

Easy availability of agro inputs can curb informal trade: Experts



KATHMANDU, May 3: At a time when informal trade of agro commodities between Nepal and India is rising, experts have said that easy and timely availability of inputs such as seeds and fertilizers could help to such informal trade.

Speaking at an interaction to discuss the findings of a research study entitled '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 Kathmandu on Tuesday, they also called for harmonization of transport and trade-related regulation to reduce informal trade between the two countries.

While there is no exact data on volume of the informal trade between the two countries, the study has found that Nepali farmers are dependent on informal trade to meet their seeds, chemical fertilizers and agriculture machineries requirements.

Conservative estimates show Indian seeds coming into Nepal via informal channel account for 30-45 percent of the total vegetable seeds consumed in Nepal.

Speaking at the program, government officials also admitted that the mismatch between demand of some agro products, for example rice, and import figure also indicates that huge volume of import is done through informal channel. “Annual demand for urea fertilizer stands at nearly 700,000 tons. However, we are importing only around 400,000 tons. So, the rest of the demand is met through informal imports from India,” Yogendra Kumar Karki, a joint secretary at the Ministry of Agricultural Development, said.

“While seeds like maize, wheat and vegetables come to Nepal via informal channel as they are of comparatively higher quality, the informal import of fertilizers is due to mismatch between demand and supply,” Karki added.

Similarly, Dikshya Singh, a research officer with SAWTEE, said that farmers have been buying fertilizers from India due to lack of timely and reliable availability of fertilizers in Nepal.

“Difference in price, almost 20 percent less in India than in Nepal due to Indian government's subsidy, seem to be prompting Nepali farmers to buy fertilizers in India,” she said. “Likewise, in terms of seeds, especially vegetables, farmers are buying even the restricted Indian varieties due to better productivity of those varieties.”

However, Rabi Shankar Sainju, a joint secretary at the Ministry of Commerce, said that there was a need to strengthen the Sanitary and Phytosanitary (SPS) measures to curb informal trade of agro commodities. He further said that the Department of Customs was expediting the process of implementing single-window system which will coordinate with about 64 government institutions to smoothen cross-border trade.

Former Commerce Secretary, Purushottam Ojha, said that the non-tariff barriers have been contributing substantially to foster informal trade between the two countries.

Also speaking at the interaction, SWATEE Chairman Posh Raj Pandey said that it would be wise to improve agriculture productivity than increase agriculture subsidy as Nepal do not have resources to provide agriculture subsidy on par with India.