply chains of selected essential food commodities from retail markets back to producers.
- Examine how prices, costs and margins change across successive stages of the chain.
- Assess the role of supply shortages, market concentration and intermediaries in price formation.
- Document reported concerns about collusion, hoarding, stockpiling and other trading practices.
- Identify practical policy measures to improve market efficiency, competition and producer–consumer outcomes.

Recent Inflation Dynamics in Bangladesh

- General inflation remained persistently high between April 2023 and June 2026, fluctuating mostly between 9% and 11%.
- From April 2026 to June 2026, general point-to-point inflation remained above 9%.
- Food inflation exhibited the highest volatility, recording sharp increases during the second half of 2023 and peaking again in mid to late 2024 at around 14%.
- The surge in food inflation was the primary driver of the rise in overall inflation during 2023 and 2024.
- Non-food inflation remained relatively stable, ranging between 8% and 10% between April 2023 and June 2026, indicating comparatively lower price pressures in non-food items.
- From early 2025 onwards, both general and food inflation showed a gradual declining trend, suggesting some easing of inflationary pressures.
- Food inflation declined significantly during mid-2025, falling below general inflation and contributing to the moderation in overall inflation.
- However, food prices have been the most important and volatile component influencing Bangladesh's inflation dynamics.
- As per BBS and UNWFP 2025, food alone constitutes 59% of the CPI basket, and over 60% of households already spend at least half their income on food, with lower-income households bearing an even greater share.

Figure: Trend in point-to-point inflation (Base index 2021-2022= 100)



Source: BBS

Distributional Burden of Rising Food Prices in Bangladesh

- Consumption patterns follow Engel's law, i.e, the poorer the household, the larger the share of its budget devoted to food (HIES 2022).
- The bottom 5% of households spend 59.8% of their consumption expenditure on food against a national average of 45.8%.
- The top 5% spend only 28.9% on food, a gap of nearly 31 percentage points between the two ends of the consumption distribution.
- Rural households carry higher food shares than urban households at every decile, compounding the burden for the rural poor.
- Because food dominates poor households' budgets, any given rate of food inflation raises their effective cost of living significantly compared to the richest households.
- Poor households have little room to absorb food price shocks, and they cut the quantity and quality of diets, with direct nutritional consequences.

Table: Share of food in household expenditure baskets, by consumption decile

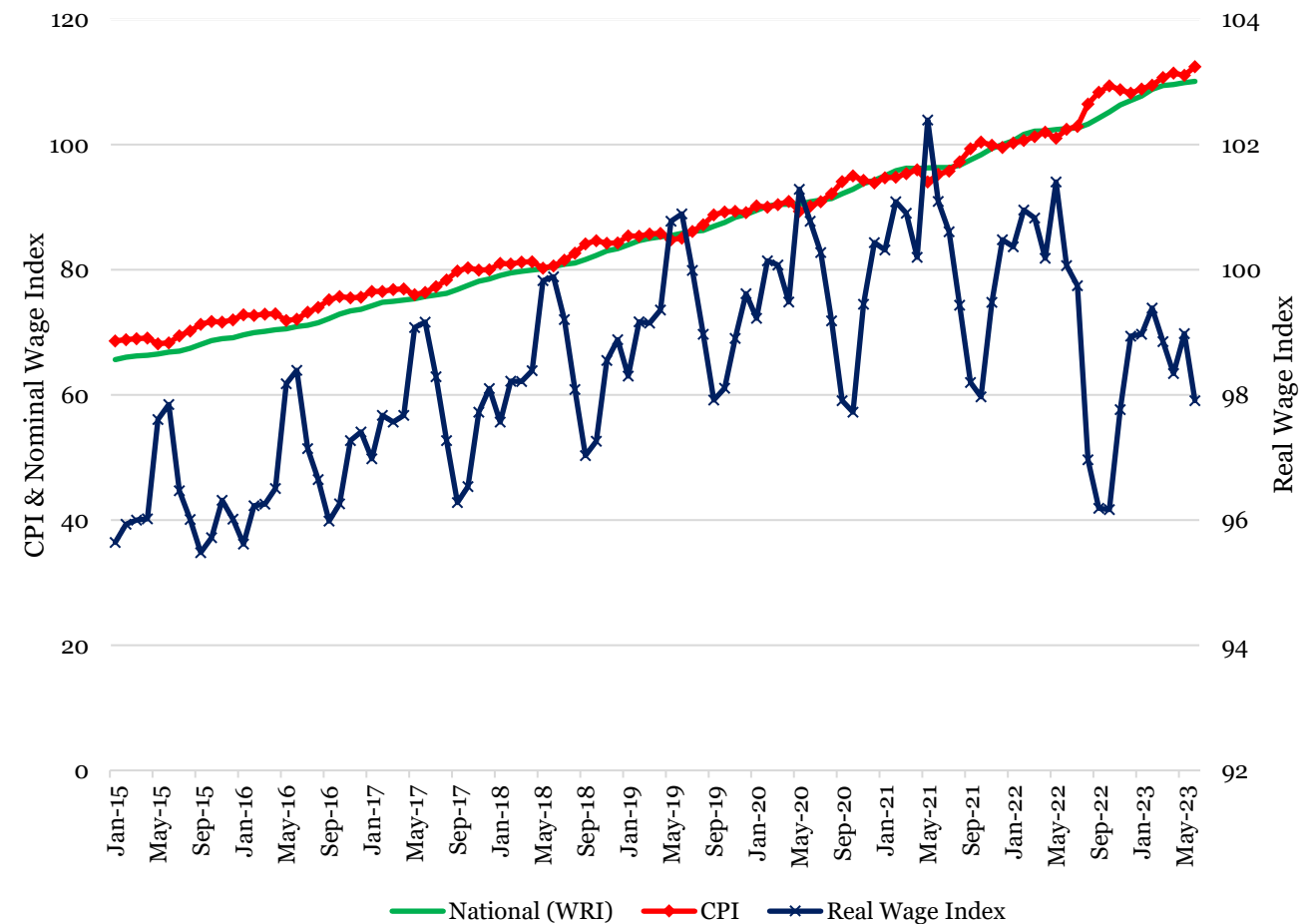
Decile of Consumption	National		Rural		Urban	
	Food	Non-food	Food	Non-food	Food	Non-food
HIES 2022						
Total	45.8	54.2	50.1	49.9	39.7	60.3
Bottom 5%	59.8	40.2	60.9	39.1	56.6	43.4
Decile 1	58.4	41.6	59.0	41.0	55.6	44.4
Decile 2	56.7	43.3	57.5	42.5	53.4	46.6
Decile 3	55.9	44.1	56.3	43.7	51.4	48.6
Decile 4	53.7	46.3	55.6	44.4	49.5	50.5
Decile 5	52.0	48.0	54.1	45.9	48.8	51.2
Decile 6	50.8	49.2	51.8	48.2	47.2	52.8
Decile 7	49.9	50.1	51.6	48.4	43.5	56.5
Decile 8	47.4	52.6	49.7	50.3	41.7	58.3
Decile 9	44.8	55.2	48.5	51.5	36.8	63.2
Decile 10	33.3	66.7	42.2	57.8	26.7	73.3
Top 5%	28.9	71.1	39.4	60.6	23.9	76.1

