

Symposium on Bangladesh Seed Industry

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Seed Industry in Bangladesh

The key to meet the challenges of agriculture in the 21st Century

By Michel P Devarreware

Bangladesh, is predominantly a rural country. Slightly more than 65 percent of the population living in rural areas, and makes a living from agriculture, or should we say survives on agriculture, because poverty and malnutrition is still a problem in Bangladesh.

There was a time when agriculture, we often say agricultural sector, was only considered an activity to feed an increasing population. Self-sufficiency was the word used, and somehow we could achieve self-sufficiency. Only recently has agriculture been considered a real industry and able to generate incredible added value, increased employment and also to generate foreign exchange for the country.

There was a time when the development of agriculture was thought possible with irrigation and fertilizer, first in the hands of government then later with the private sector. Somehow SEED was left behind, thinking that the farmer having kept his own seed for generations could continue to do so and participate in the growth of productivity. We were mistaken and now realize that seed is the No. 1 input, and that it is time we give it more attention. It takes as much brains, energy and effort to produce good quality seed with improved genetic characteristics as it takes to produce fertilizer or provide good irrigation.

We consume around 500,000 tons of seed annually for a total market value of 5 billion Taka. Only 35,000 tons is found in the commercial circuit as being of reasonable

quality, the remaining quantity is either farmers retained seed or farmers to farmers exchanged. It is then not surprising that productivity per unit area was found stagnant in the last decade, with yields among the lowest in the world. Improved varieties and the use of quality seed can help solve that problem and boost productivity.

In vegetables for example, the seed represents maximum between 2 and 5 percent of the total input cost, even including the high priced hybrid seed. The benefits of using quality seed are immense. It can generate a financial benefit by a multiplier 5 to 20 over the use of local seed. Productivity can be increased 20 to 100 percent depending on the crop. In addition, the quality of the fruit produced is improved and so better prices are obtained from the market. But that is not all, the progress of agricultural science has made it possible to incorporate disease and pest resistance within the plant itself. Using those varieties will reduce the use of harmful pesticides and have an indirect impact on public health and the environment. Science and research again has and will make it possible to grow crops in seasons that were never thought possible.

The Bangladesh climate and soil is favorable to produce almost every kind of crop for seed. The production of hybrid seed of some crops such as tomato and chili are labor intensive. Bangladesh with its comparatively cheap labor could have competitive advantage in the world market. Globally, the hybrid seed production market is a multi million dollars industry. Seed

companies in Europe and USA have shifted from countries like Taiwan or Thailand and gone to China and India to produce hybrid seed. Why not Bangladesh?

The government realized the importance of seed in 1992 by promulgating the new seed policy which recognized for the first time seed as an industry. The seed policy emphasized the role to be played by private entrepreneurs in research, production and marketing of quality seed. This policy gave new hope to seed entrepreneurs as it also declared "Favorable policies, incentives and support will be provided to promote private sector participation in the seed industry". In 1996, as a follow-up to the seed policy, the Seed Act of 1977 was amended but unfortunately the new inclusions did not reflect the positive spirit of the seed policy. Finally this year, The Seed Rules - the legal framework of the Seed Act - was amended but it restrained even more the liberalism toward privatization. During all these years, practically nothing changed, and we are yet to see the first incentives from Government.

Back in the late eighties, the donor community also realized the importance of seed and quite a large number of projects signed with government such as FAO vegetable seed project, Dutch funded CDP or GTZ Cereal seed project, dealt with the problem of seed for almost all crops such as: cereals; pulses; oil crops and vegetables. Some of these projects are in closing phase but the legacy left behind is very encouraging. There is awareness in



MESSAGE

It gives me pleasure that Bangladesh Seed Associations have organized a symposium on Bangladesh Seed Industry. I feel delighted that the seed associations have joined their efforts to achieve the goal of developing, producing and distributing quality seed.

