

## **Stakeholder Consultation**

# **Linkages and Impacts of Cross-Border Informal Trade in Agricultural Inputs in Eastern South Asia**

organized by

**South Asia Watch on Trade, Economics and Environment (SAWTEE)**

**in association with**

**CUTS International**

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### **BACKGROUND NOTE**

The open border between Nepal and India has not only fostered ethnic and cultural ties across the border but has facilitated trade between the countries as well. However, the political boundary and ensuing formalities involving customs and border patrol has given rise to flow of commodities through informal channels. In fact, prominence of agrarian economy on the border area translates as large volume of informal trade of agriculture commodities.

Various studies have observed that agricultural products were the second highest informally traded item across the border, after cattle. Moreover, food/agricultural products constitute a major proportion of India's trade between Bangladesh and Nepal through both formal and informal channels. As the procedural, political and regulatory barriers pose as a hindrance, farmers and traders resort to procuring agriculture inputs such as fertilizers, seeds, small machineries, diesel among others from across the border through informal channel.

Informal trade provides better access to seeds and fertilizers which enhances efficiency of the farmers resulting in higher income and improved living standard. Although the informal trading of the inputs may help meeting the immediate needs of the farmers, it could lead to compromise in terms of quality and have lasting impact on the agronomics and ecology.

Against this backdrop, a study has been conducted to assess informal cross-border trade in agricultural inputs across specific locations along the India-Bangladesh and the India-Nepal border in partnership between CUTS International from India, Bangladesh-based Unnayan Shamannay and Nepal's South Asia Watch on Trade Economics and Environment (SAWTEE). The project aims to assess the extent of informal cross-border trade in agricultural inputs across specific locations along the India-Bangladesh and the India-Nepal border and figure out the drivers of such informal trade.

Under the project, SAWTEE carried out the field study in two locations at Nepal-India border; Kaptangunj VDC in Sunsari and Giddha VDC in Dhanusha to assess the drivers of informal trade of agriculture inputs such as seeds, chemical fertilizers and small agriculture machineries. The objective of this meeting is to disseminate findings of the surveys and seek feedback from the stakeholders. The findings and resulting discussions among the different stakeholders are expected to help figuring out benefits and challenges of formalisation of informal trade in agricultural inputs to enhance economic and social benefits for farmers and local people in the region.