

**Stakeholder Consultation
On
“Understanding the Dynamics of Cross-border Informal Trade of
Agricultural Inputs between India and Bangladesh”**

Organizer: Unnayan Shamannay

Date: 16 May 2017

Venue: Conference Hall, Bishwo Shahitto Kendro, Banglamotor, Dhaka, Bangladesh

Event Report



The Stakeholder Consultation was organized by Unnayan Shamannay. The main purpose of this event was to understand the dynamics of cross-border informal trade of agricultural inputs between India and Bangladesh and share different viewpoints on the study “Informal Trade in Agricultural Inputs: Case of Indo-Bangladesh Border” which was jointly conducted by Unnayan Shamannay (Bangladesh) and CUTS International (India).

The event was moderated by **Mr. Shaheen ul Alam**, Project Coordinator, Unnayan Shamannay. The event started when Shaheen ul Alam greeted everyone and explained the purpose and context of this stakeholder consultation. Then he invited Arnab Ganguly to initiate the presentation.

Keynote Presentation

Mr. Arnab Ganguly (Assistant Policy Analyst, CUTS International) first presented the findings from India. But first he described the context and methodology of the study. He explained that West Bengal and Bangladesh



had strong cultural ties and once was the same country. He argued that India (West Bengal) and Bangladesh shares history and common heritage, linguistic and cultural ties and geographical proximity. The objectives of the study was – (a) to understand the channels of informal trade, (b) to find out the key drivers of informal trade, (c) to understand the impact of informal trade on livelihood. Mr. Ganguly summarized the methodology of the study.

The study was conducted into three countries on nine locations. There were thirty respondents per location. Among the respondents, there were farmers and non-farmers. Three agricultural inputs were analyzed in the study- seeds, fertilizer and machinery. Key informant interviews, focused group discussions and questionnaire surveys were used as survey tools. Behind the informal trade of seeds, longevity, lack of knowledge, dependence on seed, cultural, social and ethnic relations are the main drivers. For the informal trade of herbicides and machinery, price is a very dominant driver.

In case of machinery, portability is also important. Arnab Ganguly also showed the impact of informal trade on some selected socio-economic parameters. More than 90% increase in income has been noted from cultivation of informally traded varieties. Improvement in sanitation facilities, housing conditions and investment in existing agricultural practices have also been noticed. The need to create a database of informally traded seeds / agri-inputs along border areas was emphasized to facilitate approval of the same on a fast track basis across borders. Among others, the need for having a Political Consensus at a larger level was presented as utmost importance to make significant progress in formalizing informal trade across borders with speed and at scale.

Mr. Abdullah Nadvi (Research Fellow, Unnayan Shamannay) presented the findings from Bangladesh. The key drivers behind the informal trade of seeds are productivity, accessibility and availability, proximity to market place, longevity and post-harvest management. The key drivers behind the informal trade of fertilizers are Quality, Accessibility and Availability, Proximity to market place, social and cultural relations. Durability is the one and only driver behind the informal trade of Machine parts. The impact of informal trading on livelihood are quite diverse in Bangladesh. Increased productivity and higher profit due to higher longevity & easier post-harvest management, Increase in income are some of the crucial impacts on livelihood.



Key issues regarding informal trade in Bangladesh are- availability, adulterated products, no support from Agriculture Extension Offices in case of Bangladeshi varieties (West Bengal specific) and Lack of awareness among farmers on agri-inputs. Creating a database of informally traded seeds, strengthening the Public Distribution System, Price Standardization, replication of Border Haats were some of the recommendations. After the presentation, anchor Shaheen ul Alam invited discussant Dr. Mahfuz Kabir (Research Director, BISS) to comment on the presentation.



Open Discussion

Dr. Mahfuz Kabir congratulated Unnayan Shamannay and CUTS International at first for successfully completing the study. He noted that there are some factors which drive informal trade. For example- geographical proximity, similarity of preferences, common religion etc. He also mentioned a previous study done by Unnayan Shamannay and CUTS International, which was about the informal trade of Rice Seeds. Dr. Mahfuz identified the capability of the institutions as a great issue for the informal trade dilemma. He said that informal trade should be understood from the perspective of International Trade Theory – whether informal trade is inevitable or not.



