

Webinar Report
Gender Dimensions of Informal Trade
Monday, December 21, 2020

1. Introduction

1.1 CUTS International together with its partners Bangladesh Women Chamber of Commerce and Industry, Bhutan Media and Communications Institute, and South Asia Watch on Trade, Economics, and Environment with the support from the United Kingdom's Foreign Commonwealth and Development Office is implementing a project titled 'Gender Dimensions of Trade facilitation: Evidence from Bangladesh, Bhutan, India and Nepal' with a vision to prepare cases in favour of gender-inclusive trade policies and to realise the importance of women's participation in the informal trade and related activities.

1.2 In this regard, CUTS organised a webinar titled 'Gender Dimensions of Informal Trade.' The webinar focused on informal trade's economic and social implications while deliberating on women's engagement in informal trade operations across the border. The webinar also emphasised the need to have a gender-sensitive border environment to reduce poverty among border communities. This further deliberated the findings of [the briefing paper compendium](#) produced under this project. The webinar was attended by more than 50 participants from diverse backgrounds in Bangladesh, Bhutan, India, and Nepal.

Moderator:

Mr. Bipul Chatterjee, Executive Director, CUTS International, Jaipur

Key Panellists:

- **Ms. Hasina Kharbhih**, Founder and Managing Director of Impulse Social Enterprises, Shillong, Meghalaya
- **Ms. Kamala Gurung**, Gender and Natural Resource Management Specialist, ICIMOD, Kathmandu, Nepal
- **Ms. Nasreen Begum**, Member (Law) of Bangladesh Competition Commission
- **Ms. Damchae Dem**, Founder, Bhutan Association of Women Entrepreneurs

2. Background

2.1 Gender is a crucial instrument for development and equality in trade interventions across the world, in addition to fuelling growth in the economy. When it comes to cross-border trade in Bangladesh, Bhutan, India and Nepal (BBIN), women are highly involved in informal sector.

2.2 Cumbersome procedures involved in formal trade, low volume of production, mobility and infrastructure related challenges, already established linkages across border are some of the reasons by which women prefer to stick to informal trade. It is known that women's participation in informal trade has multiplier effect in reducing poverty, improving local economy and economic empowerment.

3. Key Discussion

3.1 Demand-supply mismatch, coupled with challenges of trade procedures and inadequate volume are one of the few reasons why women are engaged in informal

trade. The other reasons are, small land holding, subsistence agriculture and large scale migration of men-folks in border areas such as India-Bangladesh and India-Nepal. While remittance is a significant source of household income, it is not sufficient.

Why Women Prefer Informal Trade

3.2 Women are primarily involved in cross border informal trade, Cross border trade is observed historically, but it has changed in terms of scale and products being traded. Historically, practitioners and policymakers have overlooked gender issues; hence, trade is not gender-neutral.

3.3 Although informal trade is not recorded officially by the customs at the borders, it doesn't mean it is illegal trade. An example of that is cross-border 'Haats and Melas' markets that need to be increased to encourage women's participation in south Asia.

3.4 Pull factors and push factors influence the personal motive of women's engagement in informal trade. The pull factors that draw women's interests in informal trade are low financial requirements to practice informal trade, provision of basic skills and knowledge, and their motive to be financially independent. The push factors are the factors that push away from formal trade, which are inequalities in access to family resources (land and property), societal norms that restrict women's mobility, education, and skills, and customary laws that constrain women's inheritance property rights.

3.5 The root causes of women in informal small-scale trade are social-cultural beliefs and norms, which affect mobility restrictions, inequalities in access to family resources (land and property), and customary laws that constrain women's inheritance property rights. The consequences of this are limited access to information/markets, access to loans, and access to education. Together, it impacts involvement in informal small scale trade.

Focusing on the Bigger Picture

3.6 Bangladesh is making speeding success in gender equality through policy interventions. Initiatives such as trading on internal and external trade, women-owned SME's are provided collateral-free loans up to certain limits, dedicated desk at all banks and financial institutions for women entrepreneurs, preferential tax policy limits for women entrepreneurs, and gender-sensitive budget allocation.

