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EXPLORE RICE SEEDS TRADE BETWEEN INDIA AND BANGLADESH

Cross-border exchanges of rice seeds can act as catalyst for other important areas of agriculture development. **Bipul Chatterjee & Suresh Prasad Singh** explore the possibility and potential of trade between the two countries and ensuing benefits

Greater cooperation on cross-border exchanges of rice seeds will not only open up a huge opportunity for both India and Bangladesh but can also act as a catalyst for cooperation on other important areas of agriculture development. This is because of their similarities in agro-climatic conditions and challenges in agricultural development, which are getting aggravated as a result of climate change and other factors.

The size of this potential market is reflected in their demand for rice seeds. While in India it is estimated at more than three million tonnes, in Bangladesh it is about 0.3 million tonnes. Increased cooperation will result in economies of scale in the production and distribution of rice seeds and help millions of farmers to have more access to better quality seeds at a cheaper price.

In value terms, there is a big opportunity for India. In 2012, the value of Bangladesh's rice seeds market was estimated at US\$ 261 million. Of this, while high-yielding varieties accounts for about 64 per cent of the market, the rest by hybrid seeds. Incidentally, Bangladesh does not allow import of high-yielding varieties of rice seeds but that is where the demand is increasing.

Currently, there is no systematic attempt to explore this market. On the one hand, India does export rice seeds including high-yielding varieties but not to Bangladesh. On



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the other hand, while local supply of quality rice seeds in Bangladesh by both state and private agencies constitutes just about one-fourth of its total rice seeds requirements, there is a huge gap between demand and supply.

Estimates based on per unit import price of rice seeds by Bangla-

desh and per unit export price of India show that on an average there is a wide difference between export price from India as compared to import price of Bangladesh. There is also evidence to suggest that Bangladesh's average bilateral trade cost in agricultural products with India is much lower as compared to its bilateral trade costs with other trading partners.

India has the capacity and is in a better position to produce and meet demand for both high yielding varieties and hybrid varieties for domestic requirements as well as for exports. And it is better to export such a product to Bangladesh because Indian varieties could generate better yield as compared to the varieties that Bangladesh is

currently importing.

Compatibility and suitability of the use of rice seeds in Eastern India and Bangladesh is evident from the existing level of informal rice seeds trade between the two countries. This is happening on both sides of the border. This informal trade is channelled through seed production and seed exchange among farmers. Thus, there exists demand and formalisation of

better trade facilitation measures in place, the share of informal rice seeds trade between the two countries will come down significantly and there will be a gradual expansion of this market. Not only that Bangladesh could potentially save a significant amount of foreign exchange but also there will be increase in rice production on both sides of the border.

To make this happen, there is an

important question is whether will be able to increase its capacity to produce high-yielding varieties of rice seeds to not only meet its domestic demand but also to export them to its neighbours. This is the need of the hour to make high-yielding varieties of rice seeds more affordable to small and marginal farmers through greater production, storage, distribution and cross-border trade.

Rice is the most important determinant of food security in Eastern India and in Bangladesh. The demand for rice is increasing with improvements in purchasing power. On the other hand, cultivable land for rice production is either stagnant or decreasing in some places. Rice production and its productivity are also challenged by many other factors including those which are resulting from climate change. Cross-border exchange of rice seeds is one possible way to address future challenges to food security in this region.

Therefore, rice seeds trade between India and Bangladesh should not be looked at from a mercantilist point of view because it is not



supply-side factors to match that demand will further expand this market.

Lack of formal trade between India and Bangladesh in rice seeds despite this potential signifies the prevalence of bottlenecks. Other than lack of business connectivity due to asymmetric information, they primarily include trade-related regulatory requirements for standards and certification and procedural non-tariff barriers. They have to be addressed through trade facilitation measures including trade-related technical assistance and capacity building in Bangladesh.

One can expect that by addressing regulatory requirements of importing high-yielding varieties of rice seeds to Bangladesh and with

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urgent need to take specific initiatives by governments of both the countries. Other than removing and/or addressing non-tariff barriers related to rice seeds trade, there should be a mechanism to understand and identify suitable varieties which could be traded.

Given that there is an emphasis to increase rice production in Eastern India, in near future the demand for rice seeds, particularly those of high-yielding varieties, will increase significantly. The most

an end but as a means to address future challenges to food security and other livelihood security concerns. The relevant stakeholders including farmer representatives from both sides of the border should be engaged with this demand for exploring rice seeds trade between India and Bangladesh as that would result in better political buy-in to not only formalise the informal trade but also to pave the path for better bilateral cooperation between the two neighbours. R&M