1. Introduction

The Bangladesh Institute of International and Strategic Studies (BIISS) organised a Roundtable Discussion on “Bangladesh Tea Industry: Problems and Prospects” at the BIISS Auditorium on 18 April 2013. Major General Sajjadul Haque, afwc, psc, Director General of BIISS delivered the Address of Welcome. Major General Md Abdus Salam Khan, afwc, psc, Chairman, Bangladesh Tea Board was present in the discussion. Ambassador Munshi Faiz Ahmad, Chairman, Board of Governors of BIISS chaired the Roundtable Discussion.

The “Research Team” consisted of Colonel Nazrul Islam, Research Director, Dr. Jashim Uddin, Senior Research Fellow, Jasim Uddin, Research Fellow, Ashique Rahman, Research Fellow and Nazmul Arifeen, Research Officer of BIISS. Among them, in the Roundtable Discussion, Dr. M. Jashim Uddin, Senior Research Fellow and Nazmul Arifeen, Research Officer presented two papers on “Bangladesh Tea Industry: Problems and Prospects”.

Following the presentation of the papers, a lively Open Discussion session took place where distinguished scholars, members of the academia, representatives of multi-disciplinary professional bodies, government and non-government agencies and policy makers actively participated, raised questions and queries, and gave their valuable comments, suggestions, and recommendations.

2. Address of Welcome

In his Address of Welcome Major General Sajjadul Haque, afwc, psc mentioned that tea is one of the key agricultural, labour intensive and export oriented industries of Bangladesh and a substantial cash crop in the country’s economy. The Director General pointed out that the tea industry contributes to the economy of the country by earning foreign currency and also generates employment in particular for marginalised women indicating that the industry is vital
for the country’s domestic economy and earning of foreign currency. He stated that there has been a significant drop in the tea export recently as the domestic consumption rate has been increasing rapidly. As a result there is a possibility that with the present production rate there would be no tea for export in near future. He underlined the point that Bangladesh Tea Board (BTB) is the key government organisation to promote tea industry in the country. Government has initiated “Strategic Development Plan for Tea Industry of Bangladesh – Vision 2021” for the welfare of the tea industry of the country.

3. Paper Presentations

In his presentation, Dr. M. Jashim Uddin began with a brief introduction of tea and spoke about the historical background as well as the history of the tea industry in Bangladesh. He mentioned that China was considered to be the birthplace of tea where the plant was discovered in 3500 BC and the practice of tea drinking in around 2000 BC. In Bangladesh, tea cultivation was started on experimental basis in hilly areas of Chittagong district in 1840 and commercially began in Sylhet in 1857. He said that tea industry of Bangladesh has employed about 1,23,00 people directly of whom 50 per cent were women. The dependants (about 4,00,000) of these workers were also being taken care of by the industry. Around 6,00,000 people were employed in tea related industries and it would also provide large amount of tax to the government. He then said that domestic consumption was increasing at a faster pace compared to the domestic production and export was on the decline. In 2000, the export earnings from tea were US$ 23.11 million which has dropped to just US$ 2.42 million in 2010. If such situation would continue, export surplus would be almost nil in near future. In 2011, the number of tea gardens was 163 and small growers 266 with a total area 1,15, 956 hectares, showing that the latter were growing in number.

Dr. Jashim highlighted the organisations involved in the development of the tea industry of Bangladesh. The primary of them was the Bangladesh Tea Board (BTB) with the main objectives to increase the national production of tea, promote the quality of tea, boost tea export, conduct research for assisting tea farmers and producers and ensure workers’ welfare etc. The BTB also had an initiative called the Project Development Unit (PDU) aimed at monitoring tea gardens, looking after workers’ interests, holding short and diploma courses for garden managers etc. He informed the audience that the Bangladesh government initiated the Strategic Development Plan for Tea Industry of Bangladesh—Vision 2021 that included some specific goals such as modernising tea factories, import substitution, development of infrastructure, ensuring broader gender parity among tea workers and improved healthcare for them as well as saving the environment. He mentioned that Bangladesh Tea Research Institute (BTRI) has been responsible for providing scientific assistance to this sector, raising the quality of tea, inventing high yielding varieties, extend better technologies to the industry for enhancing production etc. The BTRI had so far invented about 18 varieties of clone teas. It also supplied important information to tea gardens free of cost, arrange annual courses, tea testing sessions, workshops for increasing awareness about the industry.