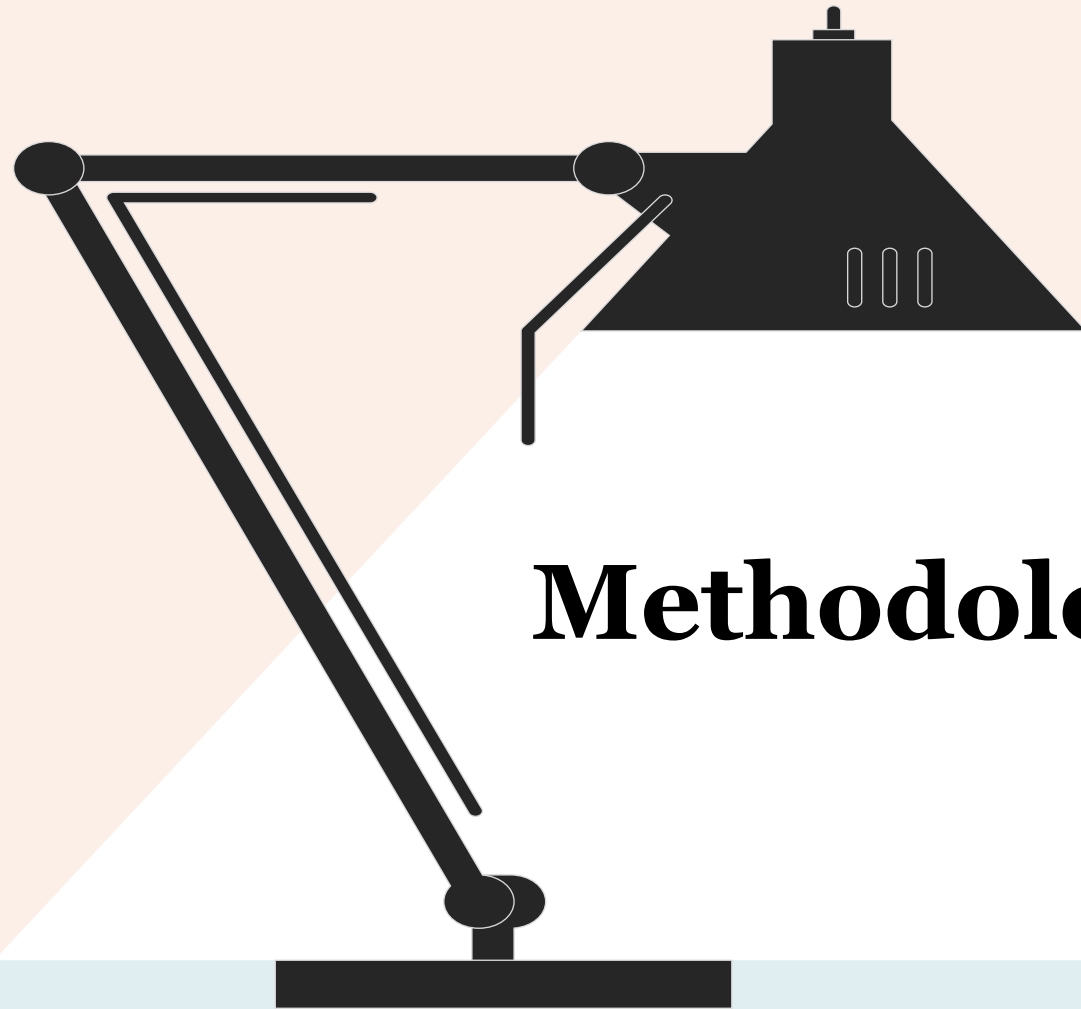
Source: HIES 2022

Inflation and Trend in Real Wage

- The Real Wage Index exhibited considerable month-to-month fluctuations, suggesting that much of the increase in nominal wages was offset by inflation.
- Periods of elevated inflation, particularly during 2022 and early 2023, coincided with noticeable declines in the Real Wage Index, indicating a deterioration in workers' purchasing power despite continued increases in nominal wages.
- This suggests that while nominal wages have generally kept pace with rising prices over the medium term, improvements in real earnings have been limited.
- When inflation persists without corresponding gains in real purchasing power, households are compelled to reduce consumption, deplete savings, or incur debt, thereby increasing their vulnerability to falling into poverty.
- Therefore, sustaining progress in poverty reduction will depend, in part, on ensuring that increases in real wages keep pace with inflation, particularly for low-income households.

Figure: Inflation and real wage in Bangladesh: implications for household purchasing power, 2015–2023





Methodology

Methodology: Backward Tracing of Supply Chains

- Focus on **domestic supply chains** of 10 essential **domestically produced** food commodities to isolate **supply-side inflation drivers** from international price shocks.
- Start from **selected retail markets** and **trace each commodity backwards** to the farm or producer.
- **Identify the main upstream source** reported by market agents at each stage.
- **Record** buying/production costs, marketing costs, selling prices and margins across the chain.
- **Construct commodity-specific chains** to examine how price formation differs across products.

List of Selected Commodities

Product name	Variety
 Rice	Medium (Paijam)
 Lentil	Lentil (Musur)
 Onions	Onion (Native)
 Potato	Potato
 Green Chilli	Green Chilli
 Brinjal	Brinjal
 Egg	Hen egg (Firm)
 Beef	Beef
 Fish	Rhui
 Chicken	Hen (Broiler/Sonali, Live)

Sampling Strategy and Scope

- **10 retail markets** were selected through **simple random sampling** from the BBS sampling frame of **37 markets** in the Dhaka Division.
- In each market, **5 retailers** were surveyed for each of the **10 selected commodities**, resulting in **500 retailer interviews**.
- Upstream agents were identified using **retailer-reported purchase sources**, constructing **10 market-specific value chains** for each commodity.
- At each stage, the **most frequently reported agent/market** was selected as the next node; **ties were resolved by lottery**.
- The process continued sequentially until the **farmer/producer** was reached.
- The survey recorded buying/production costs, marketing costs, selling prices and margins across the chain.
- In doing so, the study surveyed a total of **820 market agents** across all 10 commodities.

Who Are the Market Agents?

Farmers/producers: first node of production.

Farias and beparis: collect, aggregate and move products from producing areas toward larger markets.

Aratdars/paikers: brokers, commission agents or wholesale-market intermediaries linking buyers and sellers.

Millers/processors: transform products such as paddy into rice.

Wholesalers: trade larger volumes from fixed market premises.

Retailers: final market node selling directly to consumers.

Intermediaries perform different functions; the issue is whether each stage adds value efficiently and competitively.

How to Read the Supply-Chain Results

- **Gross Marketing Margin (GMM):** The difference between the selling price and the buying price of a product at a particular stage of the market chain.

Gross Marketing Margin (GMM) = Average Per Unit Selling Price – Average Per Unit Production or Buying Cost

- **Net Marketing Margin (NMM):** The difference between the selling price and the total production cost (including marketing costs like transport, storage, along with the buying price) of a product at a particular stage of the market chain.

Net Marketing Margin = Average Per Unit Selling Price – Average Per Unit Total Production Cost

- **Percentage Spread:** Percentage spread measures the extent to which each actor's minimum and maximum selling prices diverge from their average selling price.

Percentage Spread = (Maximum Per Unit Selling Price – Minimum Per Unit Selling Price) X 100 / Average Per Unit Selling Price

- **Gross Return over Working Capital (GRWC):** The gross margin earned as a percentage of the investment (total production cost).

GRWC = Gross Marketing Margin X 100 / (Production or Buying Cost + Marketing Cost)

- **Net Return over Working Capital (NRWC):** The net margin earned as a percentage of the investment (total production cost).

NRWC = Net Marketing Margin X 100 / (Production or Buying Cost + Marketing Cost)

Limitations

Owing to resource constraints, the survey was not designed to be nationally representative

Some cost components were beyond the questionnaire's scope, potentially affecting cost estimate

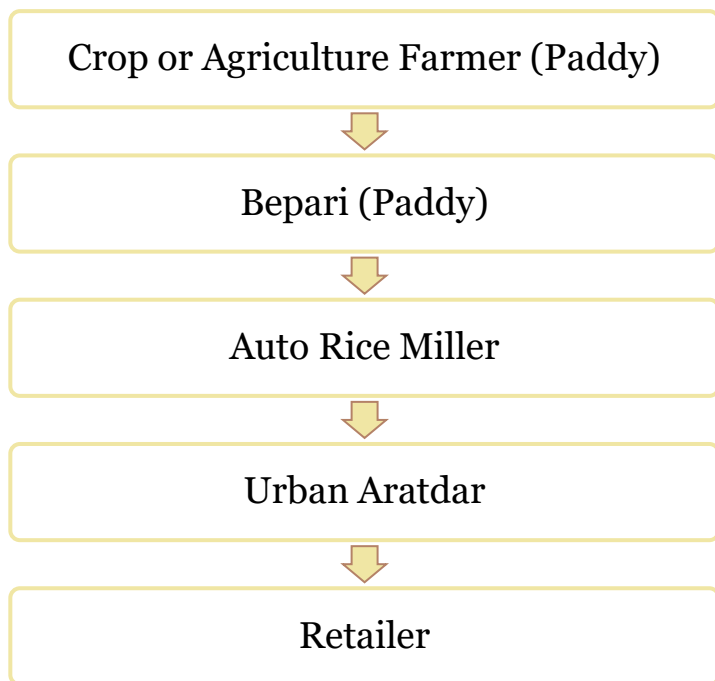
The survey faced significant field-level constraints as traders were reluctant or avoided answering for multiple reasons like syndicate, concerns over taxation, ongoing business activity etc.

