

Comparative Advantage in Production of Selected Agricultural Commodities in Bangladesh

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Abstract

This study examines the relative efficiency in production of different crops in Bangladesh and their comparative advantage in international trade. To know the comparative advantage in production of different crops, we have calculated net economic profitability, nominal rate of protection (NRP) and domestic resource cost (DRC). Data used in this study are collected through Household surveys from 503 sample farms located in 12 villages under 11 districts in Bangladesh for the period 2009 to 2012 under the Village Dynamics Studies in South Asia (VDSA) project. The selected crops (rice, wheat, maize, potato, lentil and groundnut) cultivation at farm level is very much remunerative to its growers. The domestic-border price ratio of rice indicates that domestic rice production was taxed and consumers were subsidized. The border price of wheat, maize, potato, groundnut, chickpea and lentil at producer level was mostly higher than the domestic producer price. DRCs for rice were observed to be less than unity implying that Bangladesh had comparative advantage in rice production for import substitution. The estimates of DRC showed that Bangladesh had also comparative advantage in wheat, maize, potato, lentil and groundnut production. Up to date and timely information regarding inputs, inputs prices, availability of improved varieties, output prices and agricultural and macroeconomic policies should be ensured to improve the competitiveness of the farmers. To exploit the export opportunities, Bangladesh will need to enhance its supply-side capacity and pursue a broad based diversified agricultural production and export strategy.

Keywords: nominal rate of protection (NRP), domestic resource cost (DRC), competitiveness, Bangladesh

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