Regarding the case study of Srimongol, he mentioned that tea production varied from garden to garden in Bangladesh though the national average production was 1274 kg per hectare.
Labour association has been a big issue in tea industry. Wage was low for tea workers; e.g. an Indian tea worker gets 87 Rs. whereas a Bangladeshi worker gets only 55 Taka. There was disagreement among planters to wait for long for refurbishing tea gardens. Some insensitive realities also came out at the seminar held by BIIS in collaboration with the BTRI at Srimongol as spoken by several representatives from government and private sector stakeholders alike such as the tea industry was never included into the ADP of Bangladesh government. In addition soil worsening, lack of funding and skilled management, market instability, insincerity among owners, NGO interference and biased media portrayal of tea garden managers and owners, bureaucratic and political difficulties, insufficient supply and rising costs of utility services were some major concerns for the tea industry. He pointed out that there were lots of problems in tea industry and therefore coordinated efforts amongst all stakeholders would be essential for overcoming them.

In the presentation, Nazmul Arifeen briefly discussed two case studies namely Panchagarh and Chittagong. While presenting the case study of Panchagarh, he informed that there are 321 small tea growers, 10 medium tea gardens and 22 tea estates in this region in which 10.45 lakh kg tea has been produced in 2011. In addition to that, approximately 2,778 hectares of land was brought under tea plantation and 16-40 thousand hectares of more land is suitable for tea production in the area. In this case study he found that tea is more profitable than paddy and jute. Mentioning about Kazi and Kazi Tea Estate, he highlighted that this Estate produces organic tea and branded tea which have high demand in the international market at present.

He also discussed challenges and prospects of tea gardens in Panchagarh. Some of the key challenges are: lack of loan facilities for small growers, absence of representatives from tea industry in the district administration committees, absence of allocation for fertiliser at the district level, law enforcement agencies reluctance to take cases of extortion and so on. He also pointed out that there is a great prospect of tea industry in this region but some of the issues should be taken care of such as leasing out of vested land under Forestry Division, inclusion of tea related vocational training, fixing tea price in due time, introducing ‘hypothecation’ facilities, etc.

After this he presented another case of tea auction in Chittagong. He stated that price is set through auction in the region and producers can sell up to 20 per cent of tea directly to the buyers and rest is sold through auction. He added that auction has a key role in setting price of tea as price of tea during 2011-13 exhibited a robust upward trend (almost 33 per cent in 2013). He added that even on week-to-week basis, price increase is even higher. This has ultimately increased the price compare to other auction centres of the world namely India (Coonoor), Indonesia (Jakarta), Uganda, Malawi and China. As a consequence it reduces consumer benefits as they have to pay more for tea.

He mentioned some of the key problems of auction in Chittagong like more revenue for producers causes declining profit by the traders, lack of security of internal transportation and import restrictions (e.g. current import duty is 84 per cent) which leads to import of low quality tea. He also mentioned some of the common challenges which are also significant to consider including such as land related problems, difficulties in getting loans on easy terms and
conditions, shortages of labours and skilled managers, lack of training facility for tea related
issues, lack of government subsidies on tea industry, other assistance and lack of motivation of
tea planters for sustaining the industry, inadequate opportunity for scholarship and higher studies
for tea-related researchers and professionals, lack of high quality variant of tea and low wages of
labours in some tea industries.

He said that despite the existing problems, the prospect of tea industry is bright as the
country diversifies its export destination to Afghanistan, Pakistan, Russia, Iran, Jordan, Sudan,
Kuwait, Bahrain and UAE. However, one concerning issue is that export is gradually reducing as
the internal demand is growing high. Considering the challenges, he put forward some
recommendations to make the tea industry vibrant. These are inclusion of tea industry in the
annual development plan of the government, long term planning like for 10-15 years for tea
industry, set of import duty up to 50 per cent, providing loan with easy terms and conditions,
inclusion of rational demands of the tea stakeholders in the draft National Tea Policy and
increase labour wages.

