

**A STUDY OF TRANS-BORDER TRADE IN PARSA  
DISTRICT OF NEPAL**



**A Thesis**

**Submitted to APF Command and Staff College,  
Faculty of Humanities and Social Sciences  
Tribhuvan University  
in Partial Fulfillment of the Requirements  
for Master's Degree in  
Security, Development and Peace Studies**

**Submitted By**

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**Eighth Batch (2079-2081)**

**Roll No.: 28MSDPS40049**

**TU Registration No.: 14943-95**

**APF Command and Staff College  
Sanogaucharan, Kathmandu, Nepal**

**May, 2024**

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## DECLARATION

I, GUNA RAJ NEUPANE, declare that this thesis entitled **A STUDY OF TRANS-BORDER TRADE IN PARSA DISTRICT OF NEPAL** submitted to APF Command and Staff College is my own original work unless otherwise indicated or acknowledged in the thesis. The thesis does not contain materials which has been accepted or submitted for any other degree at the University or other institution. All sources of information have been specifically acknowledged by reference to the author or institution(s).

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Date: May, 2024

## LETTER OF RECOMMENDATION

This Thesis entitled **A STUDY OF TRANS-BORDER TRADE IN PARSA DISTRICT OF NEPAL** has been prepared by GUNA RAJ NEUPANE under my guidance and supervision. I hereby recommend it in partial fulfillment of the requirements for the Master's Degree in Security, Development and Peace Studies Tribhuvan University. I hereby recommend this thesis for the final evaluation and approval.

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Prof. Dr. Ramesh Raj Kunwar

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**LETTER OF APPROVAL**

The Thesis entitle “**A STUDY OF TRANS-BORDER TRADE IN PARSA DISTRICT OF NEPAL**” submitted by **GUNA RAJ NEUPANE** to APF Command and staff Collage. Faculty of Humanities and Social Sciences, Tribhuvan University in partial fulfillment of Master Degree in Security, Development and Peace Studies has been approved by the undersigned members of the evaluations committee.

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## ABSTRACT

Trans-border trade refers to the exchange of goods and services between countries across their respective borders. It involves import and export activities, where goods and services cross national boundaries to meet the demands of different markets. This study focuses on trans-border trade in Nepal from Parsa district, aiming to analyse trade dynamics and associated factors. The research objective is to understand the patterns and challenges of trans-border trade and examine the trade imbalance in the district. The study identifies key factors influencing trans-border trade, such as a lack of favorable investment conditions, small landlocked country, Labor dispute, lack of expansion and diversification of trade, lack of suitable and advanced technology, lack of skill and knowledgeable human resource, changing trade policy, unattractiveness of foreign direct investment, political instability, competition with the global market, inadequate focus on industries and low production. To address these challenges, the study recommends a comprehensive approach such as enhancing domestic competitiveness, promoting export-oriented industries, attracting investment, prioritizing the investment sector and providing incentives to attract foreign direct investment. The research methodology adopts a mixed-method approach, combining quantitative and qualitative methods. Field surveys, interviews, Key Informant Interviews (KII), Focus Group Discussions (FGD) and observations are conducted in the Parsa district. Primary and secondary data sources are utilized, and findings are presented through a narrative approach. Structured open-ended and closed-ended questionnaires are administered to a sample of 116 personnel from different sectors. Descriptive and analytical techniques are employed to analyze the data. The research findings reveal a significant trade imbalance in the Parsa district, characterized by a heavy dependency on imported goods. The export trade percentages indicate a relatively low contribution to overall trade, while import trade percentages highlight the district's reliance on imported products. This imbalance results in substantial trade deficits. Additionally, the study examines the role of the Armed Police Force in controlling illicit trade within the Parsa district. The data shows varying percentages of illicit trade captured by the APF, Nepal over the study period, emphasizing their crucial role in reducing illicit trade activities. The findings have implications for policymakers and stakeholders involved in trans-border trade, providing valuable insights to guide decision-making and develop strategies for promoting balanced and regulated trade practices.

*Keywords:* Trans-border trade, Parsa district, trade imbalance, APF, Nepal, illicit trade

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## LIST OF ACROYNMS AND ABBREVIATIONS

ADB	Asia Development Bank
APF	Armed Police Force
BBIN	Bangladesh, Bhutan, India & Nepal
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
CBET	Cross Border Energy Trade
CCTV	Closed Circuit Television
COVID	Corona Virus Disease
DPCO	Dry Port Custom Office
ECCAS	Economic Community of Central Asia State
FGD	Focus's Group Discussion
FDA	Free Trade Agreement
FY	Fiscal Year
GATT	General Agreement on Tariffs and Trade
ICBT	Informal Cross Border Trade
ICP	Integrate Check Post
IMF	International Monetary Fund
IOM	International Organization for Migration
KII	Key Informant Interview
LDCs	Least Developed Country
MSDPS	Master in Security, Development and Peace Studies
MW	Mega Watt
NPR	Nepalese Rupee
SWOT	Strength, Weakness, Opportunity & Threat
SAFTA	South Asia Free Trade Area
SSB	Sashastra Sima Baal
WB	World Bank
WTO	World Trade Organization

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Parsa district is located in the southern part of Nepal, approximately 135 kilometers away from Kathmandu by the Pharping - Sisneri - Kulekhane road. It is situated at a latitude of 27.26' North and a longitude of 84.27' East. The district headquarters of Parsa is Birgunj. Parsa district shares its borders with several other districts. To the east is Bara district, while to the west is Chitwan district. It is bordered by Makwanpur district to the north and the southern part of the district extends into the Bihar state of India. The altitude in this district ranges from 122 meters to 925 meters above sea level with an area covering 1353 square kilometers, Parsa district is divided into 1 Metropolitan, 3 municipalities and 10 rural municipalities. The district celebrates various festivals, including Chhad, Eid al-Fitr, Dashain and Tihar, which are important cultural events. Parsa district is known for its vibrant social and economic activities. The district is involved in diverse economic sectors, including agriculture, trade and industry. The district's strategic location, along with its transportation infrastructure, contributes to its economic growth and development (Karki, 2021).

In Parsa District, Birgunj-Raxaul and Dryport sirsiya have been identified as legal trade routes with India. Additionally, several other areas, including, Amarpatti, Prasaunibhatha, Pakaha, Mainpur, Viswa, Mirjapur, Pidari Guthi, Mahadevpatti, Suruchi, Brahanagar, and Thori, are known for mostly illicit trade activities. This illicit trade poses significant challenges to the local economy and security. Furthermore, the district's road conditions have been reported as severely deteriorated, exacerbating transportation difficulties and hindering economic development. It is crucial for appropriate authorities to address these concerns, investigate and disrupt illegal activities, and prioritize road maintenance and improvement initiatives to alleviate the challenges faced by the community (*District profile*, 2019).

According to the National Census of Nepal in 2021, the total population of Parsa district is 649,357. The district is home to various ethnic groups, including Muslims, Kurmis, Tharus, and Yadavs. The predominant language spoken in Parsa district is Bhojpuri, accounting for 78% of the population. Other languages spoken include Nepali (6.4%), Maithili (5.1%), Tharu (3.8%), Urdu (2.2%) and others (4.4%). In terms of religious affiliation, the majority

of the population in Parsa district identifies as Hindu, comprising 83% of the population. Muslims make up 14.5% of the religious groups, followed by Buddhists at 1.7% and Kirat at 0.4%. Christians constitute 0.1% of the population, with other religious groups accounting for 0.1% as well. This diversity in ethnicity, language, and religion contributes to the rich cultural fabric of Parsa district, making it a vibrant and inclusive community (*National Census, 2021*).