According to Dr. Mahfuz, people who are carrying the seeds, machinery parts and other things are in a lot of risk. Again, he professed his doubts about the quality of seeds, as there are no specific guarantors for that matter. Dr. Mahfuz identified ‘Quantification’ as a ‘big challenge’. Because the quantity of seeds being traded and the area being cultivated are not the same. He insisted that we have to understand the informal trade discourse from the perspective of food supply and food security. How the farmers view the informal trade is also a crucial and vital source of applicable knowledge in this area. He mentioned the absence of a proper institutional framework in this case. Dr. Mahfuz used the Harberger’s Triangle Model and reasoned that there is a distortion period due to the informal trading. Consumers’ surplus or Farmers’ surplus are being taken away by the traders. Moreover, Dr. Mahfuz Kabir also expressed his concerns that if informal trade is transformed into formal trade, there is a definite uncertainty about the price. After Dr. Mahfuz Kabir’s comments, the event’s anchor Shaheenul Alam opened the floor for discussion, comments and questions.

Dr. AKM Quamruzzaman (BARI) said that although the rice and tomato seeds have been researched in the ‘seeds’ section of the study, there are scope for research on the informal trade of ‘**Jute seed**’ and ‘**Onion seed**’. Because Jute and Onion seeds are frequently traded informally in the research area. He said that if Jessore was also included in the study area, the research outputs would be more enlightening. According to Dr. AKM Quamruzzaman, pesticides and fungicides should have also been included in the research. Jessore’s Satmaile, Barobazar is also a good place for informal trade observation. He said that if the border haats would be more enriched, the informal trade culture would automatically change into formal trade.

Mr. Matiur Rehman (I.B.C.C.I) said that the number of **Border Haats** in North Bengal Area should be increased. He reasoned that if legal licenses are provided, then the production rate will increase. He also noted that many political problems are now being



solved by the two governments' cooperation. As agriculture is a key driver of the economy, the problems of this sector should receive utmost importance. He said that seeds from Bangladesh should also get entrance into India. Again, he said that legal traders sometimes face harassments in the name of quarantine or processing. He pointed out that sometimes traders bring empty packets from India and fill those packets in Bangladesh. He said that vegetables from Jessore should be exported into neighboring countries.

Ms. Hosneara (Additional Deputy Director, Plant Quarantine Wing, Department of Agricultural Extension) said that informal trade is very risky for bio-safety issues. She noted that Jute seeds have a certain time period for sowing. If the rainy season is passed, then the extra Jute seeds are of no use in that season. Some dishonest farmers collect those seeds and sell those at the next season. She mentioned that for Jute seeds and vegetable seeds, we are dependent on India.



She said that some weeds and Parthenium seeds are very dangerous for the indigenous varieties of crops in Bangladesh. That's why quarantine is a very necessary and crucial process.

Dr. Pradyumna Raj Pandey (Senior Program Specialist, SAARC Agriculture Centre) asked about the percentage of non-agricultural products in the informal trade. He also wanted to know if there is a clear percentage of the quantity of agricultural and non-agricultural products being informally traded. Moreover, he was curious about the practical way of transforming the informal trade into formal structure.

Mr. Surajit Saha Roy (DPD, Rice, Wheat and Jute Seed Project, Department of Agricultural Extension) said that 'Swarna' seed is very popular in our country. But he reasoned that Rice is a notified crop. As a notified crop, any kind of trading regarding Rice seeds have to be registered. Without registration, formal trading of Rice is impossible. He also noted that for jute seeds, we are dependent on India as 80% of our jute seeds come from the neighboring country.

Mr. Aminul Rasul (CFO) said that based on geographical properties, seeds are a core portion of our life. In the past, seeds always remained to the farmers. But now due to the triumph of market economy, seeds are the in the hands of traders. He insisted that we need to focus on what kind of seed we are importing. He also expressed his concerns whether imported seeds will destroy the ingenuity of the local seeds. According to Aminul Rasul, the seed which come through smuggling destroy the lives of the innocent farmers. He also said that while trading we have to be concerned about the revenue too.