4. Open Discussion Session

Dr. Kazi Muzafar Ahammed, Deputy Director (Planning) of Bangladesh Tea Board
(BTB) discussed with the argument that tea was not included into the ADP of Bangladesh
government is not right. Bangladesh Tea Rehabilitation Project (BTRP) from 1980-92 had the
provision to include tea in the ADP. But that provision ended in 1992 and presently it is tried to
be revived. According to him the law of diminishing return is applicable to the tea industry.
Good investments in the tea sector from 1980-92 helped to double its production than the
Pakistan days. At present, massive investment in this sector had become necessary again. He
then said that the low wage for tea workers was supplemented by providing other facilities such
as education, healthcare, ration etc. If one took a look into the facts, the wage then would be
found better than or at least equal to those of tea workers in Sri Lanka/India. The honesty of
some tea workers should be raised. He said that the increased tax on tea import was done to
protect the indigenous tea industry. He opined that it is necessary to build infrastructures first for
tourism in tea garden.

M. Shah Alam, Vice Chairman, Bangladesh Tae Association and Director, Duncan
Brothers said that tea industry had a history of 150 years in Bangladesh. After 1971, the industry
restarted with problems but efforts were massive to gradually raise its production. Nonetheless,
tea was used to be sold at lesser prices than production costs. Bangladeshi delegations visited
many countries such as the Middle East, UK and other countries of Europe to promote
Bangladeshi tea. Foreign companies like the Sterling Company came forward to invest in the
problem stricken Bangladeshi tea industry but failed to solve the problems. One of the major
problem of the tea industry of Bangladesh is producers could not fix the price. Tea was sold
through auctions but in 2011, about 40 per cent tea remained unsold due to increased import tax.
He pointed out that for increasing tea production, older tea plants (that were over 55,000
hectares) must be removed. Uprooting old ones and planting new tea trees would be possible in
Chittagong and Sylhet owing to their age but not in new areas brought under tea cultivation in
Bangladesh. Climatic factors and uninterrupted irrigation facilities were very crucial for this
business to prosper. Besides these, the basic needs of the workers must be met. He suggested that the government might pay kind attention for including schools for education of tea garden workers’ children into the Monthly Pay Order (MPO) scheme. He stressed the need for money/funding to be provided at lower interest rates and other convenient conditions.

Sushil Ranjan Nayek, Field Organiser, Bangladesh Cha Sramik Union, Srimangal questioned whether strong labour unions in the tea business was good or bad for the business. He argued that the data of 1,23,000 workers in this industry was not correct and it should be 86,000 as many were not permanent workers and many had left for working in other industries for better facilities. Though the monetary wage in tea industry was not much, unlike many other industries in Bangladesh, tea business was less prone to chaos. He requested the authorities to take sympathetic notice of these issues.

Mohan Robidas, Student of the Department of Public Administration, University of Dhaka brought out some complaints like lack of good relation between tea garden managers and workers, less job satisfaction among workers which was negatively affect productivity. He urged for increasing the wages and introducing better technologies, assessing the performances of workers and rewarding the best workers and arranging training for them to improve skills.

M. Nurul Alam, Director, Duncan Brothers Ltd. and E-Committee Member of BTA said that lack of understanding between garden managers and workers is not true though in Bangladesh context it was not less either. Garden owners would provide workers with best possible medical facilities which supplemented other needs. He said that the total production did increase in the country, but not the average. Replanting new trees was difficult as producers got only 9 months for producing tea owing to climatic factors. He also said that production could not be increased overnight. Regarding the labour union in tea business, he said they had split into two groups. He mentioned that Sylhet still has many places for accommodating small growers of tea.

Syed Shoaib Ahmed, Chief Operating Officer (COO), Kazi and Kazi Tea Estate Ltd. (KKTE) said that Bangladesh now produced 60 million kg of tea which could be doubled. He informed that his company was internationally certified as a tea producer and often received orders from the Middle East, Americas and Europe. He said that Panchagarh had a double digit growth in tea production, producers there, were building nurseries without ensuring whether their tea would be of good quality or not.

Mohiuddin Ahmed, Former member of TTAB and owner, University Press Limited (UPL) said that he was confused whether tea industry was an industry or not because, like the book industry of Bangladesh, it hardly received any/no funding from the government.
5. **Panellists’ Response**

Responding to the comments and questions of the distinguished participants, Colonel Nazrul Islam Sarker, afwc, psc, Research Director of BIJSS and Project Director of this project replied to clarify some of the confusions aroused in the Roundtable Discussion and commented that the ADP had been including the tea industry up to 1992 but after that, it had been stopped. In some of the gardens, few workers were found to be dishonest which is very negligible and may not be mentioned. Wages varied from garden to garden, workers were somewhat pleased with their current situations though they would surely need betterment of these. He opined that greater and improved understanding among owners, garden managers and workers was necessary to enrich this sector.