In the context of liberalisation of economy, there is ample scope for both the local and overseas entrepreneurs to invest in Bangladesh seed industry. Our government is aware of the global progress of agricultural science and it is our wish, Bangladesh be an active partner in this process for the benefit of our farmers.

I hope the symposium will help the seed industry grow as competent partner for the development of Bangladesh economy.

I wish the symposium a great success.

Joi Bangla, Joi Bangabandhu.

May Bangladesh Live Forever.

Sheikh Hasina

Prime Minister

Government of the People's Republic of Bangladesh

the private entrepreneur community about the problem of quality seed. Some have taken new joint venture initiatives with multinational in the field hybrid rice, corn and sunflowers. A joint venture seed company even started doing research in Bangladesh to develop new local vegetable varieties. Such incentives are at present isolated and there are a lot of obstacles remaining for larger participation of the private community.

So, the time is right for the government and policy makers to declare seed as a genuine industry of national importance, capable of generating added value, income, employment, and foreign exchange and accompany this declaration with tangible incentives.

Comparing the seed industry to other industries in Bangladesh would be a great mistake. Establishing a seed company is not just a matter of erecting a building; procuring some machinery; buy raw material; and be commercially operational after one or two years. Establishing a seed company requires a longer gestation period, especially when research and development efforts are involved. It takes time to develop varieties adapted to local conditions and to farmers preference. It takes time to understand and to teach the farmers how to produce hybrid seed. Finally, it takes time to convince the farmers to replace their own ancestral varieties with better ones such as hybrids. Moreover, the profit margins generated on the existing seed market volume are nothing compared to other industries.

What the seed industry seeks from this present progressive government is a strong commitment to the industry which would materialize in:

- the full recognition of the seed

industry by the Board of Investment, so that more foreign partners with technical know how will be interested in starting business in Bangladesh.

- the waiving and/or harmonization of import duties, taxes and VAT on all agricultural equipment, or any equipment specially related to the seed industry. An exhaustive list has been introduced by the seed associations with NBR for consideration.

For Example:

the import duty of a tractor is 2.5 percent but the import duty of a plough which is pulled by a tractor is 15 percent.

The greatest enemy of seed is the combined effect of high moisture and high temperature. Thousands of tons of seed are annually lost because of failure of germination depriving farmers from good crops, and causing huge loss to the entrepreneurs public and private. This could be prevented if adequate storage godowns equipped with industrial humidifier and coolers were available. Unfortunately the import duty of this type of equipment is very prohibitive.

- the waiving of import duties on preprinted packaging material. In order to keep seed viable to the farmer, it is essential that it is packed in vapor proof containers.

- the import of seed is duty free except for potato seed on which a 7.5 percent import duty is imposed. But when importing any seed an additional 2.5 percent Advance Income Tax as well as a 2.5 percent Development Surcharge are imposed. These additional costs are logically reflected in the price of the seed to the farmer. We would like to see 0% import duty on any seed and

the waiving of the Development surcharge.

• the access to credit is essential for the development of every industry, but somehow the agricultural sector and the seed industry, in particular has been discouraged with bankers. I personally believe that banks and bankers have never really understood how the seed industry worked and assumed it was similar to other types of industries, resulting in unrealistic loan repayment terms. In Europe and USA, bankers know that for a seed project to take off the ground it requires a minimum of 5 years and loan repayment periods are calculated for a minimum of 10 years.

It is interesting to see that all the new private seed initiatives are done in collaboration with multinational because they are the only ones in Bangladesh who can afford to finance such projects. Later on multinational are blamed to control vital sector of the industry. If we want to see local entrepreneurs play a key role in the development of the seed industry, I urge the bankers to look at seed industry projects with a different eye.

• the extension or renewal of seed projects with the technical and financial assistance of donor countries. The world is moving very fast in the field of agricultural science, hybrid technology is everywhere. We in Bangladesh would like to be part of it.