Mr. T P Tiwari (Country Representative, CIMMYT) said that informal trading is



happening in this sub-continent from long before. And it will happen for several years more. He said that informal trade fills in the gaps which is created by the legal bindings of formal trade. But the issue of quality control has great importance in this area. This issue cannot be ignored. He said that the study document was a great document. But he thinks that there should have been a very brief policy document which contained all the major ideas and findings. In his opinion, political leaders and high level government official will not have time to go through a long study document. That's why a concise report would be best alternative.

Mr. Indu Bikram Joshi (Director, SARSO) first thanked Unnayan Shamannay and CUTS International for inviting SARSO. He said that SARSO was working for the SAARC agriculture and trade development. He said that SARSO had not have much idea on this informal trade discourse between India and Bangladesh. He asked that how the problem of informal trade can be dealt locally and with local cultural and political ingredients. According to him, legal bindings may not work properly, when there are a lot of cultural conflicts going on.

Dr. Ilias Hossain (Wheat Research, BARI, Rajshahi) mentioned that a specific variety of wheat named "1008" is very popular in India. This variety of wheat goes from Bangladesh to India. He said that for the past three years, he has been working on Parthenium weeds. From one Parthenium plant, there can even be 25,000 seeds produced. He said that in Bangladesh, BARI has found traces of Parthenium in Rice, Wheat and other vegetables. According to Dr. Ilias Hossain, Parthenium is a very poisonous plant. It can create allergy or skin diseases.

Mr. Mihir Biswas (Joint Secretary, BAPA) said that when we are transporting seeds from Barisal to Chittagong, there is no need for quarantine. Then why there is need for quarantine when the seed is coming from India to Bangladesh and vice-versa. He said that to stop contamination, one has to find the source first.

Mr. Humayun Kabir (Supreme Seed Company) said that Border huts can be an option for formalizing the Informal Trade. But for a long-term and sustainable solution, the help of government is needed. He said that parent seeds can be exchanged in the government level. For example, Swarna and BIRI 28/29/Heera can be exchanged. If this exchange happens, then private sector can also take part in the seed production and innovation activity. Establishing the SAARC Seed Hub can be a very good initiative in the way of formalizing the informal trade.

Panel Discussion

Mr. Sudhir Chandra Nath (Head of Business, ACI Seed, ACI Ltd.) first thanked both the presenters for a nice presentation. He also thanked Unnayan Shamannay because they had rightly pointed out the critical issues which are very important in this sector. He argued that Bangladesh seed market is almost around 500 million US dollar. But this market is only constructed of 18-20% seeds which farmers use. The rest of the seeds are farmers' own seeds. He also argued that there is existence of informal trade



because there is demand for it. According to Mr. Nath, in Europe, if one variety of any crop is released in one country, then after a short period, the variety is released in all the other countries of European Union. But among Bangladesh, India and Nepal there is no such custom or procedure. Existence of political turmoil and unsolved issues may be the probable reason for this.

Sudhir Chandra Nath pointed out that for informal trade, nobody is responsible because formally, nothing is happening. Farmers cannot hold accountable anyone for any losses incurred. Again, he said that as Rice is a notified crop, it is impossible to formalize the trade. He noted that he conducted an informal survey in 2014 at Dinajpur area and found out that 65% of the farmers are using Swarna variety. When he asked the farmers why they are using the Swarna Variety, they answered that this seed produces a very high yield, is very tolerant to diseases etc. He reasoned that Swarna is being used in Bangladesh because it is better than other rice seeds in comparison. He also mentioned that Indian farmers are receiving BIRI 28/29 seeds for the same reasons in the same way.

Mr. Nath recommended that the Government may arrange a formal trial of the variety which is very popular in Bangladesh and then release the variety formally in Bangladesh. As for example, he mentioned that Government can collect foundational breeder seeds of Swarna from Indian institute and release the variety publicly in Bangladesh. In the same way, BIRI 28/29 can be released in India. Sudhir Chandra Nath also said that creating awareness is another important task to formalize the informal trade. According to Sudhir Chandra Nath, Bangladeshi farmers use Swarna variety because it fit to their cropping pattern. This cropping pattern is very crucial for the farmers. If a variety is very good and healthy, a farmer will not use that because that variety does not fit the cropping pattern. Availability of seeds is another important issue for the informal trade.

