

Extent of Informal Trade in Agricultural Inputs – *Case of Indo (Bihar)-Nepal Border*

Under

Linkages and Impacts of Cross-border Informal Trade in
Agricultural Inputs in Eastern South Asia



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Outline

- Background
- Objectives
- Factors affecting informal trade
- Implementation structure
- Selection of agricultural inputs
 - Basic profile
 - Land usage
- Bihar (India)
 - Supply chain of seeds
 - Drivers of informal trade
 - Livelihood impact of informal trades
- Policy implications

Background

- Economic and trade relationship between India, Bangladesh and Nepal have expanded manifold and played a crucial role in their economic and trade development
- Indian seeds coming into Nepal via informal channel can account for as high as 30 per cent to 45 per cent of the total vegetable seeds consumed in Nepal
- Literature shows that the amount of informal trade among three countries (India, Bangladesh and Nepal) is very high

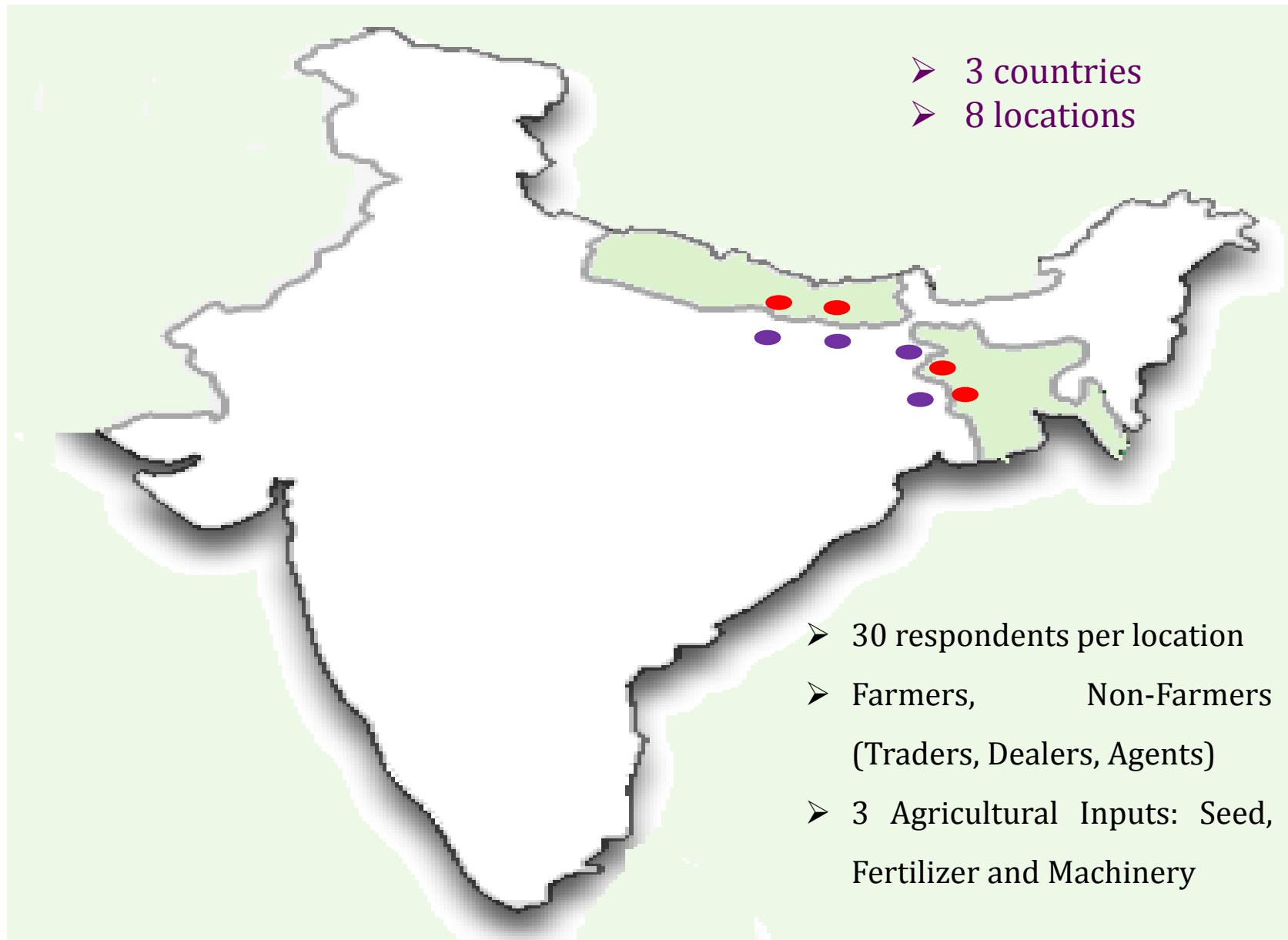
Objectives

- To understand the extent of informal trade in agriculture inputs across specific locations along the India-Bangladesh and the India-Nepal border
- To find out the factors affecting informal trade in agricultural inputs
- To assess the impacts of informal trade in agricultural inputs on rural livelihoods