It is only with these incentives that a fragile seed industry can emerge and provide to farmers of Bangladesh the best possible planting material, so that year after year, they will be able to harvest better crops and participate actively in the economic life of our country.

MESSAGE

I am glad to know that the Bangladesh Seed Associations are jointly organizing a symposium on Bangladesh Seed Industry on May 24, 1998.

It is heartening to know that the seed industry is making sincere efforts to increase its production capacity by dissemination of modern technology and providing quality seeds to meet the demand of our farmers enabling them to make greater contributions to the economic life of our country.

Agriculture plays a vital role in the economic development of Bangladesh and one of the key component of agriculture is seed. With quality seed, comes quality produce, which in its turn is giving added value. It is necessary to ensure that the right type of seed is made available to the farmers.

The present government under the dynamic and far-sighted leadership of Prime Minister Sheikh Hasina is trying hard to promote agriculture by giving top priority to this sector.

I hope that through this symposium much greater awareness will be created among policy makers, business community, eminent scientist and technologists on how to develop this vital industry.

I wish to assure the members of all the concerned seed associations that the Government will extend its full cooperation to them in their important mission.

My best wishes for the success of the symposium.



Joi Bangla, Joi Bangabandhu

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Shah AMS Kibria

Ministry of Finance

Government of the People's Republic of Bangladesh

MESSAGE

I am pleased to learn that a Symposium on Seed industry is going to be held on the 24th May next in Dhaka.

In our national economy, the contribution of Agriculture sector are largest. Better inputs i.e. high yielding seeds, adequate fertilizer and irrigation are pre-requisites for satisfactory production.

The Government has attached top priority for providing modern input facilities to the common and marginal farmers shortly and easily. A new seed policy has already been declared for the production and distribution of high yielding seeds across the country. Our farmers should get the modern varieties and the latest environment friendly technologies.

The Government will encourage the programmes of seed development and distribution activities and also expansion of seed industries throughout the country.

I hope the symposium will contribute in the overall development of seed production and marketing.

I wish the success of the symposium.



Matia Chowdhury

Minister

Ministry of Agriculture and Food

Government of the People's Republic of Bangladesh

MESSAGE

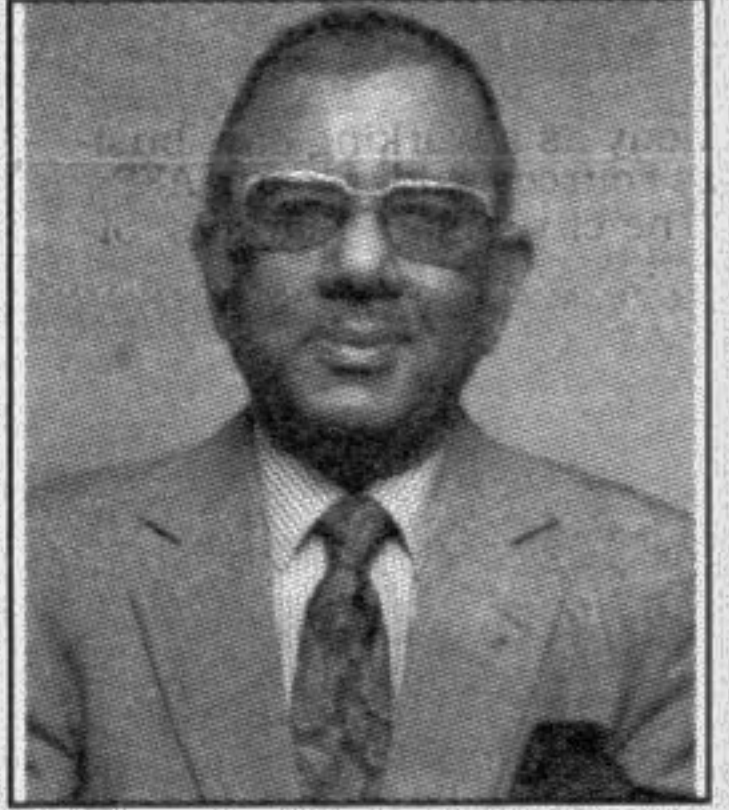
I welcome and applaud the initiative of organizing a National symposium on the seed industry. That means that seed is finally given the importance it deserves as being the major agricultural input. During many years seed was thought to be better off in the hands of the public sector. BADC was created for this purpose, and it achieved most of their objectives and mandates. But in the recent years, with the globalization of the seed trade and the incredible achievements of private companies in this sector worldwide, it was felt that time had come to share the responsibility of developing, producing and marketing good seed with the private sector.

