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
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

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


## Vegetable Exports

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

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

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](http://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
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