Border refers to a defined geographic boundary that separates two or more political or territorial entities, such as countries, states, or regions. It serves as a physical or symbolic demarcation line that delineates the jurisdictional and administrative control of different entities. Borders can be natural, such as rivers, mountains, or coastlines, or they can be man-made, established through treaties, agreements, or physical infrastructure like walls or fences. Borders often regulate the movement of people, goods and services between the entities they separate, and they play a crucial role in maintaining sovereignty, security, and the enforcement of laws and regulations (Diener & Hagen, 2012).

Trade refers to the exchange of goods, services, or commodities between individuals, businesses, or nations. It is a fundamental aspect of economic activity and plays a crucial role in the global economy. Trade allows for specialization and the efficient allocation of resources, as different regions or countries can focus on producing goods or services, they have a comparative advantage in. It promotes economic growth by fostering competition, innovation, and the flow of capital. Trade can take various forms, including international trade between countries, domestic trade within a country, and even electronic or digital trade conducted online. Overall, trade facilitates the movement of goods and services, creates opportunities for businesses and consumers, and contributes to the development and interconnectedness of economies worldwide (Samue, 2019).

Trans-border refers to activities, processes, or phenomena that occur across national borders, involving the movement of people, goods, capital, or information. It encompasses a wide range of activities, including international trade, migration, financial flows, cultural exchange, and communication. Trans-border activities have both positive and negative impacts on economies and societies, fostering economic growth, cultural diversity, and technological advancements, while also posing challenges related to governance, security, and inequality (Adesina, 2019).

Trans-border trade, also known as border trade, refers to the movement of goods and services across national or regional borders. It encompasses the flow of commodities between different jurisdictions, often influenced by variations in taxation levels, pricing, and regulatory frameworks. In areas where crossing borders is relatively easy, border trade thrives. Common items involved include alcohol, tobacco, medication, recreational drugs, automobiles, automotive fuel, groceries, furniture, and clothing. For instance, tourists frequently engage in border trade by purchasing alcohol in countries where it is less expensive due to variations in excise taxes. However, when border trade is driven by tax evasion, it becomes part of the underground economy. The phenomenon of border trade underscores the economic interplay between neighboring regions and highlights the impact of legal and financial disparities on consumer behaviors (Kumar, 2019).

The trans-border movement of people has also witnessed significant growth in recent years. According to the International Organization for Migration (IOM), there were approximately 281 million international migrants in 2020, representing a 50% increase compared to the year 2000 (Faggian et al., 2023). This phenomenon has been driven by various factors such as economic opportunities, conflicts, climate change, and demographic shifts. Trans-border migration has profound social, economic, and political implications for both sending and receiving countries. It contributes to cultural diversity, labor market dynamics, and knowledge exchange, but also raises challenges related to border management, social integration, and human rights protection.

Trans-border trade in Parsa district, Nepal, plays a crucial role in facilitating economic activities and cross-border interactions with neighboring countries. Situated on the southern border of Nepal, Parsa district shares its boundary with India, specifically with the Indian state of Bihar. The proximity to the Indian market has made Parsa district a significant hub for cross-border trade. According to a study conducted by the Ministry of Industry, Commerce, and Supplies of Nepal, the major commodities traded in Parsa district include agricultural products, textiles, machinery, and consumer goods. The trans-border trade not only contributes to the local economy but also fosters bilateral trade relations and cultural exchange between Nepal and India (Chaudhary, 2023).

The trans-border trade in Parsa district faces various challenges and opportunities. One of the challenges is the infrastructural limitations at the border checkpoints, leading to delays and congestion in trade activities. However, efforts have been made by the governments of

Nepal and India to improve the infrastructure and streamline the trade processes. The establishment of Integrated Check Posts (ICPs) at the border has facilitated the efficient movement of goods and people. Additionally, the trans-border trade has provided opportunities for small-scale entrepreneurs and traders to engage in cross-border business, contributing to local employment and income generation (Khakurel, 2015).

Globalization is not a new concept. Traders traveled vast distances in ancient times to buy commodities that were rare and expensive for sale in their homelands. The Industrial Revolution brought advances in transportation and communication in the 19th century that eased trade across borders. The think tank Peterson Institute for International Economics (PIIE) states globalization stalled after World War I. Nations moved toward protectionism as they launched import taxes to guard their industries in the aftermath of the conflict. This trend continued through the Great Depression and World War II until the U.S. took on an instrumental role in reviving international trade. One of the critical steps in the path to globalization came with the North American Free Trade Agreement (NAFTA), signed in 1993. One of NAFTA's many effects were to give American auto manufacturers the incentive to relocate a portion of their manufacturing to Mexico where they could save on the costs of labor. NAFTA was replaced in 2020 by the United States-Mexico-Canada Agreement (USMC). Governments worldwide have integrated a free market economic system through fiscal policies and trade agreements in the 20th century. The core of most trade agreements is the removal or reduction of tariffs (Fernndo, 2024) .

Globalization refers to the progressive interdependence of nations resulting from the growing integration of trade, finance, people, and ideas within a unified global marketplace. The key components of this integration are international trade and cross-border investment flows. While globalization originated after World War II, its pace has significantly accelerated since the mid-1980s due to two major factors (Kolb & Editor, 2018).

The first factor is the substantial reduction in transportation, communication, and computational costs, enabling firms to economically distribute various stages of production across different countries. This phenomenon has led to the concept of global supply chains, where companies strategically locate different aspects of their production processes in regions that offer competitive advantages. The second factor driving globalization is the increasing liberalization of trade and capital markets. Many governments have shifted away from protecting their economies through import tariffs, import quotas, export restraints, and

legal prohibitions. Instead, they embrace openness to foreign competition and influence. This trend towards liberalization has been facilitated by international institutions established in the aftermath of World War II, such as the World Bank (WB), International Monetary Fund (IMF), and General Agreement on Tariffs and Trade (GATT), which was succeeded by the World Trade Organization (WTO) in 1995. These institutions have played a crucial role in promoting free trade and discouraging protectionism (Dzaleva & Lazaroski, 2014).

By fostering greater interconnectedness among nations, globalization has had profound effects on the global economy, societies, and cultures. It has facilitated the exchange of goods, services, capital, and knowledge across borders, leading to increased economic growth, job creation, and access to a wider range of products for consumers. However, globalization has also raised concerns about inequality, environmental sustainability, and the erosion of local cultures (Soubbotina & Sheram, 2000).

## **1.2 Statement of the Problem**

Trans-border trade in Nepal from Parsa District is a vital aspect of the national economy, contributing to regional integration and economic growth. However, there is a need to conduct research on trans-border trade in Nepal from Parsa District to understand the dynamics and identify any imbalance in export and import trade. This research aims to investigate the current status of trans-border trade in Parsa District, analyze the factors contributing to the trade imbalance, and provide insights to address the challenges and promote a more equitable trade environment.

One of the primary concerns is the potential imbalance between export and import trade in Parsa District. Imbalances can arise due to various factors, such as differences in production capacities, market demands, tariff barriers, and non-tariff barriers to trade. Understanding the extent of the trade imbalance and its underlying causes is crucial for formulating targeted policies and strategies to promote balanced trade and economic development in the district. By examining the trade flows, identifying the sectors driving exports and imports, and analyzing the trade patterns, this research will provide a comprehensive understanding of the imbalance in trans-border trade from Parsa District.

Addressing the trade imbalance requires evidence-based interventions and policy measures to facilitate a more balanced trade environment. Insights gained from this research can aid policymakers, trade authorities, and relevant stakeholders in designing and implementing

targeted initiatives to enhance export competitiveness, attract investments, promote value-added industries, and reduce dependency on imports. By addressing the trade imbalance, Parsa District can harness the potential of trans-border trade to spur economic growth, generate employment opportunities, and improve the overall well-being of its residents.

