

Sea Salt Production: Blue Economy Potential in Bangladesh

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Introduction

The sea salt production industry plays a vital role in our national economy as it provides an essential ingredient for our daily diet. Additionally, salt finds extensive use in various industries, such as fabric dyeing, glass, polyester, plastics, and leather production in the chemical sector. These diverse applications have made the industry appealing to investors, leading to increased contributions.

The salt industry was originally developed by coastal people, traditionally known as Mulunghee, who specialized in salt production by boiling salt water. Commercial production of crude salt started in Cox's Bazar area

in 1960. However, in 2000, the use of polythene in crude salt production was introduced. Since then, this method has brought benefits like clear salt, higher production, and reduced labor costs and effort. Consequently, crude salt has significantly contributed to the blue economy and has become vital to our national GDP.

As our population, livestock, fisheries, and industries grow, the demand for salt also rises, driving the growth of this sector. Furthermore, achieving self-sufficiency in salt production helps to save a substantial amount of foreign currency spent on importing salt. The salt industry is labor-oriented in Bangladesh and provides significant employment opportunities. Currently,

about 50,854 workers are engaged in this business, generating an annual income of 5000-7000 million BDT, and this number is increasing each year. Therefore, nurturing crude salt production and supporting the industry is important for the overall development of this sector and the country's economic growth.

Present Status of Crude Salt Production

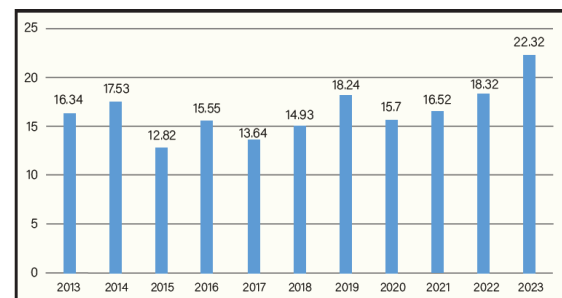
In Bangladesh's coastal regions, particularly in Cox's Bazar and Chattogram districts, the salt industries play a significant role in producing salt from saline seawater. According to the Salt Census of 2018, there are about 60 thousand acres of land spread across 8 Upazillas in these two districts, where more than 26 thousands salt farmers are actively involved in salt cultivation. In the recent past years, the total yearly salt production reached 1.5 million metric tons, with more than 80% of it coming from Moheshkhali, Kutubdia, and Chokoria Upazilas.

As we move towards 2023-24, the area and quantity of crude salt production have significantly increased. In fact, it reached a remarkable 2.232 million metric tonnes, which is a 62-year high, surpassing the previous year's figures by 489,000 tonnes, a notable 22% growth. According to data from the Bangladesh Small and Cottage Industries Corporation (BSCIC) field survey for 2021-22, the total salt cultivation land expanded by 8,637 acres, and the number of salt farmers has risen to 37,231, which is 9,534 more compared to the previous fiscal

years. This growth trend will likely continue in the 2023-24 fiscal year, supported by a favorable environment that allows farmers to expect higher production and reasonable market prices.

Crude Salt Price

The price of crude salt in the local



market tends to fluctuate, and this variation is significant for the farmers. The price changes can be attributed to factors like over or low production, which are often influenced by the weather conditions during a particular season. Additionally, the demand for refined salt in the retail market also plays a role in determining the demand for crude salt, further affecting its price. To get a credible price for their crude salt, farmers usually prefer selling directly to millers or the BSCIC authority. However, it's worth noting that the leading market actors who have control over the market price of crude salt are investors and landowners.

A field survey revealed that around 61% of crude salt farmers have some knowledge about market linkages, and approximately 63% of them mentioned "Mohajon" as the primary market linker. Around 76% of crude salt farmers reported having contact agreements with different groups to market their salt. Among these

agreements, contact salt farming and land lease contracts are the two most essential arrangements that crude salt farmers maintain to facilitate their sales. These agreements play a crucial role in shaping the market dynamics and determining the prices of crude salt in the local market.