Findings



Rice

Rice Supply Chain



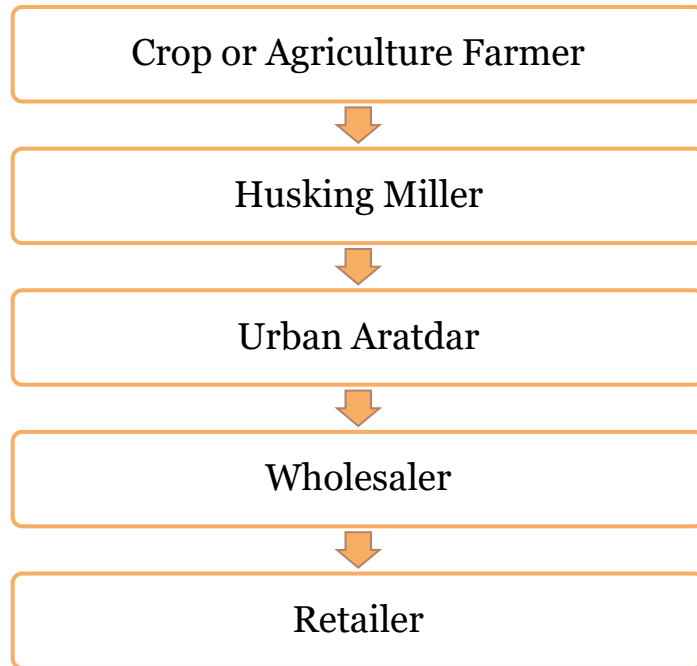
Market Agent	Retailers	Urban aratdars	Millers	Beparis	Farmers
		←	←	←	←
Production or buying cost (per kg)	56.00	51.78	33.34	31.82	10.25
Total average cost (per kg)	57.03	53.22	41.33	32.61	13.99
Average selling price (per kg)	59.69	55.40	52.45	33.72	30.65
Gross marketing margin (GMM)	3.70	3.62	19.11	1.90	20.40
Net marketing margins (NMM)	2.67	2.17	11.12	1.11	16.66
GRWC (%)	6.48	6.81	46.23	5.82	145.81
NRWC (%)	4.67	4.08	26.90	3.40	119.13
Percentage spread (%)	16.75	15.34	24.79	36.63	12.23

- Production cost, average cost, and selling price **increase progressively** from farmers to retailers.
- GMM and NMM are **highest** for **farmers and millers** and lowest for **beparis**.
- The **largest increase in selling price** occurs between **beparis and millers**, where paddy is processed into rice.
- **GRWC** and **NRWC** are highest for **farmers**, followed by **millers**, while beparis, urban aratdars, and retailers record comparatively lower returns..
- **Percentage spread** is highest for **beparis**, followed by **millers**, indicating greater price variation at these stages.



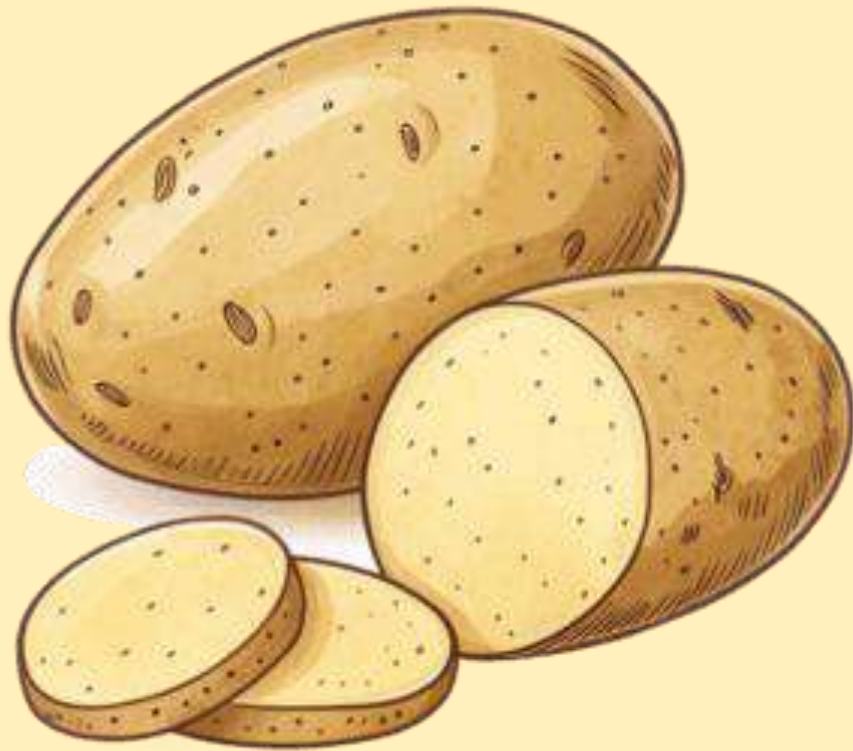
Lentil

Lentil Supply Chain



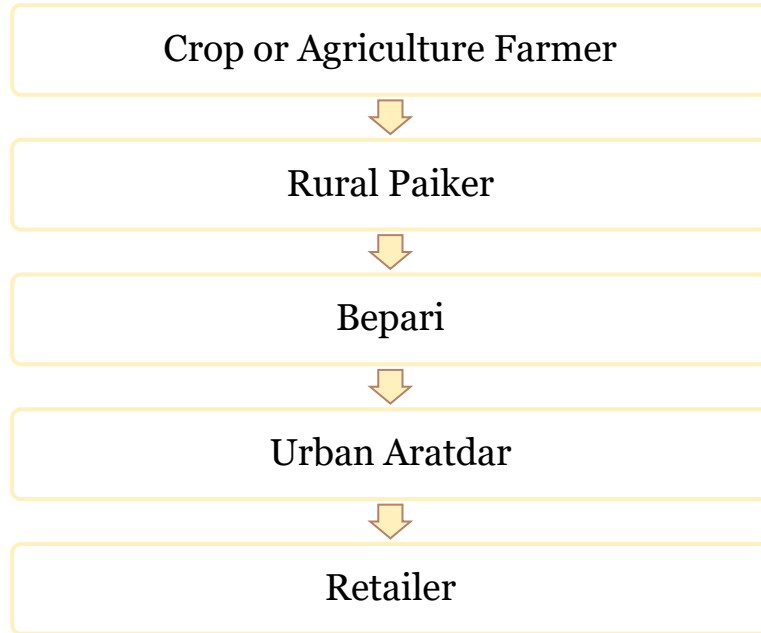
Market Agent	Retailers	Wholesalers	Urban aratdars	Millers	Farmers
		←	←	←	←
Production or buying cost (per kg)	144.76	139.9	136.4	95.09	15.00
Total average cost (per kg)	146.14	140.95	138.03	101.18	23.42
Average selling price (per kg)	152.89	143.90	140.30	130.40	85.5
GMM	8.13	4.00	3.90	35.31	70.50
NMM	6.75	2.95	2.27	29.22	62.08
GRWC (%)	5.56	2.84	2.83	34.90	300.96
NRWC (%)	4.62	2.09	1.65	28.88	265.01
Percentage spread (%)	34.67	34.75	30.65	18.40	23.39

- Production cost, average cost, and selling price **increase progressively** from farmers to retailers.
- GMM and NMM are **highest** for **farmers**, followed by **husking millers**.
- The **largest increase in selling price** occurs between **farmers and husking millers**, who process raw lentils into dal.
- **GRWC** and **NRWC** are **highest** for **farmers**, followed by **husking millers**.
- **Percentage spread** is highest for **wholesalers** and **retailers**.