### **1.3 Research Questions**

This research discussed to find the answer of these following questions.

- a) What is the current trend of trans-border trade in Parsa District of Nepal?
- b) What are the potential strengths, weaknesses, opportunities and threats of the trans-border trade in Parsa District?
- c) How does Armed Police Force, Nepal can play effective role to control Illicit trade in Parsa district?

### **1.4 Objectives of the Study**

The objectives of the study are:

- a) To explore the current trend in trans-border trade of Parsa District in Nepal.
- b) To analyze the potential strengths, weaknesses, opportunities, and threats of the trans-border trade in Parsa District.
- c) To examine the role of Armed Police Force, Nepal to control Illicit trade in Parsa district.

### **1.5 Significance of the Study**

Trans-border trade plays a crucial role in the economic development and integration of regions, particularly in border area like Parsa District in Nepal. Understanding the existing trans- border trade condition, strengths, weakness, opportunity and threads. This study holds several key implications and significance.

Firstly, for the Parsa District itself, such a study provides critical insights into economic dynamics, employment opportunities, and livelihoods. It enables local businesses to identify market opportunities, enhance competitiveness, and adapt to changing trade conditions, while also addressing social and environmental impacts for fostering sustainable development.

Secondly, for the government of Nepal, understanding transborder trade dynamics in the

Parsa District is crucial for formulating effective trade policies, regulations, and infrastructure plans. This knowledge aids in revenue generation through trade facilitation and customs optimization, as well as in designing interventions to support economic growth and development.

Thirdly, for local communities, the study offers opportunities for skill development, employment creation, and income generation. It empowers individuals to engage more actively in trade-related activities and advocate for their needs and concerns within the trade context. Moreover, in terms of the economy, studying transborder trade in Parsa district contributes to Nepal's overall economic growth and development. It enhances trade competitiveness, fosters innovation and entrepreneurship, and diversifies the economy by tapping into international markets, ultimately stimulating investment, infrastructure development, and economic prosperity.

Lastly, for researchers involved in studying transborder trade in the Parsa District, their work generates valuable knowledge, data, and insights that inform policymaking, academic discourse, and evidence-based decision-making. Through rigorous analysis and empirical studies, researchers help identify trends, challenges, and opportunities, facilitating informed dialogue among stakeholders and driving sustainable development efforts.

## **1.6 Limitation of the Study**

This research primarily focuses on trans-border trade in Parsa District, Nepal. The field study is limited to the border areas of Birgunj, Parsa, which serves as a major custom point for trade and transit between Nepal and India. The study specifically examines the current status of trans-border trade in Parsa District and does not investigate into historical or political factors that may have influenced the situation. The analysis is based on both primary and secondary data, with only available facts being considered. The researcher collected relevant information from various sources. Due to limited resources, the study primarily relied on available primary and secondary sources. Primary data was obtained through Key Informant Interviews (KII) and Focus Group Discussions (FGD) with only 116 participants. It is important to note that the data collected from different primary sources may not be entirely accurate and complete due to varying perspective of different people. This research does not claim to cover all aspects and acknowledges constraints in the data collection and analysis process.

## **CHAPTER II**

### **REVIEW OF LITERATURE**

A literature review is an essential component of academic research that involves surveying and analyzing scholarly articles, books, dissertations, conference proceedings and other relevant resources pertaining to a specific issue, area of research, or theory. It serves to provide context and establish the existing knowledge base, helping researchers identify the current state of research on the topic. By understanding the existing literature, researchers can recognize gaps, trends, and debates in the field, setting the stage for their own study. Writing a literature review involves two interconnected aspects. Firstly, it entails the task of thoroughly reviewing the available literature by sourcing and reading through relevant research materials. This process helps researchers become familiar with the existing body of work, theories, methodologies, and findings related to their research topic. Secondly, it encompasses the actual chapter or section dedicated to summarizing and synthesizing the literature in the final dissertation, thesis, or research project. This chapter serves as a comprehensive overview of the existing knowledge, allowing researchers to position their own study within the broader scholarly conversation and to identify opportunities for new research and fresh perspectives. The primary objective of a literature review is to uncover gaps in existing knowledge and prevent duplicating previous research efforts. By surveying the body of literature already conducted on a particular topic, researchers can establish a foundation of knowledge and build upon it. This process helps researchers understand the breadth of research in their chosen field, identify seminal works and gain a comprehensive understanding of the subject matter. Additionally, reviewing the literature enables researchers to contextualize their own work within the broader intellectual landscape and identify connections and intersections with related studies (Thuduwage, 2021).

Another crucial aspect of a literature review is its ability to provide an intellectual framework for the research. By examining various sources and viewpoints, researchers can gain insights into different research methods and approaches applicable to their own study. This exposure to diverse perspectives helps researchers develop a well-rounded understanding of the research area and informs their decision-making process. Furthermore, the literature review may uncover contrasting viewpoints and debates, stimulating critical thinking and offering valuable insights into potential research directions or areas that require further examination. Scholars have presented diverse perspectives and interpretations when it comes to defining trans-border

trade worldwide, based on their studies and research. Each scholar offers their unique understanding and propositions in an attempt to define trans-border trade. However, there is a common thread among these definitions: the recognition that trans-border trade involves economic exchanges between two or more countries and has historical roots dating back to ancient human civilization.

This section aims to explore some of the established definitions of trans-border trade in a global context. It delves into the insights and viewpoints put forth by scholars, providing an overview of the various understandings and conceptualizations of trans-border trade across different regions of the world. Trans-border trade, also known as cross-border trade or international trade, refers to the exchange of goods and services between countries or regions. This type of trade is facilitated by the presence of international borders, which can be physical, such as land or sea boundaries, or virtual, such as customs and tariff barriers. Its historical background can be traced back to ancient times when traders traversed long distances to engage in commerce (Lipsey & Sjöholm, 2020). Over time, advancements in transportation and communication technologies, such as ships, trains, and telegraphs, have played a crucial role in facilitating the growth of trans-border trade (O'Rourke & Williamson, 2002). In the modern era, the process of globalization has further accelerated trans-border trade as countries and regions seek to exploit comparative advantages and economies of scale (Tang, 2014).

Trans-border trade exhibits distinct characteristics that differentiate it from domestic trade. Firstly, it involves trade across international borders, subjecting it to different legal and regulatory frameworks (Afolayan, 2000). Secondly, trans-border trade frequently entails the use of different currencies, introducing complexities and risks associated with exchange rates (Goldberg & Tille, 2008). Lastly, trans-border trade often involves diverse languages and cultures, necessitating effective communication and negotiation skills (Grosse & Treviño, 1996).

Trans-border trade takes various forms including the import and export of goods and services the establishment of foreign subsidiaries and affiliates and the formation of international joint ventures and strategic alliances. It also encompasses the exchange of technology, intellectual property, and other intangible assets (Lipsey & Sjöholm, 2020). This trade has numerous benefits for countries and regions, including economic growth, job creation, and expanded market access and resource availability. However, it also poses challenges such as currency risks, political instability, and protectionist policies (WTO, 2013).

Pattanaik (1998) mentioned about the Nepal-India open border regime presents a range of problems, challenges, and opportunities. The implications of allowing free movement of populations across international boundaries are multifaceted and intricate. The open border regime fosters cultural continuity by enabling interactions between countries that share socio-religious affinities. However, beyond its socio-cultural implications, the open border can also serve as a refuge for smugglers, criminals, and terrorists to carry out their activities without hindrance.