Nazmul Hasan (Director, BIMSTEC Secretariat) first thanked the presenters for their wonderful presentation. He said that in his view, everybody thinks that informal trade should be formalized and there is no debate about it. He said that there remains a question of government to government involvement. He also noted that the risk dynamics in informal trade should be studied well and proper measures should be taken to minimize the risks. He said that a generic formalization process will not be enough rather the formalization process has to be sustainable as well.



Mr. Anwar Faruque (Former Secretary, Ministry of Agriculture) first thanked Unnayan Shamannay for working on this specific issue for nearly 2-3 years. He said that this was a very important puzzle for present time. According to Anwar Faruque, informal trade is most of the time beneficial for the farmers. That's why sudden decisions should not be taken on this issue. He said that he agrees with everybody else on the issue of 'quality comes first'. In his experience, he observed that in Rajshahi and Dinajpur, Swarna is being cultivated in almost 22% of lands. But the problem is the seeds used in these areas are not quality seeds all the time. He



also said that if this informal trade could be transformed into formal structure, then revenue would be properly collected. He argued that if a farmer faces loss or poor yield by using an Indian seed, there is nobody to hold accountable. So for the sake of the farmers' rights, informal trade should be formalized. According to Anwar Faruque, informal trade is totally illegal. Anwar Faruque argued that with one year's data, no formidable conclusion can be drawn on a specific hypothesis. At least five years data should have been collected. He also argued that with 5-10 years data, he could have shown that formalization of the Jute seeds trading has been useful both for the farmers and the economy. This can be a strong and inspiring example for the formalization of informal rice seeds trading.



Anwar Faruque stated that it is very important to know the total volume of informal trade in an economy. Even the data of one season for the whole country would be enough for this case. Again, the social impact of informally traded seeds will have to be analyzed too. Environmental impact of the informally traded seeds will have to be assessed. According to him, quarantine process is very important to know whether any germ or bacteria is coming with the informally traded seeds. At the same time, wasting time to run quarantine process has to be stopped too. In 2013, new quarantine law has been passed. He stated that some companies first take advance for jute seeds and then when the seed carrying trucks stop on the border, these companies sell the jute seeds to another buyer who is capable of paying two thousand or three thousand taka more. As a result, jute seed crisis is created in the market.

He also noted that media can be an important factor in informal trading. He said that poor quality seeds and adulterated seeds have become a great problem in trading of seeds. But recently, in case of jute seeds trading these kind of incidents have been decreased. He stated that Department of Agricultural Extension can help in the trading process but due to the ignorance of the variety, DAE does not want to take chances. He said that increasing border huts is not a formidable solution for formalizing the informal trade of rice seeds. Because Swarna is not a released variety in Bangladesh.

He claimed that in agriculture sector, Bangladesh is towards development. But the pace towards development has to be more advanced. Based on a protocol signed in 2013, India has centrally released some Bangladeshi varieties of rice. Bangladesh is also trying to release an Indian variety. A "SAARC Seed bank" has been proposed for exchanging seeds among the SAARC countries. He said that what Unnayan Shamannay is doing is good work and it should be continued. But if a 10 or 7 yearlong study can be conducted by Unnayan Shamannay, then an excellent trend analysis can be done on this issue and we can find on which path we are standing.

Mr. Khondkar Ibrahim Khaled (Former Chairman, Bangladesh Krishi bank and Emeritus Fellow, Unnayan Shamannay) thanked everyone who participated in the stakeholder consultation. He once again reminded the participants that the topic of today's discussion was



Indo-Bangla informal trade, not Indo-Bangla export-import. He said that formal trade has to be concentrated at a high rate so that the demand for informal trade gets minimized. But he also said that it will be quite impossible to totally eradicate informal trade. He said that for cross-border trade, a specific area has to be defined. He gave an example- on each side of the border fence, at least 2.5 kilometer area can be identified legal for border trade. He suggested that this area defining process can be done only in Rajshahi, rangpur and Jessore.