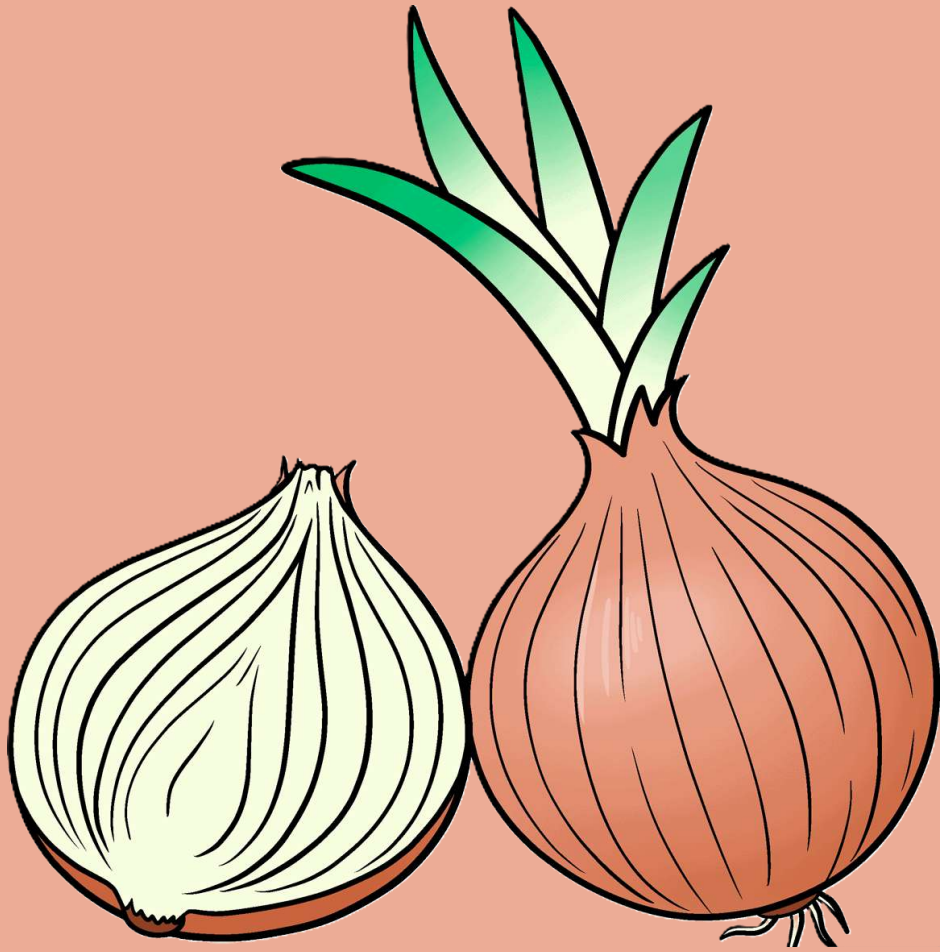
Potato

Potato Supply Chain



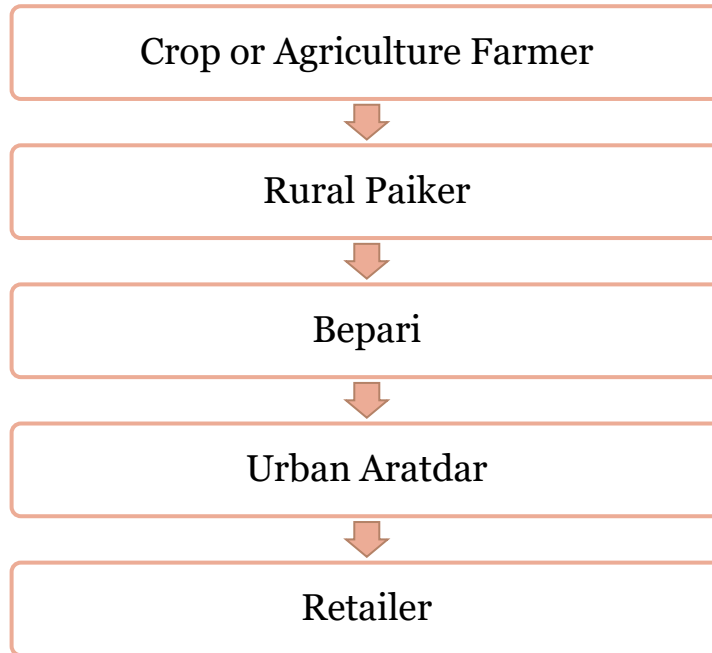
Market Agent	Retailers	Urban aratdars	Beparis	Rural Paikers	Farmers
		←	←	←	←
Production or buying cost (per kg)	18.94	14.01	15.05	15.05	6.37
Total average cost (per kg)	20.08	15.51	16.20	16.88	7.97
Average selling price (per kg)	23.84	16.51	18.25	18.00	16.00
GMM	4.90	2.50	3.20	2.95	9.63
NMM	3.76	0.99	2.05	1.12	8.03
GRWC (%)	24.40	16.12	19.75	17.48	120.91
NRWC (%)	18.73	6.41	12.62	6.65	100.81
Percentage spread (%)	41.95	65.43	16.44	38.89	125.00

- Production cost, average cost, and selling price **generally increase** from farmers to retailers.
- GMM and NMM are **highest** for **farmers**, followed by retailers.
- The **largest increase in selling price** occurs between **urban aratdars and retailers**.
- **GRWC** and **NRWC** are **highest** for **farmers**, followed by **retailers**.
- **Percentage spread** is **highest** for **farmers**, followed by **urban aratdars**.



Onion

Onion Supply Chain



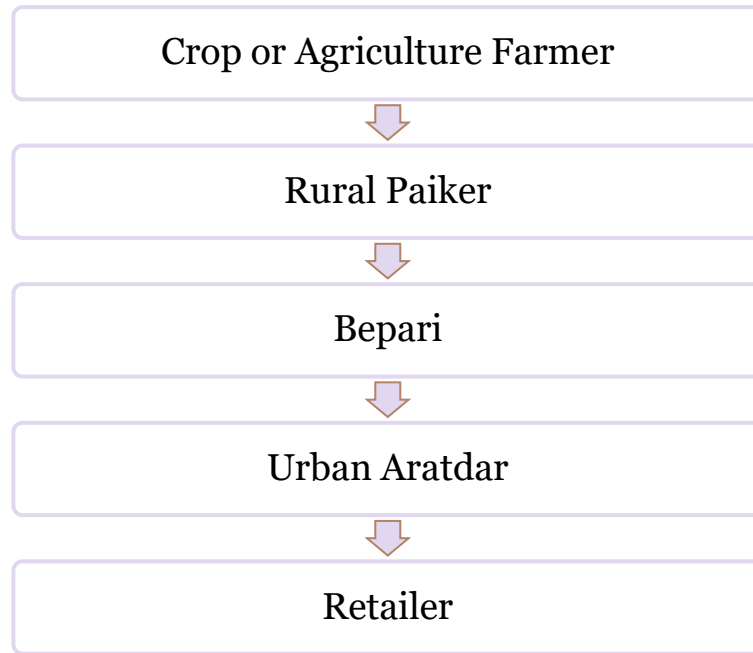
Market Agent	Retailers	Urban aratdars	Beparis	Rural Paikers	Farmers
		←	←	←	←
Production or buying cost (per kg)	89.07	90.56	90.25	89.28	8.43
Total average cost (per kg)	90.67	92.11	92.29	91.56	11.50
Average selling price (per kg)	98.96	97.55	96.24	94.75	54.35
GMM	9.89	6.99	5.99	5.47	45.92
NMM	8.29	5.44	3.95	3.19	42.85
GRWC (%)	10.91	7.59	6.49	5.97	399.30
NRWC (%)	9.14	5.90	4.27	3.48	372.60
Percentage spread (%)	70.74	41.00	44.16	36.94	87.40

- Production cost, average cost, and selling price **increase** from farmers to retailers.
- GMM and NMM are **highest** for **farmers**, followed by **retailers**.
- The **largest increase in selling price** occurs between **farmers** and **rural paikers**.
- **GRWC** and **NRWC** are **highest** for **farmers**, followed by **retailers**.
- **Percentage spread** is **highest** for **farmers**, followed by **retailers**.