Kansakar, (2010) highlights the complex and contentious nature of the Nepal-India border and trade relationship. The article notes that the open border concept between the two countries remains ambiguous, with no clear agreements on regulating people's movement. This has led to issues like illegal smuggling, trafficking, and criminal activities across the border. The article also discusses how Indian businessmen have exploited Nepal's foreign trade provisions to import foreign goods to India, often through illegal means, which has damaged Nepal's industries and led to trade imbalances. Corruption and lack of effective monitoring on both sides of the border have exacerbated these problems. Furthermore, Nepal's exports to India face non-tariff barriers, and the trade treaty extension is in a stalemate due to India's demands. The article paints a picture of an asymmetric and problematic Nepal-India border and trade relationship, where Nepal's economic interests seem to be undermined by India's policies and actions.

Panta, (2005) emphasized that Nepal's trade sector is crucial for economic growth, yet it is impeded by ineffective policies, weak infrastructure, and poor implementation. To enhance competitiveness, Nepal should prioritize multilateral trade negotiations under the WTO and engage in regional agreements such as SAFTA and BIMST-EC FTA. Further recommended measures include technological advancements, infrastructure investment, establishing a suitable legal framework, implementing new trade policies, and creating export processing zones.

Bhardwaj (2009) explored in his article titled "Indo Nepal Open International Border: Challenges and Opportunities," various aspects of the Indo-Nepal border. He addressed geographical factors, bilateral relations between the two countries, and socio-political dynamics. The article highlighted that both open and restricted border models have their own advantages and disadvantages, suggesting that no single border management approach can be

considered perfect. Bhardwaj argued for the necessity of maintaining an open Indo-Nepal border while implementing effective control measures to ensure its productivity.

Chang (2009) explores the cross-border trade conducted by migrant Yunnanese traders between Burma and Thailand during the time of the Burmese socialist regime. Despite the government's strict control over economic activities and movement, the Yunnanese traders played a significant role in shaping their own socioeconomic mechanisms. By focusing on the agency of these traders, this paper reveals how they created a transnational network that challenged the national bureaucracies of both Thailand and Burma. Through their economic practices, the Yunnanese traders not only resisted government restrictions but also interacted with various state agencies, forming an informal oppositional power that transcended borders.

Basu (2014) mentioned Customs and border control agencies encounter significant challenges when it comes to preventing illicit trade and disrupting transnational smuggling operations. They must navigate the intricate balance between facilitating legitimate trade flows and deterring illicit activities, making it a highly complex operational undertaking. This document examines three key challenges in greater detail. Firstly, it explores the complexity posed by the physical transportation geography in border management, which adds to the difficulty of monitoring and controlling illicit activities. Secondly, it addresses the adaptive capabilities of professional smugglers, who employ various tactics such as concealment and evasion to circumvent detection. These tactics require customs and border control agencies to constantly update their strategies and techniques. Lastly, the document discusses the problems of institutional coordination that may arise within customs and border control management, emphasizing the importance of effective collaboration among different agencies to ensure efficient and cohesive operations.

Naik (2014) Portrayed that the Nepal-India border holds a unique status globally, as individuals from both countries can cross it at any point, even though there are border check posts established at various locations. However, only six designated transit points allow the movement of nationals from third countries who are required to possess entry and exit visas to cross the border. Unlike other borders, the entire length of the Nepal-India border is not patrolled by border police, paramilitary forces, or military personnel from either country. Consequently, the illegal movement of goods and people is a prevalent occurrence on both sides of the border.

Irshad (2016) examines the impact of the Free Trade Agreement (FTA) between Pakistan and China. While the FTA increased overall trade between the two countries, it also widened Pakistan's trade deficit. Analysis shows that both countries export different goods globally compared to what they trade with each other. Additionally, Pakistan's economic growth doesn't seem to significantly impact its exports to China. Despite the trade deficit, the study suggests Pakistan benefits more in the current scenario because China's faster economic growth directly translates to higher demand for Pakistani exports.

Gaji (2017) stated that trans-border trade and security situation in Borno State, Nigeria, is plagued by an increase in smuggling activities, including money laundering, drug trafficking, and other trans-border crimes. Unfortunately, there is a lack of a clear and coordinated strategy to effectively address these challenges. This has significant impacts on the economies of the region, as well as the stability of physical security and overall economic development. To mitigate these issues, it is crucial to focus on industrialization and the production of high-quality competitive products. Additionally, adopting a new approach to border security that includes targeted interventions for border communities and enhanced infrastructure for border situation awareness is necessary. By addressing these factors, Borno State and Nigeria as a whole can promote a secure and thriving trans-border trade environment.

Sharma et al., (2017) analyzed trends and future possibilities for agricultural trade between Nepal and India. The study found that Nepal has a comparative advantage in many agricultural products it exports to India, and the two countries' agricultural exports complement each other well. However, Nepal's limited export capacity restricts its potential to fully take advantage of the Indian market, not a lack of opportunities there. In simpler terms, Nepal could export more agricultural products to India if it could produce more, not because India isn't interested in buying.

Gaudel (2018) examines the opportunities and challenges of Nepal's Cross-Border Electricity Trade (CBET) with India and China. While Nepal has hydropower potential, its export may not significantly impact these neighbors due to their large existing capacity. This paper highlights the need for a national strategy that prioritizes domestic needs first. It emphasizes that Nepal should carefully consider existing plans, policies, and agreements for successful cross-border electricity trade. While challenges exist, Nepal should address them to seize the economic and strategic benefits of this trade.

Paudel et al., (2018) examines cross-border shopping habits between Nepal and India, specifically focusing on the Sunauli border area. The study reveals a very high participation rate, with nearly all respondents 96.3% engaging in cross-border shopping. The primary drivers for this cross-border shopping are economic in nature, with significantly lower prices in India being the biggest motivator. However, the study finds that social-cultural factors also play a role. Festivals create specific shopping needs, and the ease of communication due to language similarities encourages cross-border trade. The open border policy between the two countries further simplifies this process and has become a habitual aspect of shopping for many people in the Sunauli area. Overall, the study concludes that both economic reasons, particularly lower prices, and social-cultural factors significantly influence cross-border shopping between Nepal and India.

Adu (2019) explores the concept of push-pull factors in influencing cross-border trade, applying rational choice theory. It identifies factors that make a particular country attractive pull or unattractive push for cross-border trade activities. The paper argues that corruption, such as bribes demanded by customs officials, and high taxes or duties on imported goods act as push factors, encouraging traders to find alternative methods to avoid these costs. This suggests that for cross-border trade to flourish legitimately, it's important to address corruption and create a more transparent and efficient border system.

Dhakal et al., (2019) stated that substantial hydropower potential of over 40,000 Mega watts (MW) in comparison to its developing domestic demand, Nepal possesses a valuable opportunity to export electricity to its power-deficient neighboring countries in the Bhutan, Bangladesh, India and Nepal (BBIN) region. The unexplored hydro potential in Nepal, combined with the complementary seasonal demand patterns and differing peak load timings within the Bhutan, Bangladesh, India and Nepal region, as well as the rapidly growing electricity demand in Bangladesh and India, create a favorable environment for regional electricity cooperation, particularly for Nepal. This study employs Strength, Weakness, Opportunities and Threat (SWOT) analysis to identify the primary barriers and opportunities associated with cross-border electricity trade, and offers valuable insights into potential strategies for Nepal to capitalize on this opportunity.

Taneja et al., (2020) highlights the importance of strengthening economic ties between India and Nepal, despite their existing close political relationship. Despite India being Nepal's

biggest trading partner and investor, the literature on this economic relationship is lacking. To improve bilateral trade, the study analyzes trade patterns and proposes policy measures. These measures address issues like tariffs, quotas, border restrictions, and infrastructure limitations. It also examines trends in Indian investment in Nepal and suggests ways to overcome barriers and attract more foreign direct investment. Ultimately, the paper offers recommendations to enhance trade, improve connectivity, and boost economic cooperation between the two countries.