Seed is the foundation for any successful crop. A farmer using good seed will not only be able to feed his family, but the bountiful harvest will also generate extra income for him and his family, and by doing so that farmer would contribute to generate wealth not only for him but also for the country.

Developing the seed industry will indirectly contribute to generate tremendous added value for the farmers community, but directly also is the multi million dollar seed industry in Bangladesh capable of generating employment, wealth and also foreign exchange through export of seed.

The seed industry is highly technical, sophisticated and deals with a sensitive commodity for the most difficult of all customers: the farmer. That means that the developments are slow and the industry as a whole is vulnerable. It needs a good support and policies from decision makers. I am sure this symposium will highlight which problems needs to be addressed, and I assure them of Government's cooperation.

I wish all success to the symposium and to the organizers.

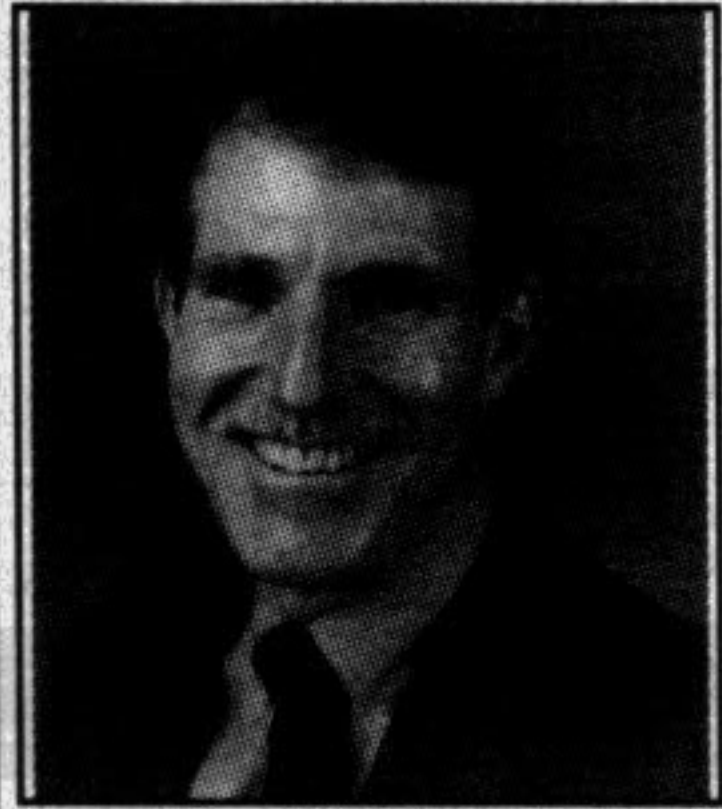


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May Bangladesh Live Forever

A M Anisuzzaman

Food & Agriculture Advisor to the Hon'ble Prime Minister
Government of the People's Republic of Bangladesh



MESSAGE

I congratulate the private seed producers and distributors of Bangladesh for organizing this symposium on the opportunities and constraints facing the development of the seed industry in Bangladesh. High quality seed is a vital input for increased food production. New varieties of high yielding pest and drought resistant seeds have been instrumental in the "Green Revolution," which has significantly increased agricultural yields in South Asia and helped to feed millions of people over the past thirty years. I am pleased that the United States Agency for International Development (USAID) is able to work with the seed industry

through the USAID - funded Agrobased Industries and Technology Development Project (ATDP).