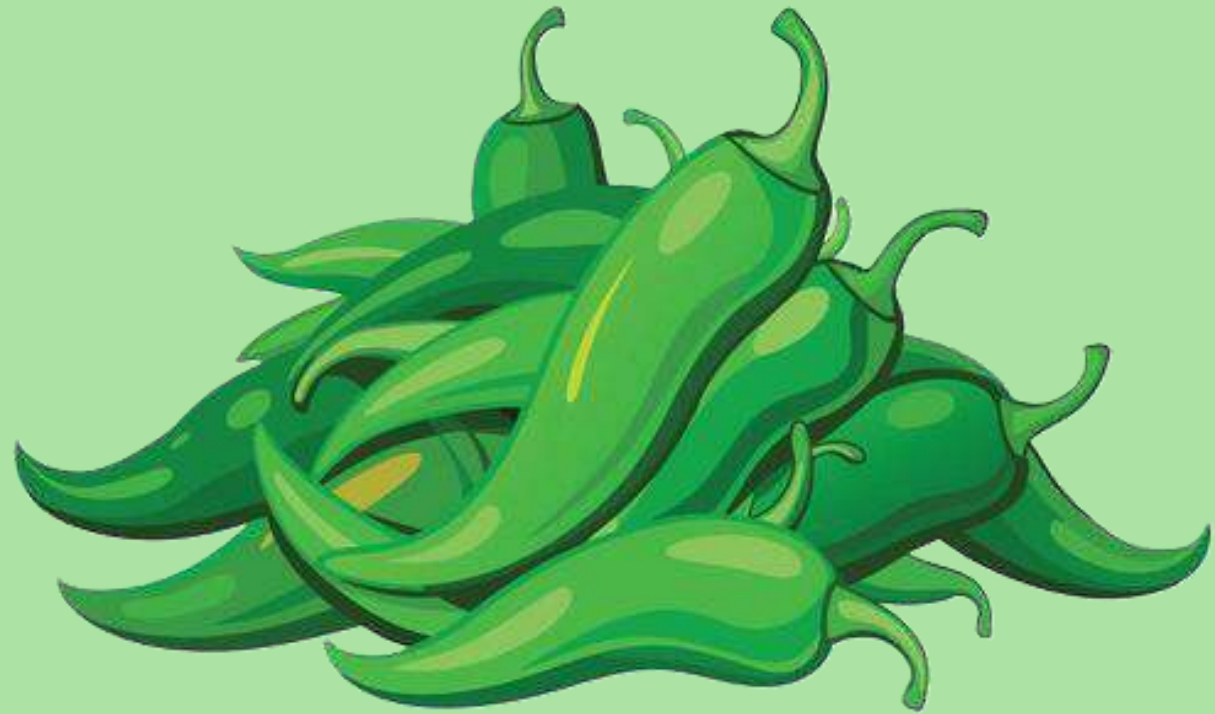
Brinjal

Brinjal Supply Chain



Market Agent	Retailers	Urban aratdars	Beparis	Rural Paikers	Farmers
		←	←	←	←
Production or buying cost	61.91	44.20	50.93	51.77	10.66
Total average cost (per kg)	63.38	46.17	52.93	53.52	13.61
Average selling price (per kg)	74.36	53.80	58.30	58.70	42.80
GMM	12.45	9.60	7.37	6.93	32.14
NMM	10.98	7.63	5.37	5.18	29.19
GRWC (%)	19.64	20.79	13.92	12.96	236.10
NRWC (%)	17.33	16.52	10.15	9.69	214.37
Percentage spread (%)	96.83	81.78	80.62	76.66	116.82

- Production cost, average cost, and selling price vary across the supply chain, with two consecutive declines from rural paikers → beparis → urban aratdars.
- GMM and NMM are highest for **farmers**, followed by **retailers**.
- The largest increase in selling price occurs between urban aratdars and retailers.
- GRWC and NRWC are highest for **farmers**.
- Percentage spread is highest for **farmers**, followed by **retailers**.



Green Chilli

Green Chilli Supply Chain

Crop or Agriculture Farmer



Rural Aratdar



Bepari



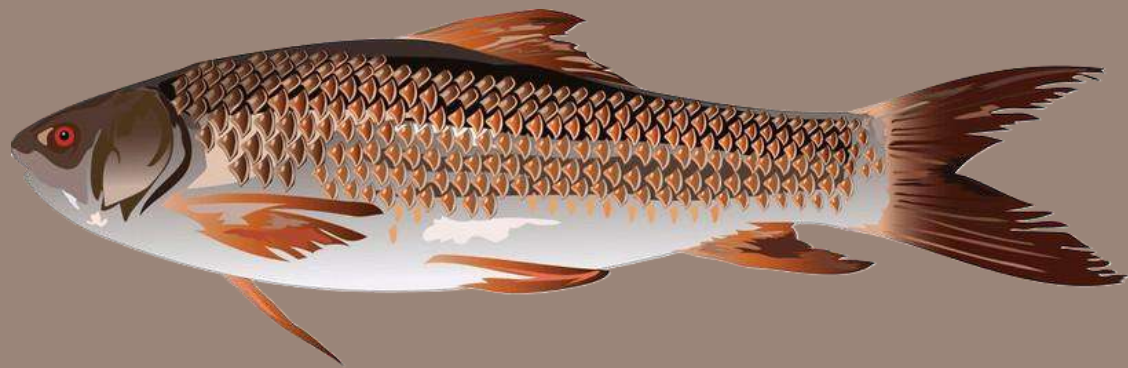
Urban Aratdar



Retailer

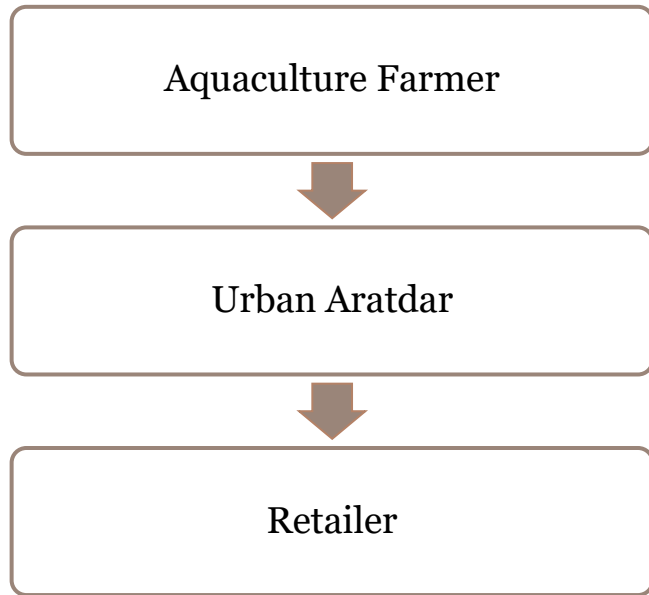
Market Agent	Retailers	Urban aratdars	Beparis	Rural Aratdars	Farmers
		←	←	←	←
Production or buying cost	77.48	56.90	57.10	53.40	5.68
Total average cost (per kg)	79.93	59.63	62.02	55.25	11.80
Average selling price (per kg)	97.10	66.35	64.20	58.70	44.60
GMM	19.62	9.45	7.10	5.30	38.92
Marketing cost	2.45	2.73	4.92	1.85	6.12
NMM	17.17	6.72	2.18	3.45	32.80
GRWC (%)	24.55	15.85	11.45	9.59	329.91
NRWC (%)	21.47	11.26	3.52	6.25	278.05
Percentage spread (%)	102.99	82.89	118.38	107.33	127.80

- Production cost, average cost, and selling price **generally increase** from farmers to retailers.
- GMM and NMM are **highest** for **farmers**, followed by **retailers**.
- The **largest increase in selling price** occurs between **urban aratdars** and **retailers**.
- **GRWC** and **NRWC** are **highest** for **farmers**.
- **Percentage spread** is **highest** for **farmers**, followed by **beparis**.