Fazili et al., (2020) examines customs fraud at the Kasumbalesa border between Congo and Zambia. It explores how language, cultural ties, and business practices can be both assets and vulnerabilities in cross-border trade. Shared language can ease trade but also mask fraud, so the study suggests using cultural understanding alongside stronger institutions and economic development to fight it. Interestingly, increased trade doesn't always lead to higher revenue for Congo, hinting at tax evasion. The research concludes by recommending a business environment that considers both economic and cultural factors to effectively reduce customs fraud.

Bhattacharya et al., (2021) explained about cross-border terrorism plays a critical role in border management. The presence of immigration, infiltration, Naxalite activities, smuggling, and drug trafficking across the border regions poses significant threats to national border security. Effectively addressing these challenges necessitates a synergistic approach combining technology and manpower. It is essential to have accurate information and foster cooperation among the public. Additionally, well-trained forces equipped with advanced equipment are required to combat infiltration and terrorist activities in the region, thereby safeguarding national border security management.

Dongdong et al., (2021) explores the rise of e-commerce, particularly cross-border e-commerce, which facilitates international trade through online platforms. The authors analyze "Columbia," an intelligent platform designed to streamline cross-border trade. This platform offers a one-stop solution for various aspects of import and export, from product sourcing to global logistics. The research concludes that intelligent platforms like "Columbia" are the future of cross-border e-commerce, providing a user-friendly experience for global consumers while promoting international trade and benefiting both businesses and customers.

Sheneyeh et al., (2021) explores the growing trend of women participating in Informal Cross-

Border Trade (ICBT) between Cameroon and Nigeria. While these activities contribute to poverty reduction and women's empowerment, the study highlights a lack of understanding of the specific patterns involved. The research examines who these women are, what goods they trade, and their motivations. It finds that many are young, married, and motivated by limited access to capital and the potential for higher profits through tax evasion. However, the paper acknowledges the negative impact on government revenue due to smuggling. To ensure the sustainability of this economic activity for women and the country, the research calls for a policy framework that tackles corruption and supports women's businesses while protecting state customs revenue.

Uprety et al., (2021) conducted an investigation on the issue of illegal wildlife trafficking in and around the Kailash Sacred Landscape, located in Nepal's Western Himalaya region, which shares borders with both India and China. The study identifies several key factors contributing to this problem, including a high demand for wildlife items, particularly in China, limited alternative livelihood opportunities for local communities, porous or open borders, inadequate patrolling due to resource constraints, and weak law enforcement. To combat illegal wildlife trading effectively, the research suggests prioritizing awareness-raising campaigns, mobilizing local communities to provide intelligence, increasing patrolling efforts, and promoting transboundary collaboration. The analysis also identifies significant trade routes and connections, which can guide the deployment of patrols and targeted conservation activities in areas where they are most needed.

Upadhyaya et al., (2021) stated that Nepal's current engagement in foreign trade. The main focus is to examine Nepal's present situation in terms of foreign trade with India and other countries worldwide. The study discovered a positive correlation between economic growth and both imports and exports. However, it was observed that Nepal generates a very few revenues from Export than Import, which is quite low. While foreign trade is crucial for Nepal's economic development, there is still a long way to go in maximizing its benefits.

Rahman & Sakib (2022) examines the potential of Cross-Border Energy Trade (CBET) to improve energy security in Bangladesh, a country with growing energy needs and a rapidly depleting natural gas supply. As Bangladesh strives for economic development, ensuring a steady energy supply is crucial. Cross-Border Energy Trade offers an avenue for energy diversification by allowing Bangladesh to import electricity from neighbors with surplus

hydropower like Nepal and Bhutan, or utilize India's unused power capacity. While some energy cooperation already exists between South Asian countries, the paper argues for a more robust multilateral framework. A power pool or a more intensive power sharing structure among Bangladesh, Bhutan, India, and Nepal could provide critical support during energy crises. The study emphasizes that Cross-Border Energy Trade can not only address Bangladesh's energy needs but also create regional benefits through infrastructure development and economic growth. It highlights the importance of clean energy sources in strengthening cooperation and proposes policy recommendations for Bangladesh to navigate the challenges and opportunities of Cross-Border Energy Trade.

Singh (2022) explores how integrated energy markets can promote sustainable development in Asia. It argues that transnational energy cooperation, facilitated by integrated energy markets, can boost regional economies, improve political ties, and reduce carbon emissions. The chapter examines successful integrated energy markets around the world and compares the progress of South and Southeast Asia in developing their own. It then uses a SWOT analysis to evaluate the strengths, weaknesses, opportunities, and threats of an integrated South Asian energy network. Ultimately, the research aims to encourage regional cooperation in Asia, prioritizing energy security and building a foundation for a sustainable, zero-carbon future across the continent.

Fokum (2023) examines how well regional integration is working in the Economic Community of Central African States (ECCAS) region of Africa. The study uses economic theories to analyze how effective these efforts have been. Despite attempts to formalize regional trade, challenges still exist. Interestingly, informal cross-border trade creates a network of unofficial economic integration through shared goods, services, and cultural ties. The study suggests that African countries can achieve better integration by focusing on self-reliance and internal economic development.

### **2.3 Research Gap**

There has been an increasing trend in the study and research on the transborder trade due to the globalization. However, there is a lack of research focusing on the Terai region, particularly specific districts of Parsa. Previous studies have primarily focused on Indo-Nepal trade and related policies. To address this gap, research will be conducted on the current transborder trade in the Parsa district, as well as the role of the Armed Police Force, Nepal in controlling

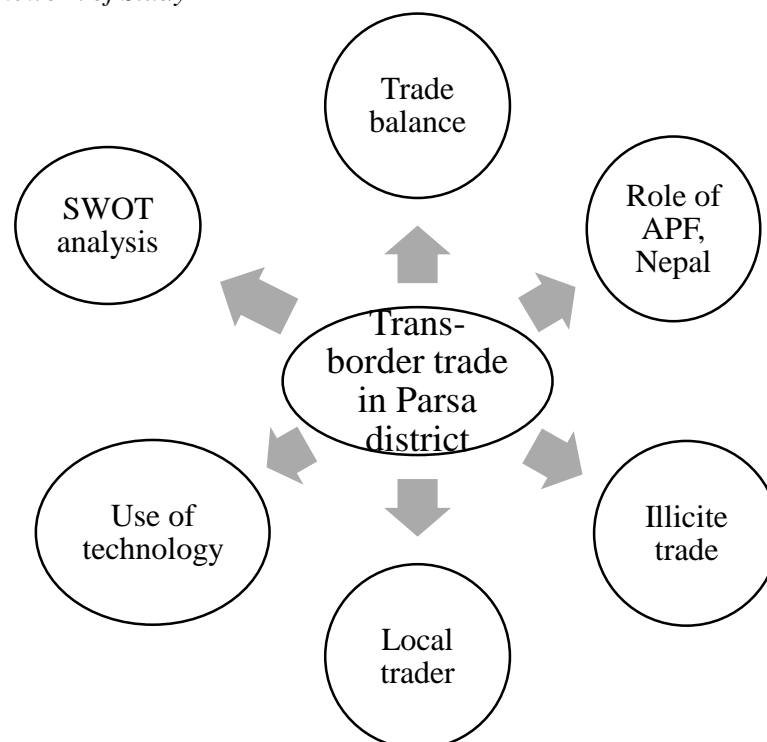
illicit trade. The studies identify the major strengths and weaknesses trends associate with commodities in this trade. However, there are also weaknesses associated with transborder trade that need to be considered. Furthermore, this research aims to explore opportunities in transborder trade by considering modern technologies, geographical conditions, and analyzing various threads.

