

## Addressing Barriers to Rice Seeds Trade between India and Bangladesh (RISTE Project)

### Reflections from field visits to partner states in India and Bangladesh, August 2013

In the month of August, 2013 CUTS carried out field visits to partner states in eastern India (Bihar, Jharkhand, Odisha and West Bengal) and in Bangladesh. The primary purpose of this visit was to participate in farmers focused group discussions (FGDs) and interact with key stakeholders in the rice seeds supply chain in eastern India and in Bangladesh so as to gather first-hand information on the rice seeds supply chain and the lags therein. In addition to this CUTS also, interacted with few stakeholders like traders and wholesalers of rice seeds in order to understand the status of rice seeds flow and the extent of demand supply gaps.

#### ***I. Key observations and fact findings***

- It was observed; the current status of HYV rice seed demand and supply in Bangladesh and India is not effectively known and documented. To take a decision on formalisation of HYV rice seed trade it is required that the actual position is properly understood. It was emphasised that there is a need for a comprehensive study on seed demand and supply scenario in both India and Bangladesh. *RISTE project can address this issue to some extent and that will be a big contribution towards the goal of the project.*
- It was informed that, in both India and Bangladesh, the choice of rice seed utilisation made by farmer depends on some key aspects of seeds varieties and if satisfied then they would make the purchase. Those key aspects are; yield maturity period, grain quality, market price and tolerance to adverse natural conditions. *In order to develop a case for trade and to identify the varieties to be traded between the two countries, it needs to be kept in mind, how far those varieties fill the about criteria.*
- There were apprehensions shown by the stakeholders towards the governments of both the countries to participate and support the project initiative. Thus, it is crucial for us not only to understand the government's perspective but also get them on board with us on the project not only in India but also in Bangladesh.
- In Bangladesh, demand for HYV rice seeds has significantly increased over the last few years. This increased demand is credited to the hard work done by traders and dealers in raising the awareness of the benefits of utilizing good quality seeds for higher yields.
- It was suggested by representatives from seed association in Bangladesh that a small initiative should be undertaken to know the actual trade barriers in HYV rice seeds trade through promoting traders from both the countries to import and export popular HYV rice seeds and simultaneously then tracing and documenting their experiences in the process. This would throw a light on real barriers and issues in formalisation of rice seeds trade between the two countries.

- It has been noted that the reason for the informal flow of rice seeds is less of an institutional failure rather more in the nature of porous borders between India and Bangladesh, with close ties among the people living close to the borders and their relationship spreading across the borders. This is termed as one of the primary reason of the informal rice seeds flow in the region.

Fact Sheet of field visit, August 2013	
Issues	Fact Findings
<b>Bangladesh</b>	
Supply lags	<ul style="list-style-type: none"> <li>• Limited internal capacity to produce sufficient amount of HYV rice seeds.</li> <li>• According to BADC, introducing new variety is a lengthy process. It usually takes about 10-12 years to develop, register and market a new variety. After trial testing, a technical committee evaluates performance of the seed and recommends to National Seed Board for approval or rejection.</li> </ul>
Demand gaps	<ul style="list-style-type: none"> <li>• Inadequate extension services provided by Department of Agriculture Extension (DAE).</li> <li>• Farmers from Shivgunj Upzilla, claimed that required support and guidance is not provided by government and its agencies.</li> <li>• Inadequate information to farmers and limited capacity building initiatives by government to bridge the demand gaps.</li> </ul>
Informal Flow of rice seeds	<ul style="list-style-type: none"> <li>• Every stakeholder, with whom CUTS interacted, informed that they are aware about the informal flow of rice seeds from India to Bangladesh.</li> <li>• In Chapai Nabaagunj District, out of 48,000 ha under rice cultivation, Indian HYV rice seeds have been used on about 33,000 ha.</li> <li>• In Shivgunj Upzilla, out of 10,000 ha, 4500 ha are planted with Indian HYV rice varieties.</li> <li>• Interaction with seed traders revealed that traders are aware that a number of unregistered HYV rice seeds are being used by farmers, almost all of them have come from India via informal channels.</li> </ul>
<b>Bihar</b>	
Supply lags	<ul style="list-style-type: none"> <li>• Farmers shown their distrust on seeds supply institutions/government agencies (such as KVK and State Agriculture University) in supply adequate amount of quality seeds to them at the right time. Therefore, they are left with no choice but to rely on local traders and suppliers for their rice seed requirements.</li> <li>• A large quantity of seeds are imported from West Bengal (Kolkata and Durgapur) or from Maharastra (Nagpur and Nasik).</li> <li>• The inadequate policy implementation is acting as one of the biggest hurdle in supplying a quality rice seeds in Bihar. For instance; there is a mechanism in place for engaging contract growers in seed production but in case of procurement of seed produced by seed growers is lacking.</li> </ul>
Demand Gaps	<ul style="list-style-type: none"> <li>• Farmers informed their eagerness to adopt new technology and varieties.</li> <li>• It was also observed that there is a high seed replacement rate in number of villages in Bihar.</li> </ul>

