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

• Background
• Objectives
• Factors affecting informal trade
• Implementation structure
• Selection of agricultural inputs
  - Basic profile
  - Land usage
• Bihar (India)
  - Supply chain of seeds
  - Drivers of informal trade
  - Livelihood impact of informal trades
• Policy implications
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
3 countries
8 locations

30 respondents per location
Farmers, Non-Farmers
(Traders, Dealers, Agents)
3 Agricultural Inputs: Seed, Fertilizer and Machinery
## Selection of Agricultural Inputs

### Nepal to India

<table>
<thead>
<tr>
<th>Category</th>
<th>India to Nepal</th>
<th>Nepal to India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seed</td>
<td>Rice Seed (Sona Mansuli)</td>
<td>Vegetable Seed</td>
</tr>
<tr>
<td></td>
<td>Wheat Seed (Gautam)</td>
<td>Wheat Seed (NL297)</td>
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<tr>
<td></td>
<td>NA</td>
<td>NA</td>
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<td>NA</td>
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### Bangladesh to India

<table>
<thead>
<tr>
<th>Category</th>
<th>India to Bangladesh</th>
<th>Bangladesh to India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seed</td>
<td>Tomato Seed (Rocky)</td>
<td>Rice Seed (Guti Swarna)</td>
</tr>
<tr>
<td></td>
<td>Paddy Seed (BR11/BB11)</td>
<td>Paddy Seed (BIRI 28/29/Heera)</td>
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### Note
- DAP*: Diammonium Phosphate

Source: Field Survey, CUTS International
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

- Upto 1 acre: 63%
- 1-5 acre: 30%
- More than 5 acre: 7%

### Land used for Cultivating Informal Seed

- 0-1 acre: 52%
- 1-2 acre: 35%
- 2-3 acre: 13%
Bihar: Supply Chain of Seeds

Supply of Seeds from Nepal to India
Dhanusha to Madhubani

Formal Trader in Nepal (Dhanusha) → Wheat Seed (Gautam) → Farmers in India (Madhubani)
Price INR 1800 per 40kg

Supply of Seeds from Nepal to India
Sunsari to Arariya

Informal Trader/Dealer/Farmer in Nepal (Sunsari) → Wheat Seed (NL297) → Farmers in India (Arariya)
Price INR 2000 per 40kg

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
• 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