Because informal trade mostly happen in these areas. These areas also have to be under surveillance and monitoring. He also suggested that within those areas, some specialized border huts can be established which will help the formalization process of the informal trade. These arrangement can be done with simple understanding between Bangladesh and India. 'Border Hut Committees' can also be established to reduce the risks involved in the informal trade. Local government officials have to monitor and inspect the Border huts regularly. He hoped that one day there will be no economic border among the SAARC countries. He suggested that until formal trade is fully operational between the two countries, the two governments have to try to keep the informal trade safe and secure as much as possible. He said that the authorities have to be careful so that by the excuse of informal trade, smuggling doesn't happen. By saying this he thanked everyone again and ended his speech.

Remarks

The importance of this event lies in the fact that some specific recommendations have come out of this stakeholder consultation. Most important of these recommendations can be summarized in this way-

Bio-safety measures or quarantine processes are very crucial and necessary for the safety of entire agricultural production of a country. The seeds which come from India may carry some unknown disease or virus- that's why quarantine has to be a mandatory process. Formal trade is important because it gives an institutional framework for risk management, compensation demand and ensuring better quality of seeds.

Farmers can claim compensation if any kind of disaster occurs if the seed comes enter formally into Bangladesh. Informal trade happens because some seeds have high demand in Bangladesh due to cropping pattern. To reduce the amount of informal trading, Bangladesh either will have to invent seeds like SWARNA, or make formal arrangements with India to formally import this kind of seeds. Informal trade could go along in some defined areas of border in Bangladesh. For example, from the border fence about 2.5 miles on both sides can be identified as informal trading area for seeds.



Further research should be done for inventing seeds that will fit the cropping pattern. Long-term time series data should be collected on the farmers' demand, need and problems regarding seeds. SAARC Seed Bank should be effective and accessible for all SAARC countries. Awareness should be created among the farmers about the dangers of using informally traded seeds. The environmental impact of informally traded seeds should be analyzed too. Proper legal framework has to be designed first before any formalizing trade process. Border Hut Committees should be created to direct and conduct border huts. The political environment of borders and the political consequences of informal trade should be analyzed with great care.



**Annexure
List of Participants**

SL. No	Name	Designation and Organization	Contact No	E-mail	Signature
1	MD. SHAHJAHAN ALI	Seed Technologies and Seed Regulation Specialist	01730013391	alliedmsali@yahoo.com	 16/5/2017
2	SUDHIR CHANDRA NATH	Head of Business ACI Seed ACI Ltd	01708-167579	sudhir.nath@aci-bd.com	 16/05/2017
3	MD. ABUL FAZAL	DD (R&D) TMSS	01730726369	fazaltmss@gmail.com	 16/05/2017
4	MD. KHALILUR RAHMAN	DDCM&E POPI	01712162864	okhalilur56@yahoo.com	 16/5/17
5	Faruq Mehedy	Business Editor Channel 24	01711156715	fmeheedy@yahoo.com	 16.05.17
6	Md. Mahabub Hossain	SRA. US	01711-131033	musawir_sra001@yahoo.com	
7	Dr. M.A. Rashid	PSO DARI	01711-070110	md.abdur@yahoo.com	
8	Shah Alam Khan	Secretary Sp. Research	0162522892	alam-shah40@yahoo.com	
9	Sheikh Sabbir Ahmad	RO Unuaya Sluangy	0194505553	sabbir.sheikh89@gmail.com	
10	Humayra Kabir	Supreme Lee Co.	01713009598	fabir@surovi.com	



SL. No	Name	Designation and Organization	Contact No	E-mail	Signature
11.	T.P. TIWARI	Country Rep CIMMYT	01730426384	t.tiwari@cgiar.org	
12.	Dr. Pradyumna Raj Pandey	Senior Program Specialist crops SAC	01763708514	pandeypr4@gmail.com	
13.	M. J. Wajid Islam	Coordinator (Agri Dept)	01777771755	mujid@sojira-foundation.org	
14.	Shaukat Hasan	SPM Traidcraft	01711803235	shaukat.hasan@traidcraft.org	
15.	Nirmal Das	Coordinator WAVE Foundation	01712192980	nirmal@wave-foundationbd.org	
16.	MD. WALI UL ISLAM	Director US	01711-031313	islam.walid@gm.com	
17.	Mohammad Saeed Islam	US, Research Associate	01571021764	saeedislam.hanrey@gmail.com	
18.	Abry Al Suijahn	US Research officer	01703757057	suijahnabry@gmail.com	
19.	SURAJIT SAHA Roy	DDP, Rice, wheat & Jute seed projects DAE	01711969318	surajitseedproject@gmail.com	
20.	Indu Baskram Joshi	Director SARSO	01847129088	indubjoshi@gmail.com	