	<ul style="list-style-type: none"> <li>Information is not adequately provided to farmers regarding the new developments in the field of rice seeds development and techniques of production.</li> </ul>
Informal flow of rice seeds	<ul style="list-style-type: none"> <li>It was informed that there are traders who informally do trade of rice seeds with Bangladesh (Swarna, Rajendra-Shweta varieties from India and BR-12 from Bangladesh) through indirect channels, from Kishanganj, Saharsa and to some extent in Purnia.</li> </ul>
<b>Jharkhand</b>	
Supply lags	<ul style="list-style-type: none"> <li>In the region of field visit, the only supplier of rice seeds is Large Area Multi-Purpose Society (LAMPS), a semi- government registered marketing agency.</li> <li>It was informed that in case of purchase made by farmers there is no receipt provided to them. It makes them vulnerable in case of bad quality seed.</li> <li>There is a huge gap in the information about the variety of seeds demanded in state. It was apparent from the interview with farmers that they realise higher yields from Naveen Variety so there is a huge demand for that. Whereas, LAMPS representatives identified Swarna and Lalat as two most important rice seeds in the state. But nonetheless, they are aware about the informal flow of Naveen variety of rice seeds.</li> </ul>
Demand gaps	<ul style="list-style-type: none"> <li>It was noted that the awareness among the Adiwasi community of rice farmers is very low. They mostly use traditional varieties and methods of rice production.</li> <li>Because of the low awareness and information about the HYV and quality rice seeds, the seed replacement rate among the community is extremely low.</li> <li>However, it is to be noted that the seed replacement rate in case of other vegetable seeds is not as bad as in case of rice seeds.</li> <li>In contrast, some of the areas of field visits showed that there is high seed replacement rate to the extent of every year for HYV rate. It showed farmers are unaware about the fact that HYV rice seeds can effectively be utilised for upto three years.</li> </ul>
Informal flow of rice seeds	<ul style="list-style-type: none"> <li>Farmers informed that farmers in Odisha have to produce proof of their land holding size in order to procure subsidised seeds from government agencies. Some of the seeds procured are then smuggled to Jharkhand by relatives and/or informal traders.</li> <li>The variety which is informally traded from Odisha to Jharkhand is, NAVEEN, and it is to be noted that the price of Naveen in Jharkhand is three times the price in Odisha.</li> <li>Farmers bring in Naveen seeds from Odisha and distribute and sell to other farmers in the village at three times the price in Odisha.</li> <li>Farmers informed that they realise higher yields from Naveen Variety, higher than Swarna and other varieties.</li> </ul>
<b>Odisha</b>	
Supply lags	<ul style="list-style-type: none"> <li>Orissa State Seeds Corporation (OSSC) is a major producer and supplier of rice seeds in the state and in the process of varieties produced and supplied farmers do not have any say, they are mostly at the receiving end.</li> <li>Agro Industrial Corporation Ltd. is also supplying seeds as it has also</li> </ul>

