

# Extent of Informal Trade in Agricultural Inputs – *Case of Indo (Bihar)-Nepal Border*

**Under**

Linkages and Impacts of Cross-border Informal Trade in  
Agricultural Inputs in Eastern South Asia



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# Outline

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- Factors affecting informal trade
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- Bihar (India)
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# Background

- Economic and trade relationship between India, Bangladesh and Nepal have expanded manifold and played a crucial role in their economic and trade development
- Indian seeds coming into Nepal via informal channel can account for as high as 30 per cent to 45 per cent of the total vegetable seeds consumed in Nepal
- Literature shows that the amount of informal trade among three countries (India, Bangladesh and Nepal) is very high

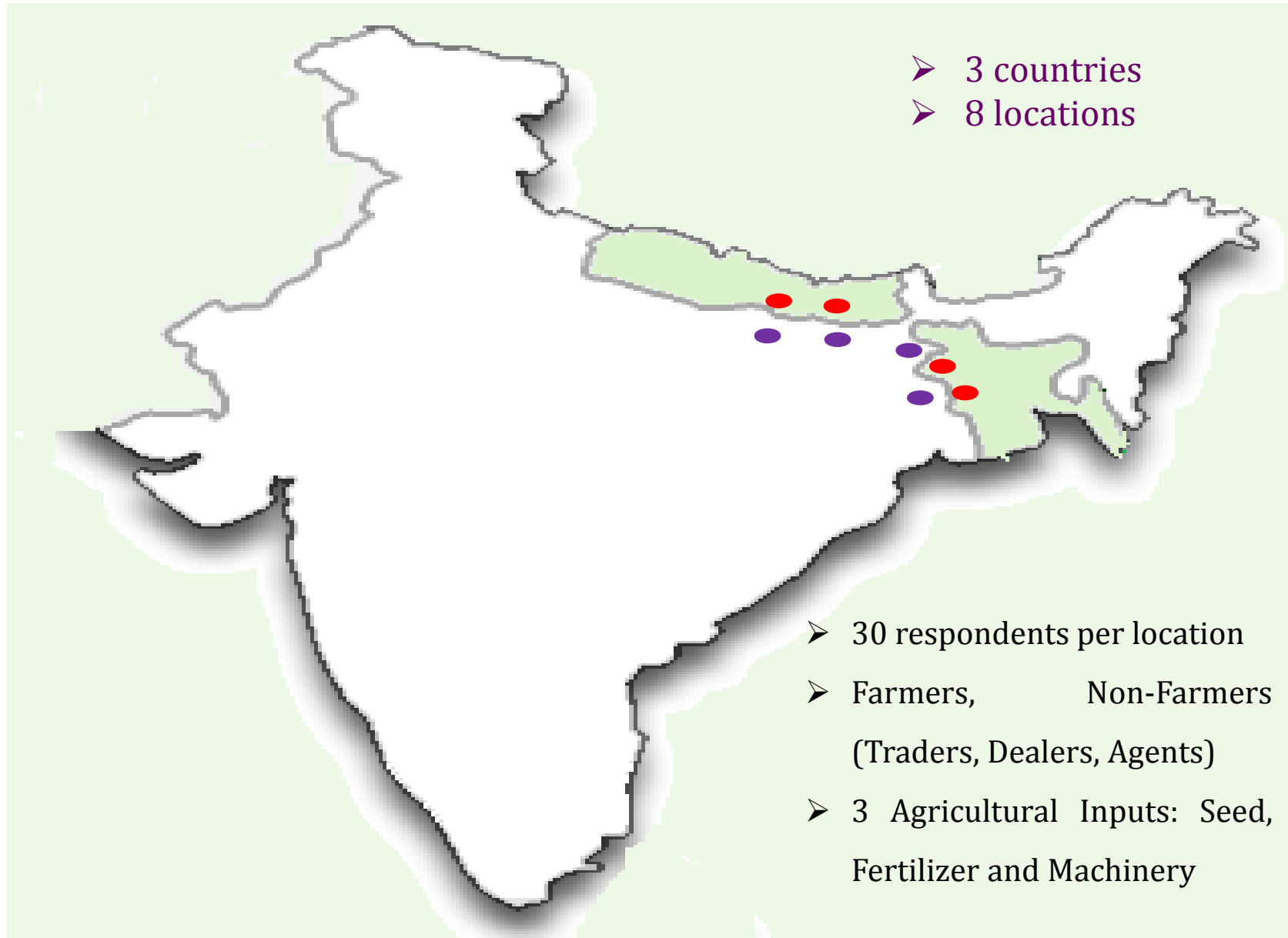
# Objectives

- To understand the extent of informal trade in agriculture inputs across specific locations along the India-Bangladesh and the India-Nepal border
- To find out the factors affecting informal trade in agricultural inputs
- To assess the impacts of informal trade in agricultural inputs on rural livelihoods