Factors Affecting Informal Trade (Observations from Literature)

- **Tariff barriers:** High tariffs and restrictiveness on some products
- **Non-tariff barriers:** Sanitary and phyto-sanitary (SPS) standards; administrative & custom procedures, etc...
- Impediments related with Trade Facilitation
- Policy distortions
- Socio-economic and political aspects

Implementation Structure



Selection of Agricultural Inputs

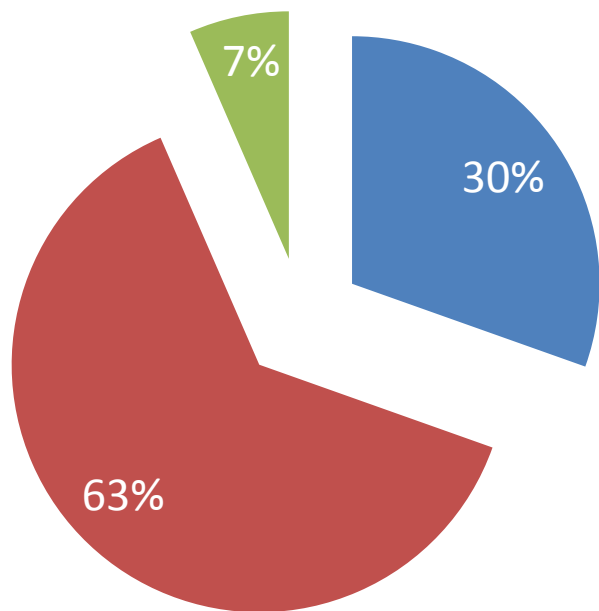
Nepal to India	
Madhubani	Arariya
Wheat Seed (Gautam)	Wheat Seed (NL297)
NA	NA
NA	NA

Bihar: Basic Profile

- 63% male respondents and 37% female respondents
- 75% are farmers and 25% are non-farmers
- Most of the respondents are preliterate or just having primary education

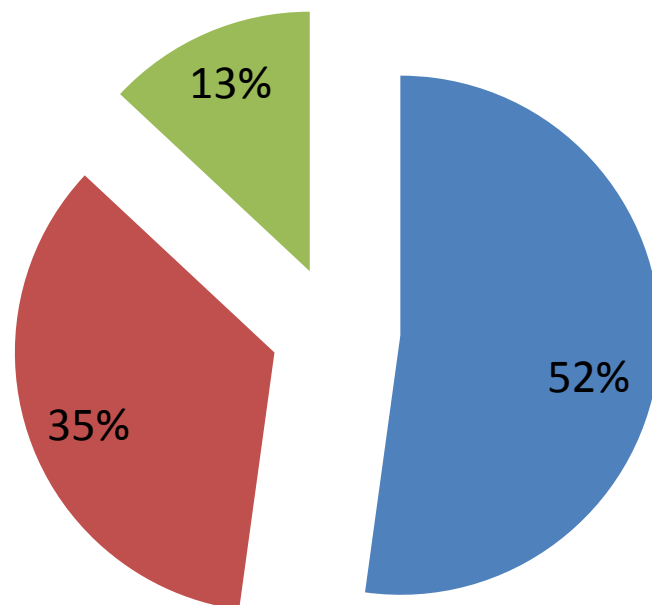
Bihar: Land Usage

Total Land Holding



■ Upto 1 acre ■ 1-5 acre
■ more than 5 acre

Land used for Cultivating Informal Seed



■ 0-1 acre ■ 1-2 acre ■ 2-3 acre

Bihar: Supply Chain of Seeds

Supply of Seeds from Nepal to India Dhanusha to Madhubani



Supply of Seeds from Nepal to India Sunsari to Arariya



Source: CUTS Survey

CUTS International

Bihar: Drivers of Informal Trade

- Easy accessibility of products and proximate markets across border
- Cultural, social and ethnic relations
- Crop productivity and longevity (plant durability)
- Post-harvest benefits from the crop

Bihar: Livelihood Impacts of Informal Trade

- 97% of the respondents have felt that informal trade has helped to improve their livelihood
- More than 50% have observed that informal trade has led to the improvement in housing and sanitation conditions
- Majority are aware about their child's education
- Majority are getting the better accessibility of the health care services

Policy Implications

- Informal trade should be formalize using weekly local and common markets
- Necessity of political convergence between two countries
- Harmonization of transport and trade related regulation
- Trade corridors need to be developed
- Awareness generation

Thank you

*Comments
and
Suggestions*