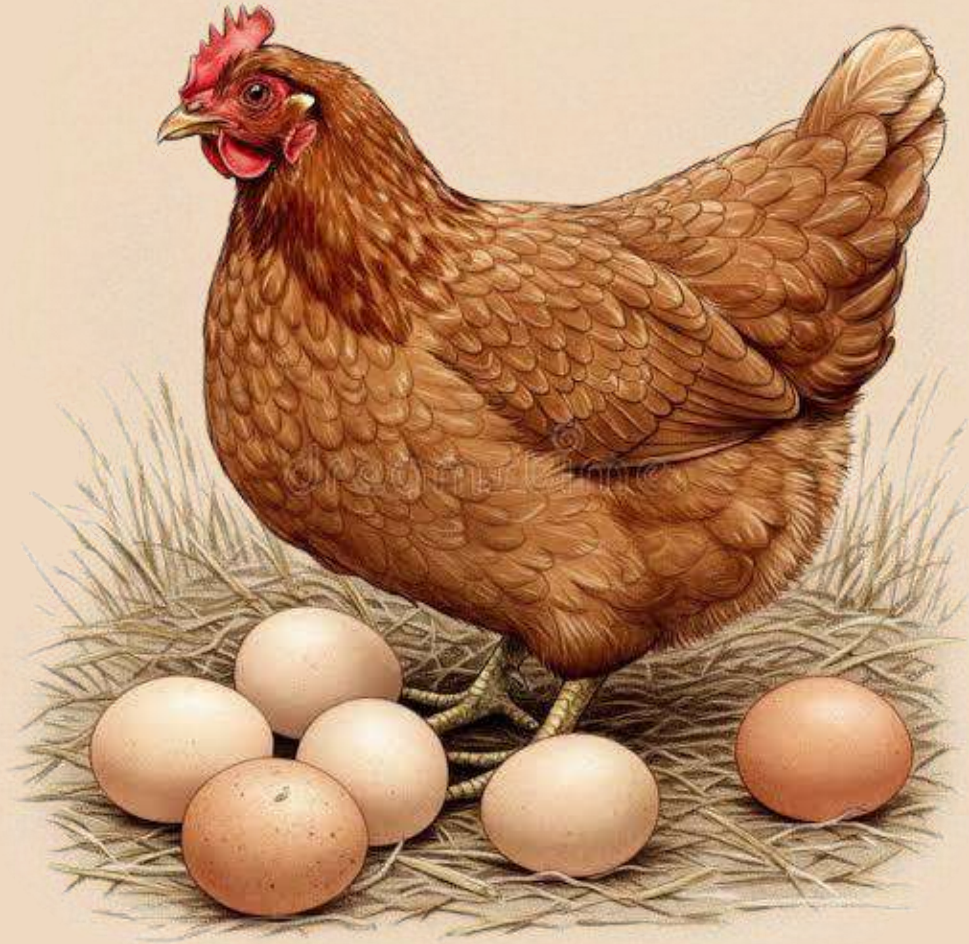
Fish

Fish (Rui) Supply Chain



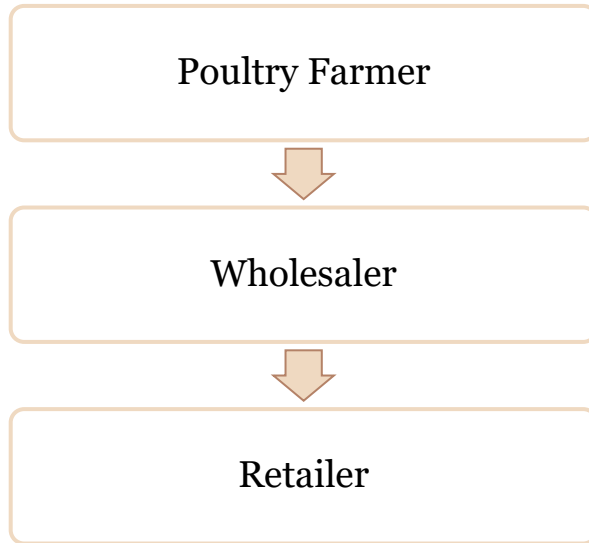
Market Agent	Retailers	Urban Aratdars	Farmers
		←	←
Production or buying cost	272.92	259.90	92.47
Total average cost (per kg)	286.92	261.67	216.42
Average selling price (per kg)	305.91	274.10	281.50
GMM	32.99	14.20	189.03
NMM	18.99	12.43	65.08
GRWC (%)	11.50	5.43	87.34
NRWC (%)	6.62	4.75	30.07
Percentage spread (%)	91.53	53.99	53.29

- Production cost and average cost **increase** from farmers to retailers.
- GMM and NMM are **highest** for **farmers**, followed by **retailers**.
- The **largest increase in selling price** occurs between **urban aratdars** and **retailers**.
- **GRWC** and **NRWC** are **highest** for **farmers**, followed by **retailers**.
- **Percentage spread** is **highest** for **retailers**, followed by **urban aratdars**.



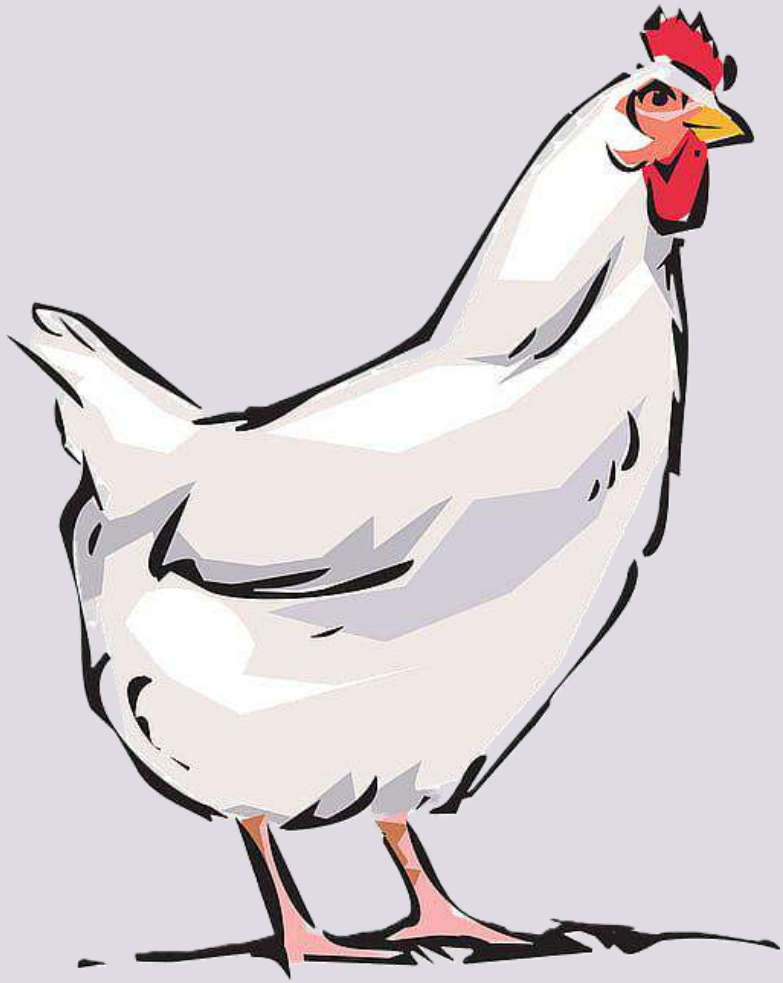
Egg

Egg Supply Chain



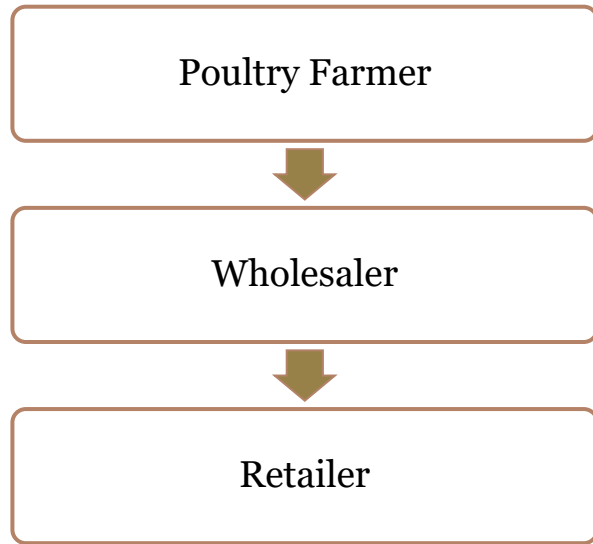
Market Agent	Retailers	Wholesalers	Farmers
		←	←
Production or buying cost (per piece)	9.03	7.97	7.29
Total average cost (per piece)	9.78	7.99	7.70
Average selling price (per piece)	9.96	8.46	8.41
GMM	0.93	0.49	1.12
NMM	0.19	0.46	0.71
GRWC (%)	9.55	6.11	14.52
NRWC (%)	1.93	5.79	9.19
Percentage spread (%)	23.58	18.92	33.77

- Production cost, average cost, and selling price **increase** from farmers to retailers.
- **GMM** is **highest** for **farmers**, followed by **retailers**, while **NMM** is **highest** for **farmers**, followed by **wholesalers**.
- **The largest increase in selling price** occurs between **wholesalers** and **retailers**.
- **GRWC** is **highest** for **farmers**, followed by **retailers**; **NRWC** is **highest** for **farmers**, followed by **wholesalers**.
- **Percentage spread** is **highest** for **farmers**, followed by **retailers**.