## 2.4 Conceptual Framework

The conceptual framework of this study provides an appropriate guideline for conducting an empirical study on trans-border trade in Parsa District. It encompasses a comprehensive overview and a well-planned arrangement of the study, incorporating a synthesis of the existing literature to explain the phenomenon under research. Through a systematic sequence and conceptualization of the research, the framework aims to develop a mental image that guides the research process, ensuring a thorough exploration of the factors influencing the trade imbalance and providing valuable insights for policymakers and stakeholders. So, the whole study is based on this framework.

**Figure 2.1**

*Conceptual Framework of Study*



Source: Adapted and Modified from Wealth & Sebele ( 2015)

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

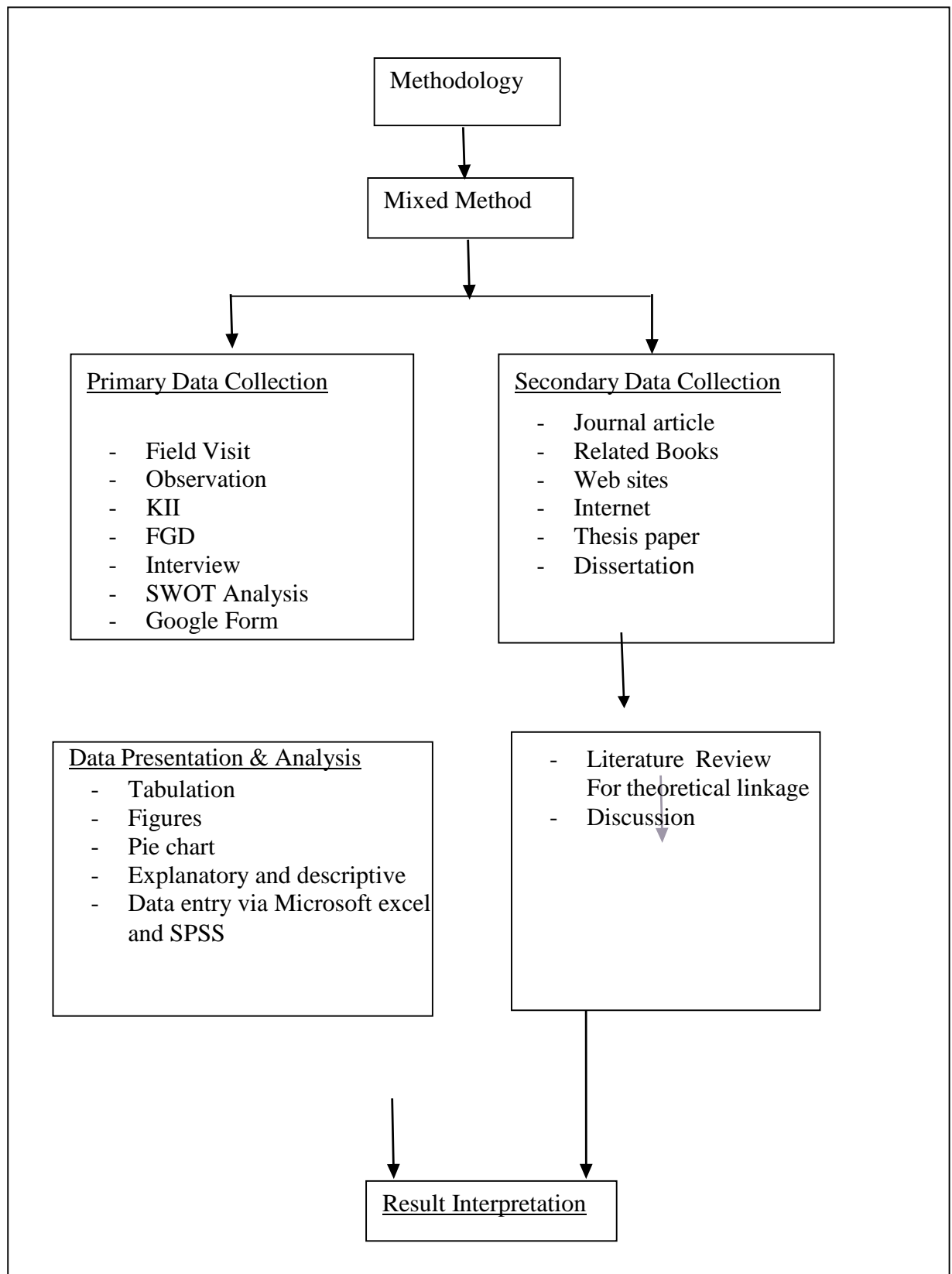
This chapter discusses the research approach, methods and process adopted in the study. It begins by explaining the overall research approach. The aim of this study is to explore trans-border trade in Parsa district and conduct a SWOT analysis to address the national and local economy. It further discusses the data collection mechanism and the method of analysis that will be adopted in the thesis. The following methodology is being adopted to fulfill the objectives of the study.

#### **3.1 Research Design**

The research study employed a mixed methods research design, which involved the use of both quantitative and qualitative data collection techniques. To gather data, the researchers conducted face-to-face interviews, organized Focus Group Discussions and made direct observations. Structured and semi-structured questions were utilized as instruments during the data collection process. This comprehensive approach allowed for a more holistic understanding of the research topic, combining numerical data with in-depth insights and perspectives from participants.

#### **3.2 Sources of Data**

In this study, the focus was on trans-border trade in the Parsa district. Given the vast nature of the area, a 10-day reconnaissance survey was conducted to familiarize the researchers with the district. The researchers employed purposive sampling to select a sample size that would be representative of the population under study. A total of 116 respondents were included in the sample. Out of these, 10 were customs office representatives, 60 were security personnel, 20 were local traders, 5 were members of the district administration office, 4 were from the office of the local government representative, 2 were from the district journalist association, 16 were local residents, and 4 were from the Birgunj Chamber of Commerce and Industry. This diverse selection of participants aimed to capture a range of perspectives and insights related to trans-border trade in the Parsa district.

**Figure 3.1***Nature and Sources of Data*

Source: Mazhar (2020).

### **3.2.1 Primarily Data**

The primary data for this research study was collected from the respondents using a combination of closed- ended question, open-ended questions and direct observation. The primary data served as the main source of factual information obtained directly from the field. The collected data was in its raw form, meaning it had not undergone any modifications and was presented as it was obtained during the research study. Closed-ended questions were used to gather specific information from the respondents, which were later tabulated and subjected to statistical analysis. Semi-structured questions were chosen as they offered ease of computation and allowed respondents to freely express their opinions. The questions were formulated in a logical sequence and required concise and direct answers. Both closed and open questions were included to capture a range of variables that could not be directly observed, such as the respondents' views, opinions, perceptions, and feelings. The questions aimed to encourage participants to provide accurate information. It was assumed that the entire target population possessed literacy skills and would not encounter difficulties in responding to the posed questions.

### **3.2.2 Secondary Data Collection**

The data collected for this research is typically stored in archival records, publications, Related books, journals, articles, and scholarly internet sources, website and thesis. These sources serve as repositories of valuable information relevant to the research topic. The researchers obtained data from various libraries, as well as government ministries, departments, and organizations. This comprehensive review of existing literature allowed the researchers to access and analyze previously published information, contributing to the overall understanding of the research subject.

