Export Potential of Fresh Vegetables to India and Other Countries

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Presentation Outline

1. Objective
2. Methodology
3. Survey Findings
4. Way forward

Objective

A survey was undertaken with the objective of exploring possibilities of exporting fresh vegetables from Nepal to India and other countries

Methodology

- Literature Review
- Qualitative data collection

  a) Check list prepared for field survey

  b) Key informant interviews (42 in total)

  c) Focus Group Discussions held in Bhairahawa, Biratnagar, Birgunj and Mahendranagar (4 in total)
- Secondary data collection
- National Consultation

Study area

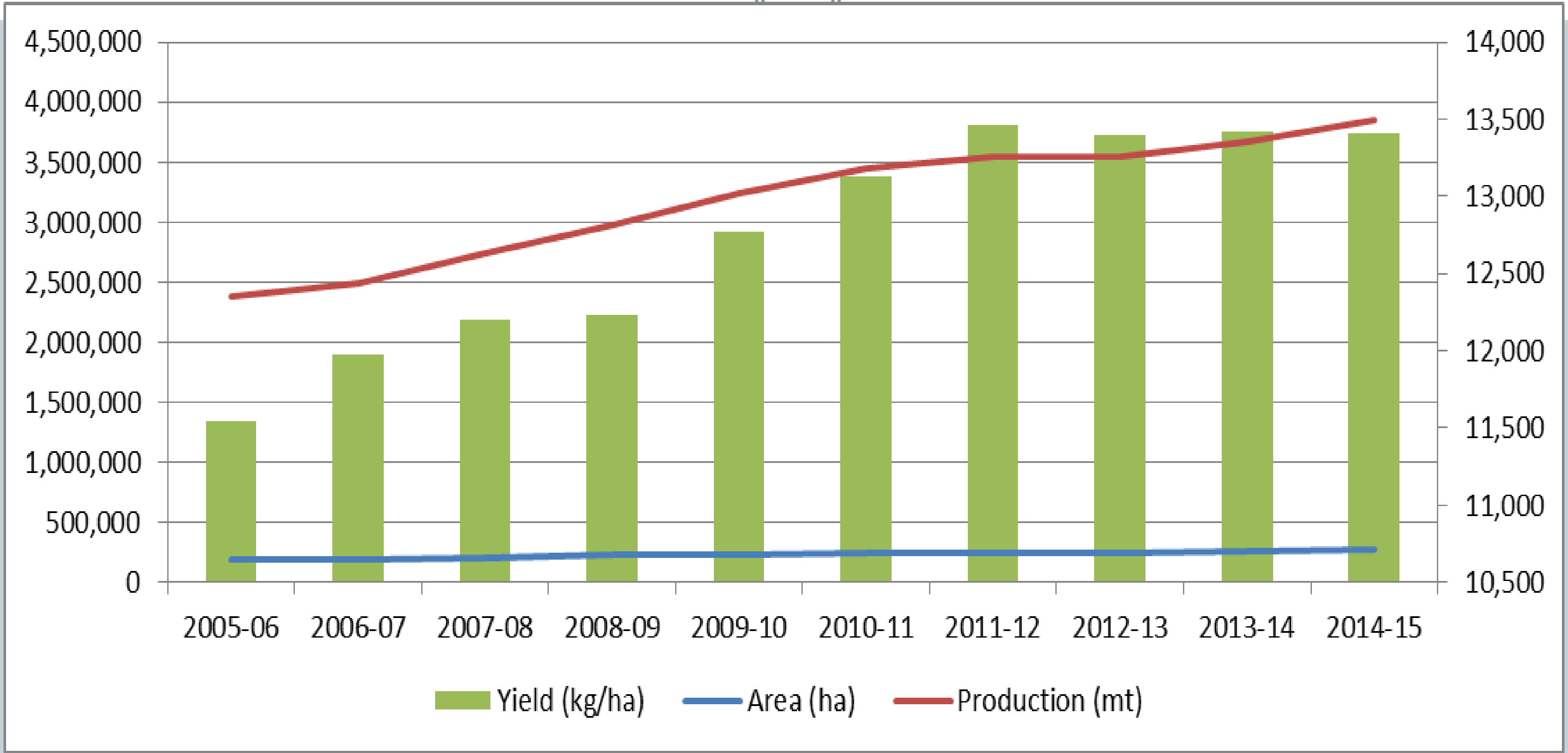
Bhairahawa, Birgunj, Biratnagar, Jhapa, Dhangadi, Mahendranagar and Nepalgunj

- Effort was made to include all major custom points
- Effort was made to cover five development regions