Chicken

Chicken Supply Chain



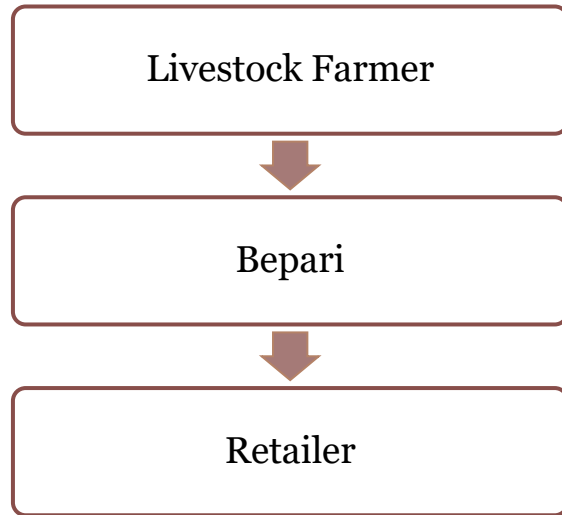
Market Agent	Retailers	Wholesalers	Farmers
		←	←
Production or buying cost	140.13	133.82	131.38
Total average cost (per kg)	143.80	136.58	135.08
Average selling price (per kg)	158.00	145.40	130.50
GMM	17.87	11.58	-0.88
Marketing cost	3.67	2.76	3.70
NMM	14.20	8.82	-4.58
GRWC (%)	12.43	8.48	-0.65
NRWC (%)	9.87	6.46	-3.39
Percentage spread (%)	22.15	27.51	19.16

- Production cost, average cost, and selling price **increase** from farmers to retailers.
- **Wholesalers** and **retailers** record **positive** gross and net marketing margins, with **retailers** having the **highest** net margin.
- **Farmers** sell below their average cost, resulting in **negative gross and net marketing margins**.
- **GRWC** and **NRWC** are **negative** for **farmers** and **positive** for **wholesalers** and **retailers**.
- **Percentage spread** is **highest** for **wholesalers**, followed by **retailers**.



Beef

Beef Supply Chain



Market Agent	Retailers	Beparis	Farmers
		←	←
Production or buying cost (per kg)	687.04	679.08	611.01
Total average cost (per kg)	692.96	685.25	673.76
Average selling price (per kg)	736.30	710.48	635.39
GMM	49.26	31.39	24.38
NMM	43.34	25.22	-38.37
GRWC (%)	7.11	4.58	3.62
NRWC (%)	6.25	3.68	-5.69
Percentage spread (%)	20.37	17.73	39.35

- Production cost, average cost, and selling price **increase** from farmers to retailers.
- **GMM and NMM** are **highest** for **retailers**, followed by **beparis**.
- The **largest increase in selling price** occurs between **farmers** and **beparis**.
- **Farmers** record a **negative net marketing margin** and **negative NRWC**, while **retailers** have the **largest GRWC and NRWC**.
- **Percentage spread** is **highest** for **farmers**, followed by **retailers**.

The image features three chess pieces on a light-colored, reflective surface. In the center is a king piece with a cross on top. To its left is a queen piece with a rounded top. To its right is a pawn piece. The word "Overall" is written in a large, bold, black serif font across the middle of the image, partially obscuring the king and queen pieces.

Overall

Overall Challenges

Perceived Causes of High Prices

Supply shortages

Followed by trader collusion and hoarding

Influence Over Prices

Blame runs upstream

Each agent points to the actor just above it in the chain.

Formal or Organised Influence over Price Setting

Mostly denied

A few report syndicate or government involvement in price-setting

Who Suffers Most from High Prices

Consumers

Named by all respondents far more often than any other group

Government Monitoring and External Influence on Farmers

Views are split

Farmers are divided on effectiveness; most see no outside influence on sales. A few perceive **monitoring** as **increasing corruption**.

Who is Perceived to Benefit Most from High Prices?

Farmers/producers (according to respondents)

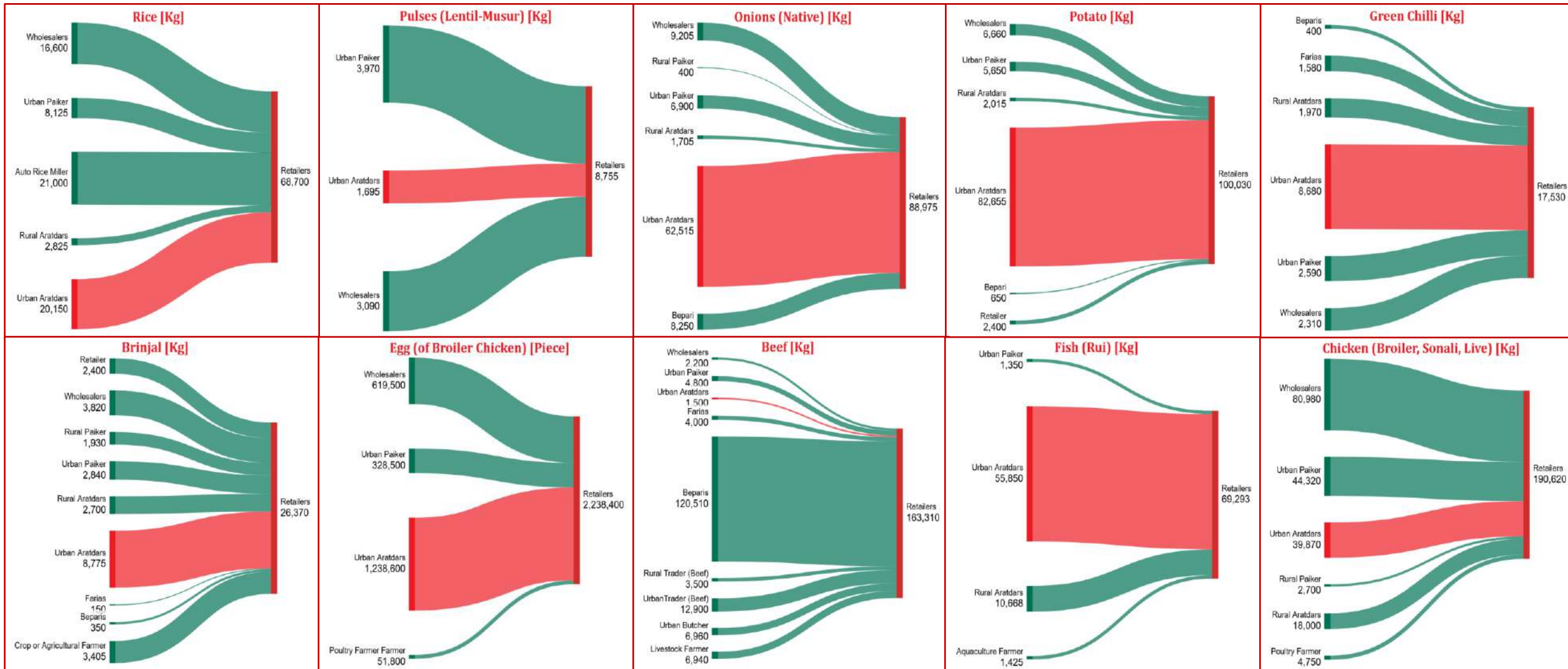
However, actual producer profitability varies considerably across commodities. High farm-gate prices do not necessarily imply high net returns when production costs are taken into account.

Supply-Side Cost Pressures Facing Farmers

Fertiliser and labour costs

Poultry and livestock farmers primarily cite **feed** and **veterinary/medicine expenses**. **Transportation costs** are a secondary concern across commodities.