Challenges

Salt farmers face numerous challenges in both producing and marketing crude salt. These difficulties encompass various aspects of their operations. Firstly, high land rent poses a significant obstacle to salt farmers. Additionally, they often face limited access to banks and other financial sources that offer loans at high-interest rates. This makes it hard for them to secure the necessary funds for their salt production. Moreover, the production costs are high, and intermediaries control the supply of essential inputs, which further adds to the expenses. Farmers end up selling their crude salt to these intermediaries, allowing them to set the price, despite the price hike in the market. As a result, a small group of agents in the salt value chain gains an increased share of the profits.

Natural limitations also play a role in hindering salt production. The evaporation season is short, and unexpected storms and rain can disrupt the process. Additionally, the lack of mechanization further complicates the production process. Furthermore, farmland available for salt cultivation is diminishing due to other competing activities.

In addition to these challenges, there are other difficulties like a lack of education among the farmers, limited involvement of female farmers in the salt cultivation process, and uneven distribution of khasland (government-owned land) among them. These factors collectively contribute to the challenges faced by salt farmers in their pursuit of producing and marketing crude salt.

Contribution to Rural Economy

Crude salt production is mainly dependent on the season, which typically spans from November to May. During this period, many farmers in the Coz's Bazar district are engaged in salt farming as their primary source of income. In fact, approximately 15% of rural households in the district are involved in salt farming, directly or indirectly impacting around 5 million people across the country.

Contribution to National Economy

On March 23, the government issued the National Salt Policy, 2022, for the period of 2022-26, with the aim of promoting the local salt industry by adopting modern and environment-friendly production methods. As per the policy, it is estimated that the total demand for refined salt in FY 2023-24 would be around 1.9 million tonnes, out of which 0.87 million tonnes would be edible salt. The new policy has increased the process losses to 17% from the previous 10%, and it estimates the total demand for crude salt to be 2.3 million tonnes for FY 2023-24. Moreover, the industries ministry plans to maintain a buffer stock of one lakh tonnes of salt as a

safeguard against any emergency situation.

The data presented in the Salt Policy shows that the gap between the demand and supply of salt is gradually reducing. By embracing modern technologies and environmentally friendly production methods in line with the policy, the country can potentially achieve significantly higher levels of salt production compared to the current modest technologies. However, it's important to note that Bangladesh has been both an importer and exporter of salt in the international market. According to the Observatory of Economic Complexity (OEC) report, in 2021, Bangladesh imported salt worth \$11.8 million primarily from India, China, Thailand, Germany, and Pakistan. On the other hand, it exported salt worth \$0.05 million. The main destinations for salt exports from Bangladesh include Singapore, Malaysia, Brunei, Gambia, and Oman. Notably, the fastest-growing export markets for salt in Bangladesh between 2020 and 2021 were Oman, Gambia, and Malaysia.

Conclusion

Salt production has a long history and plays a vital role in our national economy, as it is a crucial part of our daily diet. Additionally, the demand for crude salt is continuously rising due to its various uses in different industries. To address this, the government has introduced a salt policy and set targets for the period from FY 2022 to 2026. The good news is that the gap

between demand and supply is reducing at an impressive rate. However, increasing crude salt production is not without challenges. One of the main challenges is the ownership of cultivated land. Many farmers do not own the land they work on; instead, they lease it from intermediaries known as "dalals," who are not the actual landowners. These intermediaries control the initial supply of required inputs for crude salt production and force farmers to sell their products at lower prices. As a result, despite price hikes, a significant share of the price increase ends up in the hands of a few agents in the salt value chain. Despite these challenges, crude salt has made a significant contribution to our national economy since its inception, with the amount depending on the country's production volume. However, adopting modern technologies and environment-friendly production processes can substantially increase this production volume. By doing so, we can further enhance the positive impact of crude salt on our blue economy.

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