Limitations of the study

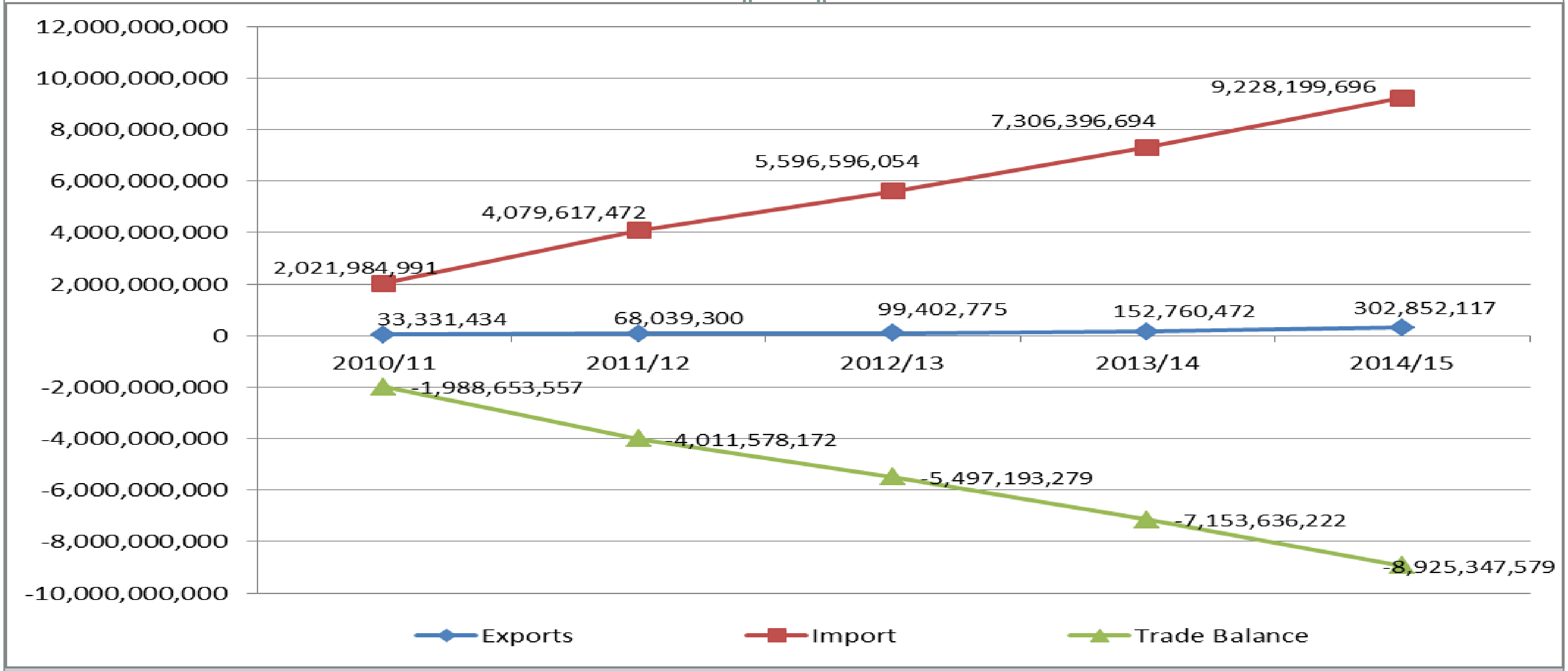
- Study concluded within four months
- Data Inadequacy and inconsistency as all the custom points do not follow the same procedure
- High incidence of informal trade

Vegetable Production in Nepal



Between 2005 -2015, area under vegetable cultivation increased by 40 per cent; however, yield has increased merely by 16 per cent (MOAD, 2015)

Trend of Vegetable Export-Import



- Exports of the vegetables are increasing, so are the imports
- Trade deficit in vegetables for all the years. 101% from 2010/11 to 2011/12. 37% from 2011/12 to 2012/13. 30% from 2012/13 to 2013/14. 24% from 2012/13 to 2014/15.

SURVEY FINDINGS

Vegetable Imports

Fiscal Year (in NRs 000)	Bhairahawa	Biratnagar	Birgunj	Kailali	Kakarbhitta	Kanchanpur	Nepalgunj
2070/71	2,832,582	NA	1,017,992	237,604	984,084	NA	237,604
2071/72	3,453,072	NA	985,110	240,585	1,448,348	NA	240,585
2072/73	3,189,816,	NA	452,058	414,629	NA	93,653	414,629
Average growth rate	7.14		-28.67	36.80	47.18		36.80