Challenges at the Retail Level



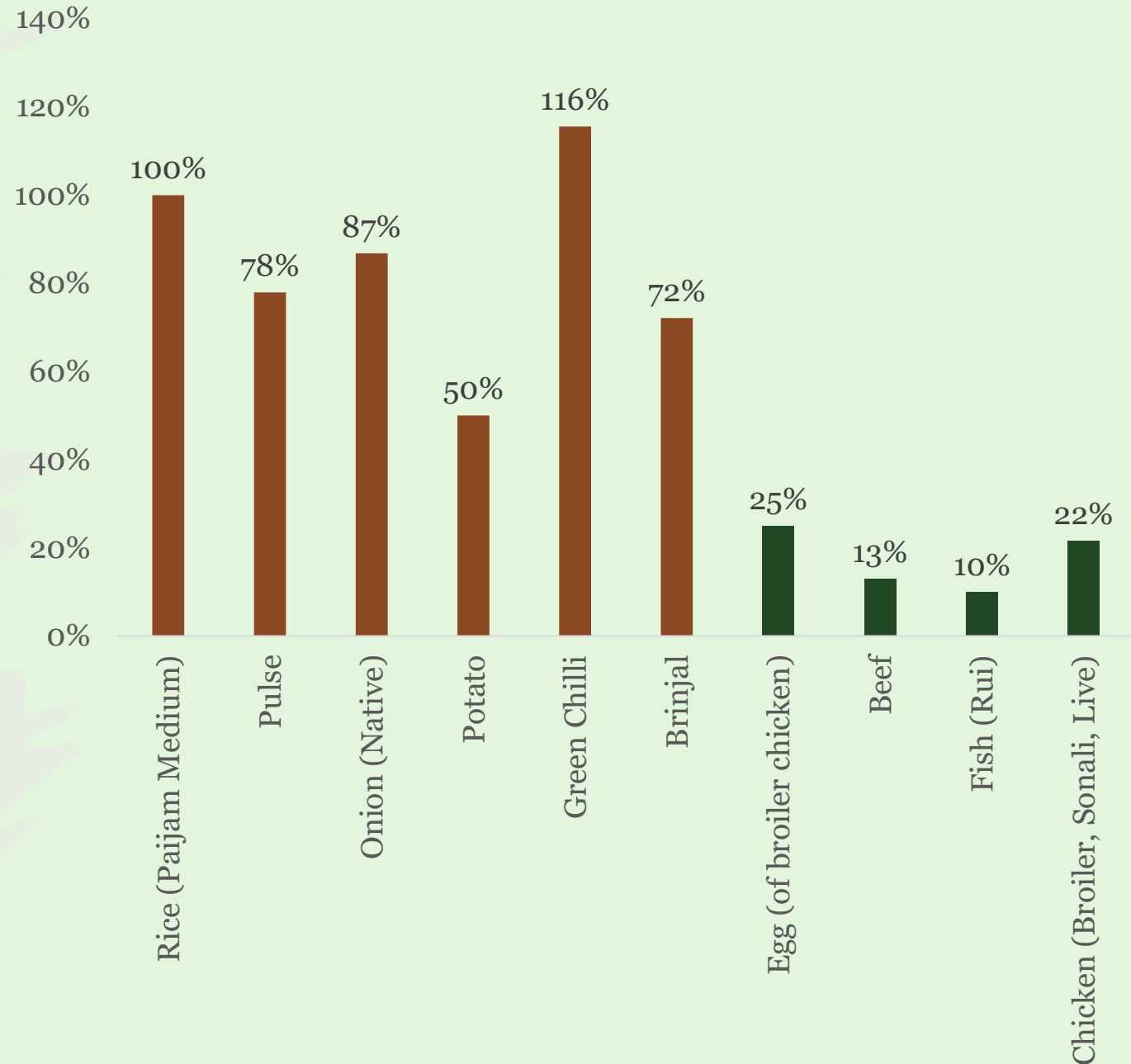
- As per the **Sankey** diagrams, **Urban aratdars** are the primary procurement source for **6 of the 10 essential** commodities (**onion, potato, green chilli, brinjal, eggs, and Rui fish**).
- Heavy reliance on urban aratdars may increase **market concentration, bargaining power imbalances, and price volatility**.
- **Disruptions, hoarding, or collusion** at the aratdar level could significantly affect urban supply and prices.

Percentage Increase From Farm-gate to Retail Prices of Selected Commodities

Commodities with **longer supply chains** generally experience larger price increases.

Commodities with **shorter supply chains** (e.g., eggs, chicken, beef, Rui fish) show comparatively lower price margins

Multiple intermediaries contribute to higher consumer prices, highlighting the **importance of streamlining supply chains** to moderate essential commodity prices.



Summary Of Findings

In most cases, **farmers, millers, urban aratdars, and retailers** took the **large share of consumers' expenditure in terms of gross margin**.

The estimated **percentage spread*** at the farmer level **exceeded 50% for onions and fish, and surpassed 100% for potatoes, brinjal, and green chilli**.

In the case of **brinjal and green chilli**, **prices are highly volatile** across **all market participants** (as shown in the tables of slide no. 20 and 22).

In the case of **chicken and beef**, **farmers** received a **negative net market margin**, mostly driven by **high feed costs**.

Commission payment is evident across market agents for onion, brinjal, green chilli, fish, and beef.

Retailers are highly dependent on **Urban Aratdars** for sourcing, which increases **market concentration, bargaining power imbalances, and price volatility**.

Longer supply chains generally cause **larger price increases** from farm-gate to retail.

Supply shortages, trader collusion, and hoarding are found to be the most frequent **causes of high prices**.

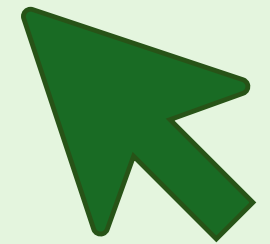
[*Percentage spread measures how far each actor's minimum and maximum selling prices diverge from their average selling price.]

Urban Aratdars are brokers who sometimes work as commission agents operating from a fixed premise in urban areas and trade with beparis, millers or processors, paikers, and even retailers.]

What the Study Shows and What it Does Not

- The study **shows differences** in price formation, costs, margins and chain structures across selected commodities.
- It **identifies concentration at some procurement nodes** and substantial variation in producer returns.
- It **does not establish** that intermediaries are inherently responsible for high prices.
- It **does not establish** that large gross margins necessarily represent excessive profits.
- It does not establish that market concentration by itself proves collusion.

Recommendations



Recommendations: Improve Market Efficiency and Competition

1. Make the food supply chain more efficient

Government agencies and market authorities should reduce unnecessary layers and costs between farmers and consumers. More direct links between producers, wholesalers and retailers should be encouraged, while intermediaries providing essential services such as collection, transport, storage, processing and distribution should be retained.

2. Increase competition in wholesale markets

The Ministry of Commerce, Competition Commission and market authorities should closely monitor major wholesale markets, particularly where retailers depend heavily on a limited number of aratdars or suppliers. Collusion, hoarding, artificial shortages and non-transparent commissions should be investigated and acted upon.

3. Expand market choices for farmers and retailers

Government and market authorities should facilitate access to multiple buyers and suppliers through farmer cooperatives, collection centres, direct market linkages and digital platforms.

4. Make prices and market information more transparent

The Ministry of Commerce, Department of Agricultural Marketing and other relevant agencies should regularly publish reliable farm-gate, wholesale and retail prices, together with information on market arrivals and available stocks of essential commodities. Farmers, traders and consumers can then compare prices, while regulators can identify unusual price increases more quickly.

Recommendations: Reduce Costs and Strengthen Market Governance

5. Strengthen monitoring and accountability in food markets

Relevant government agencies and local market authorities should strengthen registration and oversight of market actors and improve transparency of commissions, fees and other charges along the supply chain. Enforcement should focus on proven cases of collusion, hoarding, manipulation and other anti-competitive practices rather than routine intervention in normal market activity.

6. Improve storage, transport, and market infrastructure

The government should work with the private sector to expand modern storage, cold-chain facilities, collection centres and efficient transport systems, particularly for perishable commodities. Better infrastructure can reduce post-harvest losses, supply disruptions and unnecessary costs between production areas and consumer markets.

7. Reduce production costs and constraints faced by farmers

The Ministries of Agriculture, Fisheries and Livestock and relevant agencies should address the major cost pressures affecting different commodities. Measures should focus on access to competitively priced inputs, feed, veterinary services, improved production practices and technical support rather than attempting to control final prices administratively.

Commodity-Specific Measures



Rice

Monitor pricing at aratdar & miller level; promote farmer cooperatives



Lentil

Display retail price info to curb markups vs wholesale price



Potato

Diversify wholesale channels (since over 80% procurement from urban aratdar); expand farmers' buyer access



Onion

Strict monitoring against hoarding & stockpiling



Brinjal

Review legitimacy of farm-gate commission charges



Green Chilli

Bypass redundant aratdar layers (116% price escalation)



Fish (Rui)

Cold-chain support for farmers; standard grading at retail



Egg

Stabilise feed & vaccine costs (74.5% of consumer price)



Chicken

Feed-price stabilisation to offset negative farm margin



Beef

Improve logistics & vet support (negative farm margin)

Conclusion

- Food prices are shaped by the interaction of production costs, supply conditions, logistics, market structure and trading practices.
- Intermediaries are not inherently the problem; the policy challenge is to ensure that each stage adds value efficiently, transparently and competitively.
- Protecting consumers and improving producer viability require both immediate market-governance measures and medium-term investment in supply-chain infrastructure.



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