

Informal trade in fertilisers flourishing

By A Staff Reporter

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A recent study has shown that informal trade in chemical fertilisers, specially DAP, is flourishing in the villages adjacent to the Nepal-India border where it is cheaper by about 20 per cent than in the Nepalese market.

The study, jointly conducted by the South Asia Watch on Trade, Economics and Environment (SAWTEE), concluded that a kilogram of fertiliser that came through a formal channel cost Rs. 48 and Rs. 46 in Giddha of Dhanusha and Kaptangunj of Sunsari respectively and would cost only Rs. 36 to 38 while bought via the informal channel.

"Farmers in Nepal are highly dependent on India for fertilisers as domestic supply is sporadic and unreliable," said Diksha Singh, researcher at the SAWTEE.

Likewise, Nepalese farmers buy

potato and vegetable seeds as well as paddy seeds from the markets in India as it is cheaper by Rs. 3 there.

As the price is almost half in India than in Nepal, small machineries, such as power sprayers, are bought from across the border, said the study.

The study has concluded that easy accessibility across the border, lower price, low transportation cost, productivity, absence of a formal border point, proximity of local party, and cultural, social and ethnic relations are the major drivers of the informal trade.

Chairperson of SAWTEE Dr. Posh Raj Pandey said that according to rough estimates, the informal trade in seeds alone amounted to around Rs. 1 billion.

"While informal trade offers lower price, better quality and no bureaucratic hassles, it can result in harassment, seizure of goods and bribery at the border points," he said.

Joint secretary at the Ministry of Agricultural Development (MoAD) Dr. Yogendra Karki said that seeds and pesticides were mostly traded informally.

"The informal trade is flourishing because there is no supply of goods as per the demand. Farmers are ready to pay the price for quality goods," he maintained.

Joint Secretary of the Ministry of Commerce Rabi Sainju stressed on the need of coordination among the ministry, Agriculture Research Council, universities and other stakeholders.

Trade expert Purushottam Ojha said that there should be subsidy on basic agricultural goods and equipment.

He stated that non-tariff measures were also the reasons for the informal trade.

Suvayan Neogi, research associate of CUTS International, presented the findings of the research on informal trade in wheat seeds from Nepal to India.