Vegetable Exports

Fiscal Year (NRs 000)	Bhairahawa	Biratnagar	Birgunj	Kailali	Kakarbhitta	Kanchanpur	Nepalgunj
2070/71	137	NA	35,191	NA	36,381	NA	NA
2071/72	5,271	NA	77,556	NA	56,333	NA	NA
2072/73	72	NA	30,235	NA	NA	NA	NA
Average growth Rate	-30.58		30		54		

Potential to Export

- Analysis was done from the perspectives of

  a. supply side

  b. demand side

  c. marketing issues

Supply side Issues

Supply side issues

Year	Population	Required Consumption (280 gms/day/person)	Vegetable Production (kg)	Surplus (kg)
2011	26,494,504	2,707,738,309	3,203,563,000	495,824,691
2012	26,875,445	2,746,670,479	3,298,816,000	552,145,521
2013	27,264,592	2,786,441,302	3,301,684,000	515,242,698
2014	27,660,775	2,826,931,205	3,421,035,000	594,103,795
2015	28,062,832	2,868,021,430	3,580,085,000	712,063,570

Aggregate data reveals enough production and surplus

Supply side issues

- *Inconsistency and fluctuating vegetable production*
- *Cost of production is comparatively high in Nepal and a deterrent factor for export*

Possible reasons could be:

1) higher level of commercialisation of agriculture in India
2) the subsidies provided by the Indian government are higher than provided by the Nepalese government
3) better technology and extension service in India.

Supply side issues

- *Government support program for vegetable production has some inherent deficiency*
- *Unchecked flow of low quality Indian vegetables*
- *Lack of integrated pest management is causing erosion of confidence over the Nepalese vegetables*
- *Vegetable production expected to increase further in future*

Demand side

Exploring the demand of Nepalese vegetables in various markets like India, Bangladesh, Bhutan and Middle East countries

India

- Major market for Nepal due to its close proximity
- Nepalese vegetables are of better quality
- Vegetable import in India has been increasing every year, it has been almost double from US $ 1970 million in 2011/12 to US $ 4022 million in 2015/16 (source: www.commerce.nic.in)
- Record of Informal trade indicated that almost 3800 Kg/day of vegetables were being taken across the border (data taken for two days at Kakarbhitta customs)
- Vegetables as primary agricultural products are categorized as wholly produced products and enjoy duty free access into Indian markets

Bangladesh

- Bangladesh has insufficient supply and needs to import a huge quantity of fresh vegetables. Bangladesh has been importing from several European countries, African countries and USA. (www.trademap.org)
- Data shows that Bangladesh imported almost US $ 535 million worth of fresh vegetables in 2015. The trend has been increasing and was almost double in the year 2013 compared to 2012. (www.trademap.org)
- The tariff level are normally higher; particularly for tomato, cabbage, lettuce, carrot and all other green vegetables attract 25 per cent import duty. Nepal should request Bangladesh to reduce the import duty.
- Bangladesh imported US $ 23.80 million worth of vegetables from Nepal in 2011 which decreased to US $ 6.5 million in 2015. Nepal has already penetrated the Bangladeshi market and the issue is to either sustain or increase it. (www.trademap.org)

Bhutan

- Not much possibility as it is a very small market
- Vegetable market mostly dominated by India
- Vegetable production is almost similar to Nepal because of the similarity in geographical settings

Middle East countries

- Production almost nil
- Volume of import very high
- The Middle Eastern countries have low or no tariffs on a number of vegetable commodities
- Nepal needs to meet the national standards and food safety regulations. Targeting these markets would also mean that Nepal ensures a sustainable supply of quality products

Marketing issues

Marketing issues

- *Marketing aspect is not gaining much attention*
- *Inconsistency in data collection and recording*
- *Plant quarantine certificates provided by the Nepalese authorities are seldom recognized by the Indian authorities*
- *Poor Trade facilitation*
- *Lack of proper market linkages and intelligence*
- *Post-harvest handling is not up to the standard*

WAY FORWARD

Short term measures

- *Bring uniformity in data recording and management*
- *Maintain record of export and import in tonnage or volume*
- *Ensure acceptable quality of the products and regular supply*
- *Facilitate in establishing linkages of the exporters with importers from India*
- *Organize border haats for exchange of agricultural goods including vegetables*
- *Implement the capacity development measures targeting the farmers and traders*
- *Carry out intensive and extensive training on post-harvest operations*
- *Help in organizing the farmers and traders for a collective effort*

Long term measures

- *Focus on marketing with continued support in production*
- *Renegotiate and revise the deterrent provisions of the Nepal India Treaty of Trade*
- *Enhance the capacity of Nepalese SPS labs and align along the regional and international standards*
- *Promote off-season vegetables*
- *Promote organic production in order to harness the competitive edge*
- *Introduce Pest Risk Analysis*
- *Provide adequate logistical support for the export of vegetables*