
Women highly active in informal trade with India: Sawtee report

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Women are being highly used as a vehicle to carry out informal cross-border trade with India, says a report unveiled by the South Asia Watch on Trade, Economics and Environment (Sawtee) on Tuesday.

The report has mentioned two interesting facts on why women are mostly used for informal trade.

Firstly, border patrols are relatively lenient on women carrying goods from India. Secondly, the increase in the men going for foreign employment has forced women-headed farming household

in the area to participate in informal trading. “Women are both vehicle and beneficiary of informal trade,” the report said.

It said Nepal imports a large amount of agricultural goods through informal trading from Indian market every year, due to difference in price, poor market monitoring, low transportation cost and proximity of the local market.

The socio-cultural and ethnic relation among the people of two countries and inadequate supply compared to the high demand of inputs are also the contributing factors for soaring informal imports, it said. Among all commodities, imports of chemical fertilizer are significantly high.

The high costs of the government supplied Diammonium Phosphate have forced farmers in the Tarai region to purchase the input from the Indian market, the report says. DAP costs Rs46-48 per kg at the border market, while it is available at Rs36-38 per kg in the Indian market.

The study was conducted on potato seeds, paddy, vegetable seeds, power sprayer and DAP at Kaptangunj in Sunsari and Giddha in Dhanusha. The report is based on survey of 60 small farmers.

The study shows that 20 percent of the seeds are being imported through informal channel. “The price difference between formally imported and informally brought variety of seeds was Rs3 per kg,” said the report. Unavailability of the specific types of seeds in the local market has also been identified as one of the main reasons for an increasing informal trade of seeds.

According to the Ministry of Agriculture, the government imports 300,000 tonnes of chemical fertilizer annually, against the demand of 700,000 tonnes. “With the shortfall in supply, the rest of the amount is met by informal trade,” said Yogendra Karki, joint-secretary at the ministry.

Likewise, the agriculture machinery are also being imported informally due to difference in price and quality. The report shows that the agricultural tools are available in the Indian markets at almost half the price. Although the government has been providing subsidies on agricultural tools, the lengthy and tedious process has been making the farmers to purchase the tools in nearby Indian market.

Rabi Shankar Sainju, spokesperson for the Commerce Ministry, said the lack of coordination among the government agencies and poor implementation of standard measures such as sanitary and phyto-sanitary standards were also fuelling the informal trading.

According to Sainju, the ineffective distribution system by the government agencies, including Agriculture Input Corporation and Salt Trading Corporation, has also forced farmers to purchase agricultural inputs from the Indian market.

Former commerce secretary Purushottam Ojha blamed government’s weak policy for the rise in informal trading, saying that a number of Nepali farmers in the border areas sell high quality agro products in Indian market but import substandard products informally.