### **3.3 Techniques and Tools of Data Collection**

From November 19 to November 28, 2023, field study research was conducted in Parsa District, Nepal. Qualitative data collection techniques were employed in this study, including face-to-face interviews, key informant interviews (KII), focus group discussions, and direct observations. The data collection process involved the use of structured and semi-structured questions as instruments. A series of questions, comprising both open-ended and closed-ended questions, were distributed to the respondents to gather data. Additionally, 116 personnel engaged in various field work in the district were interviewed as key informants. Throughout

the research period, the researcher visited several offices and organizations, such as the Customs Office Birgunj, Dry Port Customs Office Sirsiya, and the Armed Police Force Nepal No. 13 Battalion Headquarters in Parsa. Visits were also made to various Border Outposts (BOPs) in different locations within the district. Furthermore, the researcher visited the Birgunj Chamber of Commerce and Industry, Birgunj Metropolitan City and the Birgunj Journalist Association. These visits provided valuable insights and information relevant to the research topic, contributing to a comprehensive understanding of trans-border trade in the Parsa District.

### **3.3.1 Interview**

In this research study, questions were employed as a data collection instrument to gather information from respondents. A question consists of a series of prompts or inquiries that participants are expected to answer in a specific format. The two main types of questions used were open-ended and closed-ended questions. Open-ended questions allowed respondents to provide detailed and personalized answers in their own words, enabling a deeper exploration of their thoughts and perspectives. On the other hand, closed-ended questions required participants to select an answer from a predetermined set of choices or options. This format provided standardized responses, making it easier to organize and analyze the collected data.

The choice of using questions as a data collection instrument in this study was driven by several factors. Firstly, using questions was a cost-effective approach compared to more resource-intensive methods like interviewer-led interviews. It required less effort and resources to administer and collect responses. Secondly, questions offered standardized answer options, ensuring consistency in the data gathered. This facilitated the process of organizing and summarizing the data for analysis. Additionally, questions allowed for efficient data collection as respondents could independently complete the questionnaires at their convenience.

By utilizing questions as a data collection instrument, the researchers were able to gather a substantial amount of information from a relatively large number of participants. This approach provided valuable insights and perspectives related to the research topic in a systematic and structured manner.

### **3.3.2 Focus Group Discussion**

Focus Group Discussion involves gathering individuals from similar backgrounds or

experiences together to discuss a specific topic of interest. It is a form of qualitative research where various questions are asked about their perception, attitudes, beliefs and ideas about the problem studied. In a focus group, discussion participants are allowed and free to talk with other group members; unlike other research methods or techniques, it encourages discussions with other participants. It generally involves group interviewing in which a small number of usually 8 to 12 people is taken into account. It is led by a moderator interviewer in a loosely structured discussion of various topics of interest. One Focus Group Discussions (FGDs) were held in Armed Police force, Nepal no 13 Battalion Headquarter in Parsa district and another one was held in Birgunj chamber of commerce and industry. The purpose of this was to validate some of the pertinent responses given during the interview administration. Also, during this organization of FGD, the researcher gathered unbiased and balanced views from all segments of the adult population with regard to current realities in the district. It also provided the opportunity to directly observe the group process and actions.

### **3.4 Data Processing, Analysis and Presentation**

This study employed a mixed-methods approach, combining both qualitative and quantitative analysis techniques. Qualitative data were collected through various methods such as face-to-face interviews, interviews, focus group discussions, and direct observation. The collected qualitative data experienced content analysis, a research technique used to derive meaningful insights and draw inferences from the data within their respective contexts. This analysis allowed the researcher to summarize and report the findings based on the qualitative data collected.

On the other hand, quantitative data were analyzed using statistical tools, namely IBM SPSS (Statistical Package for the Social Sciences) and Microsoft Excel software packages. These tools facilitated the computation of statistical measures such as sums, percentages, and frequency distributions. The data were tabulated and presented in a compact form, enabling a comprehensive summary of the raw data.

For the purpose of visual expression, descriptive analysis techniques such as bar graphs and pie charts were utilized to depict the socio-demographic characteristics of the participants. These visual representations aided in understanding and presenting the data in a clear and concise manner. Furthermore, the statistical tools (IBM SPSS and Excel) were employed to assess the significance of residents' perceptions regarding the impacts of trans-border trade in

the district. Additionally, they were utilized to evaluate the significance of the local economic impacts. The analysis of the quantitative data provided valuable insights and supported the researcher in drawing conclusions and making recommendations based on the findings.

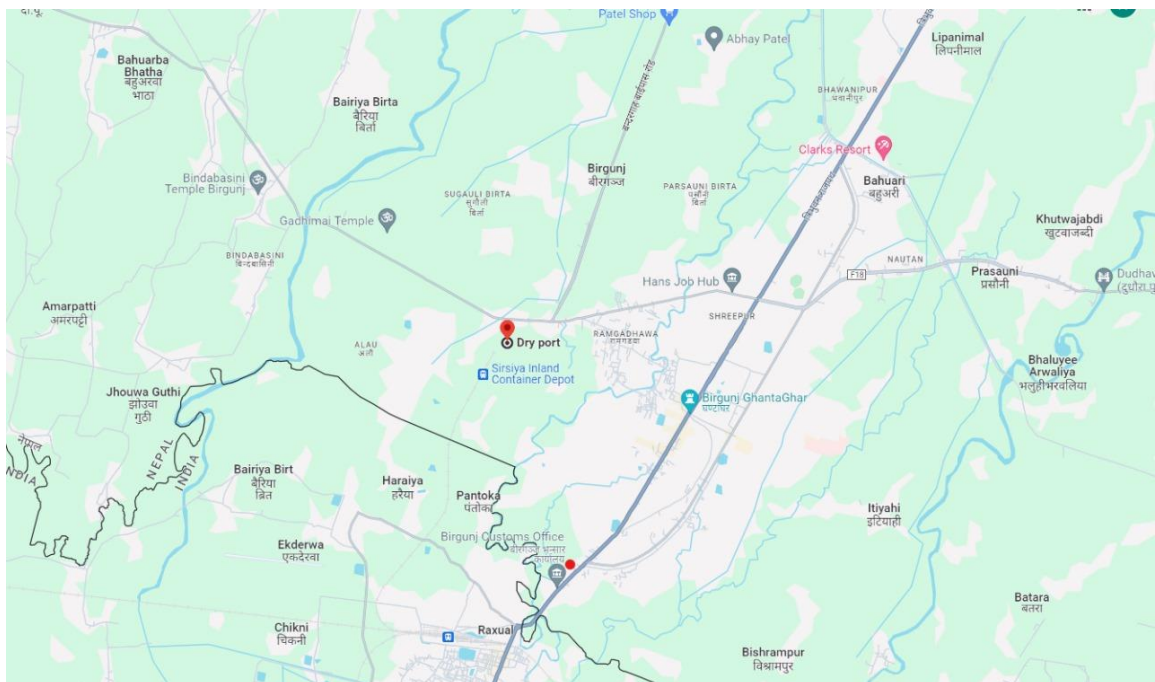
### 3.5 Area of Study

The research study focuses on the trans-border trade in Birgunj, Parsa District, Nepal, with a particular emphasis on Birgunj Customs and the border areas. Birgunj Customs is recognized as one of the country's major customs points and plays a crucial role in facilitating the import and export of various commodities. The study area encompasses the strategic location of Birgunj along the Nepal-India border, specifically in the plane areas and the involvement of the Armed Police Force, Nepal in controlling illicit trade in Parsa District.

The unique characteristics of the region, including its prominence as a major import point and the presence of a Dry Port and an Integrated Check Post, make it an excellent area for this research thesis. By exploring the trans-border trade dynamics in Birgunj and the role of Armed Police Force, Nepal units in controlling illicit trade. The study aims to provide valuable insights into the challenges, opportunities and trade imbalance associated with trans-border trade in Parsa District, Nepal.

