

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

### Background

Eastern South Asian countries are geographically proximate and share deep-rooted historical, cultural and economic ties. Though political boundaries have divided the region into India, Nepal and Bangladesh, flow of both resources and people have continued to thrive across the borders. However, with political boundaries posing as hurdles, the movement of people and the flow of resources have become difficult; thus, informal channels of exchange are being adapted.

*Recent study undertaken by CUTS, on informal trade of HYV rice seeds have revealed that more than 60 per cent of the cultivated area under HYV rice in the border areas of Bangladesh makes use of Indian varieties.*

Various studies have attempted to estimate the quantum of this informal trade between these neighbouring countries and have concluded that figures for such trade are very high. Recent study undertaken by CUTS, on informal trade of High Yielding Variety (HYV) rice seeds

have revealed that more than 60 per cent of the cultivated area under HYV rice in the border areas of Bangladesh makes use of Indian varieties. These seeds reach to farmers mostly through informal channels.

In spite of the fact that informal network assures the supply of seeds and other inputs, quality of these inputs remain compromised, quite often. Use of good quality seeds and other agricultural inputs, will significantly improve the productivity and access to market, and will ensure income stability. Hence, it is imperative to understand the linkages between informal trade of agricultural inputs and its impact on livelihoods

of households with small and marginal farm holdings, with a gender dimension, as agriculture is a female intensive activity in both India and Bangladesh.

There are various agricultural inputs (for example, seeds, fertilisers, machinery and diesel) that are traded informally, along the eastern border of India, but the challenge is to find out the quantum of such trade in specific locations and their impact on livelihoods of farmers. This project, supported by Australian Centre for International Agriculture Research, will endeavour to fill this critical gap in existing understanding of informal trade in agricultural inputs in those locations at India-Bangladesh and India-Nepal borders.

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### Objectives

The objectives of the project are to:

- point out the drivers of informal trade in agricultural inputs across specific locations at the India-Bangladesh and the India-Nepal border;
- quantify such informal trade; and
- understand informal trade's impact on livelihoods of small and marginalised farmers, with particular focus on women-led/managed farms.

Supported by



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## Approach

Primary data collection, through various field visits would form the backbone of the study, as informal trade is never quantified officially. Surveys would be done at two trade points, each on India-Bangladesh and India-Nepal borders.

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These locations are: Malda-Rajshahi and Coochbehar-Rangpur interfaces on Indo-Bangla border; and Jainagar-Dhanusha and Araria-Sunsari interfaces on Indo-Nepal border. These surveys would be conducted by CUTS and its partners,

South Asia Watch on Trade, Economics & Environment (SAWTEE) in Nepal, and Unnayan Shamannay (UnSn) in Bangladesh. These surveys will be done in consultation with field project staffs of 'Sustainable and Resilient Farming Systems Intensification in the Eastern Gangetic Plains (SRFSI) project' of the (International Maize and Wheat Improvement Centre (CIMMYT). The project will also utilise the household data, which has been collected under the SRFSI project.

## Activities

The following set of activities will be conducted:

- Review of Literature on formal and informal trade in agriculture inputs along the selected locations in border areas of India-Nepal and India-Bangladesh
- In consultation with SRFSI and project partners, fieldwork, including key informant interviews and focussed group discussions,

through a structured questionnaire, will be conducted at the select border interfaces. Delphi Technique will be used to estimate informal trade in agricultural inputs, in Eastern South Asia.

- Three feedback collection and dissemination meetings will be held in India, Bangladesh and Nepal — targeting relevant policymakers from among trade and agriculture community — to discuss the benefits and challenges of formalisation of such informal trade
- Printing and dissemination of the report to the wider trade and agriculture policy community in India, Bangladesh and Nepal

*The quantification of informal trade will help generating insights to possible future benefits and challenges, impacting the local economy, if such trade is formalised.*

All the activities of CUTS and its project partners will be conducted under the guidance of Project Reference Committee. This committee will consist of five or more policy experts and virtuous academic researchers, who have meticulously worked on informal trade.

## Expected Outcomes

The quantification of informal trade will help generating insights to possible future benefits and challenges, impacting the local economy, if such trade is formalised. Remunerations in the form of taxes and duties will account to the national economy, while the farmers will be assured of quality inputs and stable market supply chains.