6. **Remarks by the Chairman, Bangladesh Tea Board**

Major General Abdus Salam Khan, Chairman, Bangladesh Tea Board (BTB) said that the aim of development policies initiated by the government in regard to tea industry was to produce and provide good quality tea to consumers. He mentioned that tea production was not going up keeping in pace with the sharply rising internal demands. Tea export situations were also disappointing. He warned that if such conditions persisted, the country in near future would become a tea importer in place of an exporter.

According to him the PDU of the BTB was launched in 1980s with a view to enhance development of the industry. In those days, the Bangladesh Tea Rehabilitation Project was also undertaken which proved to be a major step forward for the industry’s advancement. National as well as international responses were pretty remarkable, for example, assistance and funding from various donors like the UK, the European Commission, Bangladesh government, Industrial Development Bank of India etc were noteworthy. The European Commission funded socio-economic development initiatives from 1989-2008. Unfortunately, these could not be sustained and profits from such investments were now depleting. Ownership disputes remained a grave problem in this industry. Besides, the growth in production and export downgraded with lesser investments from internal and external sources. For instance, 16.51 per cent lands in Bangladesh produced only 482 kg of tea/hectare. In tea business, investors would have to wait a bit longer to receive the profits, but they were not much willing to wait that long and rather looked for quicker ones. At present, the tea industry is in dire need of substantial initiative for its restoration and progress.

The Chairman mentioned that BTB had undertaken some programmes for increasing tea production to meet local demands and exports. For example, tea cultivation had been introduced in northern part of Bangladesh namely Panchagarh. the Strategic Development Plan for Bangladesh Tea Industry—Vision 2021 that included 10 features designed for the overall improvement of the industry, i.e. developing and strengthening the efficiency of tea estates, modernisation of tea factories, extension of small holding tea cultivation, infrastructural development and increasing labour welfare of tea estates were notable. The BTB presented 10 development projects with an estimated cost of Taka 350 million to the Bangladesh Ministry for Commerce to add them into the 6th five year plan (2009-15). This Ministry in turn, requested the
Ministry for Finance to provide Taka 203.45 crore as loan at bank rate and an additional Taka 1.55 crore would be provided by BTB itself. The government of Turkey was requested to provide a grant of Taka 40 crore for successful implementation of properly ensuring labour welfare in tea estates.

The Chairman recommended bringing more lands under tea cultivation. He said now Bangladesh had about 57,212 hectares of land under tea cultivation and the government was planning to rejuvenate some 10,000 hectares of land. Furthermore, there was 6,090 hectares of fresh land that could be identified as suitable for tea cultivation. If properly materialised, these initiatives would help augment tea production by 15 million kg. He urged planters for giving time to their gardens to be mature sufficiently to return their investments. Productivity could be increased by intensive cultivation and replanting superior varieties of tea trees, high quality fertilisers, skilled manpower etc. The main hurdle for the Bangladesh tea industry was its slow growth of production which was attributed to the lack of necessary funding. He opined that government intervention into this issue had become urgent. He mentioned that sufficient financing, provision/sanctioning of loans on easy terms and conditions, interest subsidy would be truly helpful in assisting and boosting the industry up that would not only witness growth in production and meeting home demands but increase the export of surplus tea and expand employment opportunities also.

7. **Concluding Remarks by the Chair**

The session Chair mentioned that tea plays an important role in Bangladesh’s economy. Although tea production has shown a generally increasing trend, it has been seriously outpaced by the growth of local and international demand. Stakeholders of Bangladesh tea industry are facing many problems, ranging from production to its marketing and branding. Owing to increase of internal demand and consumption, which also tends to push local auction prices up, tea export from Bangladesh is on the decline. He pointed out that over the years, both global area under tea cultivation and production and consumption of tea have increased substantially which has resulted in an increased vibrant international trade in tea and in view of the upward trend in demand of tea in international as well as domestic market, one can reasonably expect tea industry to be prospective area of investment. According to him our foremost task is to revive our tea industry to make it more profitable in various ways. He raised questions on how to solve the problem of increasing production, whether we should continue to increase export in spite of our growing local demand and whether we should take a more long term and holistic view and seriously think about phasing out tea cultivation in Bangladesh all together or not, etc. He emphasised that we should carefully weigh the pros and cons and take informed decisions regarding various choices that need to be made.