3.7 However, there is much work to do, whether interventions are made, considering the whole picture is the question. A majority of women are in the informal sector and are unregulated. Informal trade occurs because the transaction cost in formal trade is higher due to costly trade procedures. Moreover, the border clearance processes are complicated at the Indo Bangladesh borders and impose barriers to trade for illiterate or semi-literate informal traders.

3.8 Further, in particular, the women traders face challenges in terms of inadequate infrastructure at the customs stations that are sensitive to women's social needs. Women cannot reap the benefits of trade policy reforms due to an uncomfortable environment at border management. Cross border informal trade takes place through informal markets along the borders, using formal channels and unguarded border areas.

3.9 Due to lack of documentation, women informal traders might find themselves forced to reject any financial assistance and trade policy benefits. Sensitising policy makers and front line workers towards the challenges faced by women entrepreneurs and

workers is important through large-scale decentralised awareness generation programmes.

Impact of Covid-19 Pandemic

3.10 The Covid-19 pandemic has affected every factor, including trade, and has not been given the importance that it should have received. A big country with a bigger population would not experience as much impact as it will be seen by the smaller countries like Bhutan smaller countries are much more vulnerable. Due to Covid-19, farmers have been unattended, and the lands are unharvested, yet they have worked hard than ever before with no resources in place.

3.11 India invested approximately 30 Billion USD in the last 15 years to support self-help groups that helped 45 million women access skills, market, and business development services. However, ground reality shows women are highly engaged in informal trade, for example, Border Haats.

3.12 Therefore, during Covid-19 informal trade could not function the way it used to before Covid-19. Not many efforts are made to deal with the current situation, and women in informal trade do not know how formal trade occurs.

3.13 Post Covid-19, the government needs to look at how Border Haats would operate, keeping in mind the issues of Covid-19 in a bio-secure manner to enhance women traders' economic livelihoods. The infrastructure at the Border Haats is not women-friendly. For increasing ground-level women participation, necessary infrastructure such as toilets and resting facilities need to be provided. Operational policies of the Border Haats are yet to address the requirements of support services that make women participation much more conducive.

Suggestions

3.14 There is a need to sensitise the government to make gender-inclusive land reforms and policies. Restriction on women's access to land and property rights through inheritance ultimately restricts finance and credit access. There is a lack of proper implementation mechanism at the local administration levels. Women need to be made aware of the initiatives that the government has taken in their favor.

3.15 Further, existing loan procedures need to be structured to make the financial assistance programmes beneficial for women entrepreneurs truly. The representation of women in the policy-making ecosystem needs to be increased. This can be done by making sustained efforts to recruit more women in trade bodies and streamlining maternity leaves and other similar benefits.

3.16 Some of the possible mechanisms that could help make trade inclusive at the grassroots level are: establishing digitalised warehouses, providing micro-financing facilities, cold storage, and enabling market assurance, which can help make trade gender-inclusive grassroots.

3.17 Informal trade-in northeast India is limited to the region as the southeast Asian products are coming to northeast India , and the women traders have not been able to trade their products to the other parts of the county. Foreign trade policy is inadequate without looking at the informal trade where women's participation is the highest. There should be a convergence of appropriate measures, including awareness generation on trade procedures for encouraging women's participation in cross-border trade.

4. Conclusion

4.1 Due to a lack of market and connectivity in border areas, it is not easy to trade. However, informal traders find their ways to deal with these challenges. Therefore these factors need to be institutionalised to enhance formal trade in south east Asian countries. Foreign policy cannot ignore the informal trade angle. Informal trade is an essential factor in the food security aspect in the border and adjoining areas that needs to be recognised.

4.2 The webinar pointed out the urgency of improving the infrastructure in a gender sensitised manner. Further, foreign policy also needs to take bio-diversity and agroforestry into account to increase gender participation.

4.3 Trade is not gender-neutral, and a structural approach for institutionalising border practices toward facilitating women's participation in cross-border trade is required.

5. Action Point

5.1 CUTS and its partners will advocate the importance of informal trade in the formulation of foreign trade policy to the Ministry of External Affairs and Ministry of Development of North-East Region.