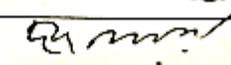
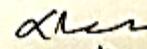
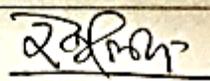
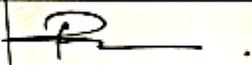


SL. No	Name	Designation and Organization	Contact No	E-mail	Signature
21.	K. G. Mohiuddin	Dy. Director	01847189625	1chawaj27@ y mail. com	
22.	Zayed Jafar Khan	BKF	01911039933	Krisnakabedera kion2002@yahoo.com	
23.	RUHI DAS	BASTOB EXECUTIVE DIRECTOR	01713004009		
24.	Aminur Rashid	CEO	01711-583958	Rashid_SLP @pabon.com	
25.	Hosneana	Additional Deputy Director P&H DAE	01721105662	hosneana_dae @.yahoo.com	
26.	Halal Khan		01632041695		Halal
27.	Onamica Dhar	US	01676353839	Onamicaadhar@ gmail.com	Onamicaadhar
28.	Najia Binte Hasan	US	01689878425	najiahasan 03 @ gmail. com	Najia
29.	Tasim Wazid	Financial Empower	01716007676	tasim.wazid@ gmail.com	
30.	Mb. Suroso Hossain	Umama Shompa	01727264071	Surosohossein@gmail.com	



SL. No	Name	Designation and Organization	Contact No	E-mail	Signature
31.	Natalia Bedrosian	I. B. C. I. Sub. com. for	01711217273		
32.	Estingne Bari	Centre for Policy Dialogue	01535132220		
33.	ANNAR FARUQUE	Farm Sec. Agric. for	01711561572		
34.	DR ILIAS HOSSAIN	Wheat Research BARI, Rajshahi	0177263467	iliasrwr@gmail.com	
35.	Dr. Mahfuz Kabir	Acting Research Director, BISS	01913604115	mahfuzkbr@yahoo.com	
36.	Dr. AKM Quammar	BARI	01754112050	akm825@gmail.com	
37.	Tashi Wangchuk	SARSO	0184789512	tashisarro@gmail.com	
38.	PHILIP KUMAR GUTHOSH	Sr. Ad. Officer RDRS Bangladesh	01719-208386	anve208116@gmail.com	
39.	Nozmul Hasan	Director, BIMSTEC Sect.	01791580835	nozmulhasan74@yahoo.com	
40.	Dibruha chowdhury	Uttara University	01951808780	elizaelman@gmail.com	



SL. No	Name	Designation and Organization	Contact No	E-mail	Signature
A1.	Md. Jamal Hossain	BTS TO B	01711735898	mdjamalhossain@gmail.com	
A2.	Mihir Biswas	JS BAPA	01700678239	mihirbiswas@yahoo.com	
A3.	Salahuddin Bablu	Business Editor SATV	01552302560	salahuddinbablu@yahoo.com	
A4.	Dr. Md. Yusuf Rahman	U.S	01819448722		
A5.	Zulfiqar Rahman	US	0192461687		
A6.	K. Ibrahim Khaleel	Former Chairman Bangladesh Krishi Bank	0711-563961	kachikhan@yahoos.com	
A7.	Robert Shorro Guda	US	01727264455		
A8.	Briangka Das	US	01720311640		
A9.	Ahrab Jangaly	US	9874410391		
50.	Shahveerul Alam	US	0171245000		



SL. No	Name	Designation and Organization	Contact No	E-mail	Signature
51	Abdullah Nadi	UnSy	01758-547 -904	nadiphy@yahoo.com	<i>[Signature]</i>
52	Zahid Rahman	Unnayan Shamanny	01921161687		<i>[Signature]</i>

[Signature]
 Shaheen ul Alam
 Project Coordinator
 Unnayan Shamanny