	<p>signed MoU with farmers. But the payment system and seeds buyback system of Agro is complex and makes negative impact on seeds production.</p> <ul style="list-style-type: none"> <li>• It was observed that decision making process is very slow in the government body responsible for supplying seeds in the state which results into delays in rice seeds supply, negatively affecting production.</li> <li>• In rice seeds production there are contract growers in the state who need to renew their contacts every three years, but gaps in the rice seeds procurement mechanism from those rice seed contract growers is creating lot of confusion and gaps in the seed supply in the state.</li> <li>• Inadequate infrastructure facilities needs to be addressed as soon as possible in the state so as to make it possible the timely supply of quality rice seeds in the state, as unanimously opined by the famers.</li> <li>• It was informed that major problem with OSSC Ltd has made a ceiling for procuring rice seed which is roughly 60-70% of the threshing floor certificates. And because of that the registered seed growers are suffering.</li> </ul>
<b>West Bengal</b>	
Supply lags	<ul style="list-style-type: none"> <li>• Farmers during the focused group discussion pointed that some of the very important seeds have completely gone out of production and use, such as; Jaya, Vijaya, and Ratna.</li> <li>• The market mechanism of the rice seeds is seem to be irresponsible and unaccountable towards the farmers, as they complaint of receiving no receipt at the time of purchase made and thus, in case of bad quality they are unable to lodge any complaint.</li> <li>• During the field visit, interviews with rice seeds trader shed light on the fact that there is a very limited capacity within the state to meet the demand for the local seed requirements hence rice seeds are bought in from Hyderabad, Andhra Pradesh and Odisha.</li> </ul>
Demand gaps	<ul style="list-style-type: none"> <li>• Farmers found of the opinion that the existing varieties of rice seeds in the market do not give good or expected yields.</li> <li>• Many farmers have had bad experience from Swarna variety of rice seeds.</li> <li>• The information gap is one of the biggest obstacles, and is apparent in all the Indian states where farmers are unaware of the best practices of seed storage, purification and utilisation, which directly led towards inefficient production. During the FGDs farmers in West Bengal suggested government should take immediate steps towards bridging the information gap.</li> </ul>
Informal flow of rice seeds	<ul style="list-style-type: none"> <li>• There are noted instances of informal trading of rice seeds with Bangladesh. Two of the rice seeds varieties from Bangladesh which are popular in West Bengal are; Banga Bandhu (BR) 11, and Hira (A hybrid rice seed variety).</li> <li>• The wholesaler survey carried out during the visit claimed that about 20 percent of HYV rice seeds sold by them is Banga Bandhu called BR-11, a variety informally bought into India from Bangladesh.</li> </ul>

## II. List of identified rice seeds varieties informally traded between India and Bangladesh

Origin and destination	Types of varieties	Utilisation and informal trade
<i>From India to Bangladesh</i>	Swarna	<ul style="list-style-type: none"> <li>• In Shivunj Upzilla of Chapai Nababgung District all the three varieties of Swarna are most popular. Farmers of that area noted that quality of locally produced seed is not as good as Swarna.</li> <li>• Both by traders and farmers this variety has been considered as the suitable variety considering its adaptability to the local conditions; soil and resulting higher yields.</li> <li>• This variety is major rice seed variety in Bihar</li> </ul>
	Parijat	<ul style="list-style-type: none"> <li>• This is the HYV rice seeds from Indian origin which is widely utilised in Bangladesh.</li> </ul>
	Rajendra-Shweta	<ul style="list-style-type: none"> <li>• This variety is major rice seed variety in Bihar.</li> <li>• It is also informally traded with Bangladesh.</li> </ul>
<i>From Bangladesh to India</i>	BR-11	<ul style="list-style-type: none"> <li>• Also known as Banga Bandhu, is in use in West Bengal.</li> </ul>
	BR-12	<ul style="list-style-type: none"> <li>• This variety is utilised and traded in Bihar.</li> </ul>
	Hira	<ul style="list-style-type: none"> <li>• This is a hybrid rice seed variety which is utilised in West Bengal.</li> </ul>
<i>Within India (From Odisha to Jharkhand)</i>	Naveen	<ul style="list-style-type: none"> <li>• A HYV rice informally bought in Jharkhand from Odisha, known to produce higher yields.</li> </ul>

## III. Issues to be explored

- In Bangladesh, it was noted that the rice seeds market for HYV rice seeds is highly competitive on the grounds that there are increasing instances of demand exceeding the supply, incentivising seed traders and suppliers to shift towards the HYV rice seeds. In spite of this shift the HYV rice seeds supply is inadequate and there are instances of heavy informal flow of rice seeds from India. *What are the reasons for this market inefficiency? Is it institutional or structural?*
- It was emphasised by traders that, there are number of unregistered rice seeds varieties utilized in Bangladesh, most of which are informally bought from India. In spite of the high preference by farmers for India HYV rice seeds varieties, it was noted that traders do not sell Indian rice seeds varieties to farmers; on the other hand they do however sell India HYV seeds for tomato and other crops. *What are the reasons for this?*
- *Why government agencies in Jharkhand are not providing the Naveen variety of rice seeds to its farmers, even after the noted instances of informal flow of those seeds from Odisha?*
- Informal flow of rice seeds through different channels is apparent from the field visits. The project can also look at the kinds of informal flow of rice seeds is happening within Indian states and across the border with Bangladesh. Informal flow of rice seeds is a broader concept in itself, in order to come out with a practical implication of this project there needs to a focused information on the kinds of informal channels, which are the channels which can be formalised with policy implementation and which cannot be.