# Factors Affecting Informal Trade (Observations from Literature)

- **Tariff barriers:** High tariffs and restrictiveness on some products
- **Non-tariff barriers:** Sanitary and phyto-sanitary (SPS) standards; administrative & custom procedures, etc...
- Impediments related with Trade Facilitation
- Policy distortions
- Socio-economic and political aspects

# Implementation Structure



# Selection of Agricultural Inputs

<b>Nepal to India</b>	
<b>Madhubani</b>	<b>Arariya</b>
Wheat Seed (Gautam)	Wheat Seed (NL297)
NA	NA
NA	NA

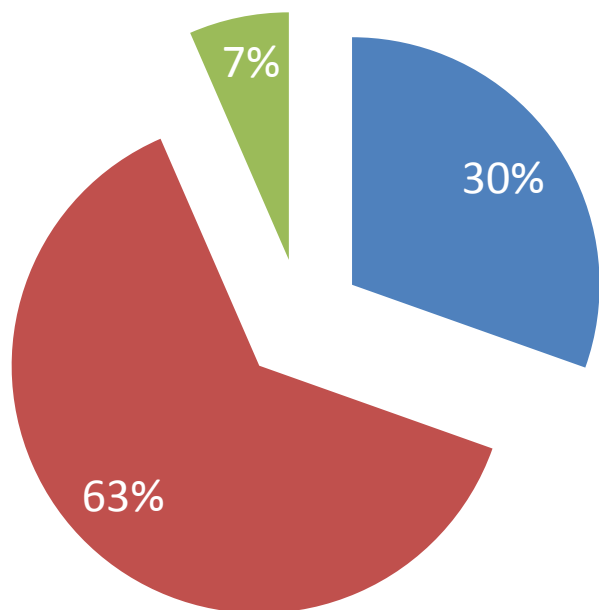
# Bihar: Basic Profile

- 63% male respondents and 37% female respondents
- 75% are farmers and 25% are non-farmers
- Most of the respondents are preliterate or just having primary education

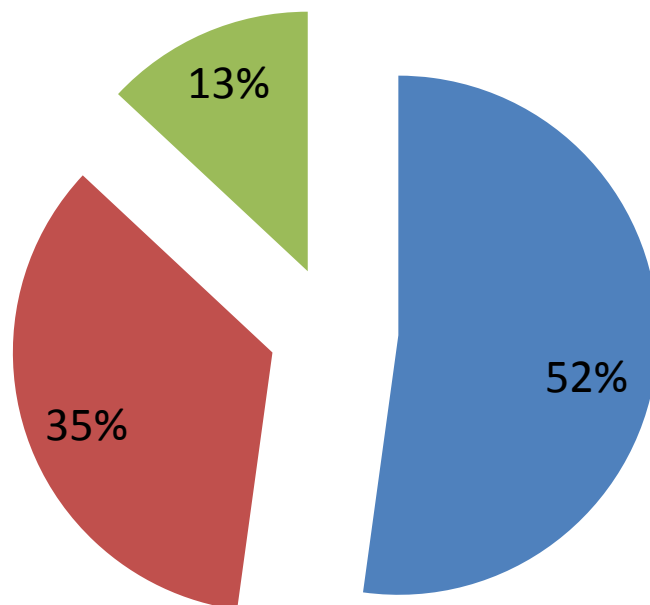


# Bihar: Land Usage

## Total Land Holding



## Land used for Cultivating Informal Seed



■ Upto 1 acre     ■ 1-5 acre  
■ more than 5 acre

■ 0-1 acre   ■ 1-2 acre   ■ 2-3 acre

# Bihar: Supply Chain of Seeds

## Supply of Seeds from Nepal to India Dhanusha to Madhubani



## Supply of Seeds from Nepal to India Sunsari to Arariya



**Source:** CUTS Survey

CUTS International

# Bihar: Drivers of Informal Trade

- Easy accessibility of products and proximate markets across border
- Cultural, social and ethnic relations
- Crop productivity and longevity (plant durability)
- Post-harvest benefits from the crop

# Bihar: Livelihood Impacts of Informal Trade

- 97% of the respondents have felt that informal trade has helped to improve their livelihood
- More than 50% have observed that informal trade has led to the improvement in housing and sanitation conditions
- Majority are aware about their child's education
- Majority are getting the better accessibility of the health care services

# Policy Implications

- Informal trade should be formalize using weekly local and common markets
- Necessity of political convergence between two countries
- Harmonization of transport and trade related regulation
- Trade corridors need to be developed
- Awareness generation

# Thank you

*Comments*  
*and*  
*Suggestions*