It is difficult to underestimate the importance of co-ordination and co-operation among private, as well as public, organizations involved with seed research, multiplication, and distribution in Bangladesh. This symposium brings together the key private groups involved in the seed industry in Bangladesh, including the Seedmen's Society, Seed Merchants Association, Seed Dealers Association, Nurserymen Association, and Seed Growers Association, and is an important step towards improved co-ordination.

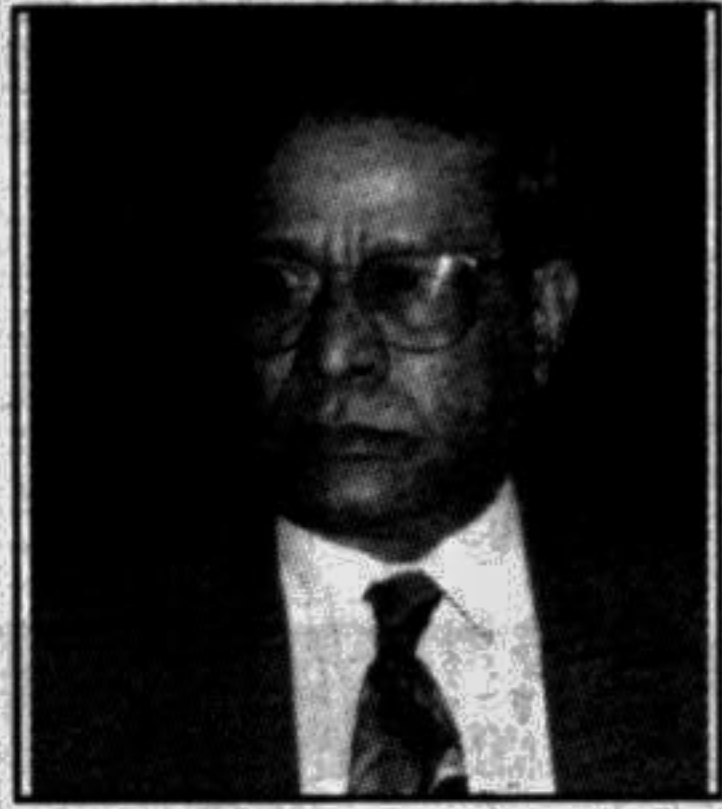
I am confident that the associations attending this symposium are committed to the growth and prosperity of Bangladesh, including its hard-working farmers, as well as to the growth and profitability of the seed industry. I wish the seed producers and distributors success taking up the challenge to serve the country and the people by advancing agricultural development in Bangladesh.

John C. Holzman

Ambassador of

The United States of America

Dhaka, Bangladesh



MESSAGE

The National Bangladesh Seed Industry Symposium, organized by the Bangladesh Seed Association is an outcome of the Bangladesh Government's continuous efforts to increase the participation of the private sector in the development of the seed industry. The Government is pursuing a seed policy that addresses a broad range of developmental issues, including seed production, quality control, seed marketing and the private sector. In Bangladesh, about 420,000 tons of seeds - rice, wheat, jute, oil seed, vegetables - and 170,000 tons of potato seed is required for growing crops each year. Out of this, about six

percent is supplied by the public sector. The rest is supplied through trading or produced by the farmer, himself. The six percent supplied by the public sector is critical to the dissemination of modern varieties and to maintaining the quality of seeds.

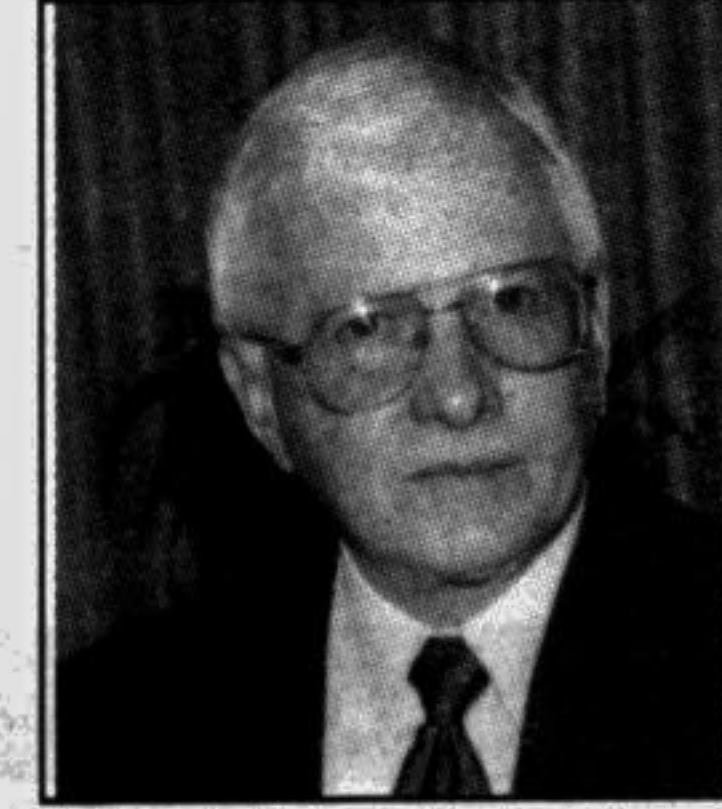
The private sector is gradually emerging in the development and production of wide variety of quality seed. I hope that today's symposium will further strengthen the role of the private sector in supplying quality seed to the doorstep of the farmers, and that this will ultimately lead the country into maximum levels of production.

Dr A.M.M. Shawkat Ali

Secretary

Ministry of Agriculture

Government of the People's Republic of Bangladesh



MESSAGE

Agribusiness in seeds has developed rapidly in the last few years and the Agrobased Industries and Technology Development Project (ATDP) of the Ministry of Agriculture, which receives USAID support, has been pleased to participate in this development. The Symposium on Bangladesh Seed Industry represents a consolidation of various seed industry interests to alert the policy making and financial communities of the crucial significance of this industry to both the agribusiness economy and the Bangladesh farmer. Hopefully, this will lead to a more supportive environment for the growth of this vital agribusiness.

The Bangladesh seed industry is multifaceted and is growing more so day by day. Some view seed as an input to farm production along with fertilizer, irrigation and pesticides. To others it is the high-valued output of carefully nurtured commercial farming - that is commercial quality seeds. Some businesses import seed to expand the choices in crops, varieties and quality available to farmers. Others develop new varieties particularly suited to Bangladesh soil and climatic conditions. Locally produced seeds must be stored under climatically controlled conditions and processed - cleaned, sorted, graded and packaged - for local consumption or for export. Traders move seeds from local production or imports to the furthest corners of the country - and retail shops from Siddique Bazar to Teknaf sell them to farmers. There is also the need to import or produce locally the equipment for processing as well as the agrimachinery for planting and harvesting the seeds. All of these commercial activities together represent the Bangladesh seed industry.

It is this seed industry and the associated farmers of Bangladesh who need policy and financial support for further developing this important agribusiness sector. ATDP wishes the industry success in conveying this message in its Symposium on Bangladesh Seed Industries. Finally, I assure the industry of ATDP's continued support and assistance.

Ronald P. Black

Chief of Party

International Fertilizer Development Center

Agrobased Industries and Technology Development Project (ATDP)/IFDC

Seed Association of Bangladesh :

Seedmen's Society of Bangladesh, Seed Merchants' Association of Bangladesh
Seed Dealers' Association of Bangladesh, Nurserymen Association of Bangladesh
Seed Growers' Association