#### Figure 3.2

*Map of Area of Study at Birgunj, Parsa District*



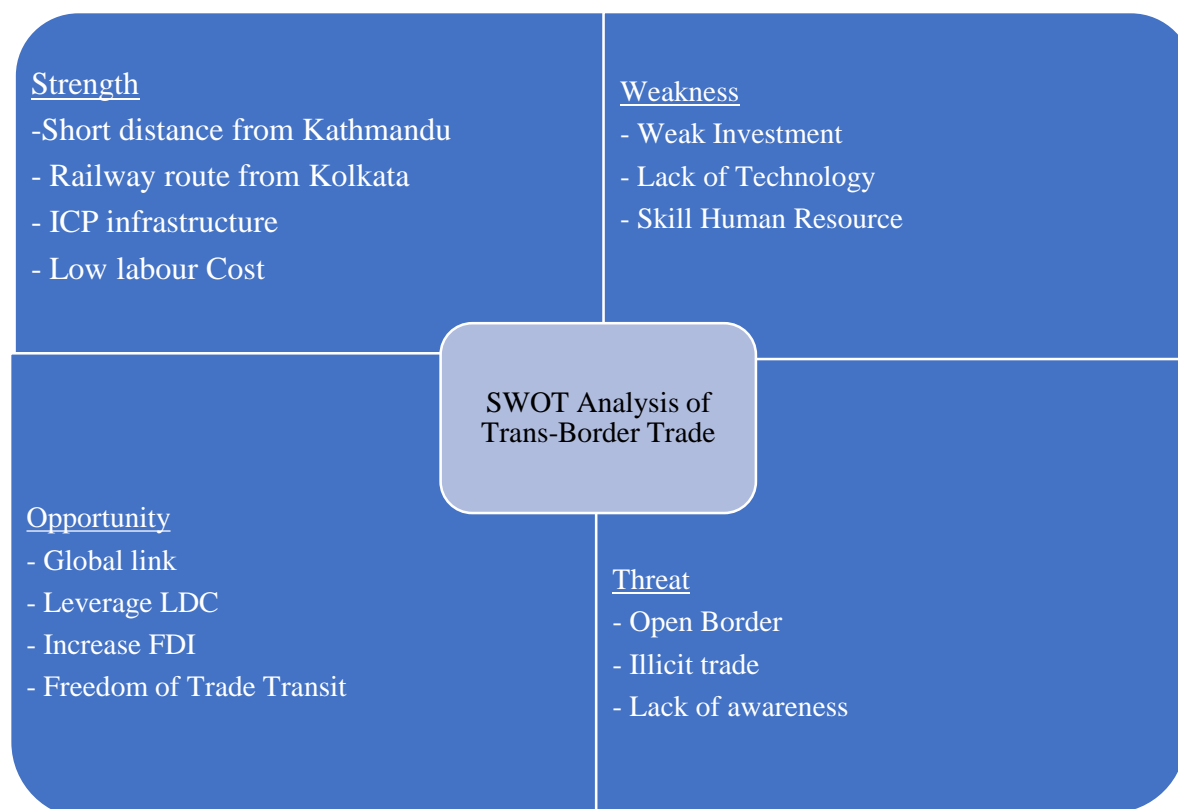
Source: Google Map (2024)

### 3.6 SWOT Analysis

SWOT Analysis is a tool used for strategic planning and strategic management in organizations. It can be used effectively to build organizational strategy and competitive strategy. In accordance with the System Approach, organizations are wholes that are in interaction with their environments and consist of various sub-systems. In this sense, an organization exists in two environments, one being in itself and the other being outside. It is a necessity to analyze these environments for strategic management practices. This process of examining the organization and its environment is termed SWOT Analysis (Gürel, 2017).

When conducting a SWOT analysis of trans-border trade in Parsa District is categorized into four groups. "S" represents strengths, encompassing the advantages and positive characteristics of the analyzed object. "W" represents weaknesses, including fragilities, obstacles and defects of the analyzed object. "O" represents opportunities, referring to factors that create chances for beneficial changes in the analyzed object. "T" represents threats, encompassing potential dangers and changes that may affect the analyzed object (Bratko et al., 2021).

To gain a comprehensive understanding of the present issues, challenges, rules and policies surrounding trans-border trade in Nepal from Parsa District, a review of primary data and literature was conducted. Qualitative research methods, including interviews, focus group discussions, and direct observations, can be utilized to gather insights and perspectives from stakeholders involved in trans-border trade in Parsa district, Nepal (Tümen Akyıldız & Ahmed, 2021) . These methods enable a deeper understanding of the underlying factors, challenges, and opportunities associated with trans-border trade in the district. Thematic analysis, as a qualitative data analysis technique, can be applied to the collected data. By identifying recurring themes, patterns, and meanings within the qualitative data, thematic analysis helps in organizing and categorizing the information based on common themes. This approach allows for a comprehensive exploration of the strengths, weaknesses, opportunities, and threats pertaining to trans-border trade in Parsa district, while also capturing the diverse perspectives and experiences of the stakeholders involved.

**Figure 3.3***SWOT Analysis of Trans-Border Trade in Parsa District*

Source: World trade organization challenges and opportunities (2024)

### 3.7 Ethical Consideration

Ethical considerations in research are paramount, guiding the distinction between right and wrong and delineating acceptable from unacceptable behavior. They encompass norms and standards governing conduct, including honesty, integrity, confidentiality and respect for participants' rights. Adhering strictly to the American Psychological Association (APA) 7th edition's code of ethics, full consent was obtained from participants, ensuring their dignity, privacy and autonomy were respected. This purely academic research received no external sponsorship with acknowledgment and intellectual property rights duly observed. Confidentiality of individuals and organizations was safeguarded throughout, maintaining honesty and transparency. The study upholds ethics principles such as responsibility, justice, and respect for intellectual property rights, with a focus on consent, confidentiality and privacy. Researchers are duly acknowledged for their guidance and contributions with anonymity preserved through pseudonyms where necessary.

## **CHAPTER IV**

### **FINDING AND DISCUSSION**

#### **4.1 Finding**

The primary objective of this study was twofold. Firstly, it aimed to analyze the trans-border trade in Parsa District of Nepal. Secondly, it sought to investigate the role of the Armed Police Force, Nepal in promoting revenue generation and enhancing security measures to control illicit trade in the district. To achieve these aims a mixed-method research design was employed. Data collection involved conducting Key Informant Interviews (KII) and Focus Group Discussions (FGD) with a diverse sample of 116 participants including APF personnel, Custom office officials, members of the Birgunj Chamber of Commerce and Industry, dry port authorities, the Chief District Officer (CDO), the head of security personnel, Local Government Representative (LGR), local residents and trader within Parsa District.

The findings of the study revealed an imbalance in trans-border trade within Parsa District. The data reveals that Parsa district in Nepal experiences a significant trade imbalance with a heavy dependence on imported goods. The export trade percentages consistently remain low, ranging from 1.89% to 2.39%, indicating limited contributions to the overall trade. Equally, the import trade percentages range from 97.59% to 98.99%, highlighting a strong dependence on imported products. This trade imbalance leads to substantial trade deficits, ranging from -95.2% to -97.98%. The findings suggest the need for efforts to promote and strengthen the export sector in Parsa district to reduce the trade deficit and enhance economic stability.

SWOT analysis of trans-border trade in Parsa district reveals consistent findings from secondary and primary data. Cross-border trade declined in fiscal year 2076/2077 due to the COVID-19 pandemic, and in fiscal year 2079/2080 due to the government's policy to control the import of luxurious goods.

Simultaneously, the Armed Police Force, Nepal, has played a significant role in combating illicit trade within Parsa district. The data shows varying percentages of illicit trade captured by the force, ranging from 11.66% to 34.13% over the five-year period. With a total illicit trade amount of 711,815,280, their diligent efforts have been instrumental in addressing illicit trade activities. The findings highlight the effectiveness of the Armed Police Force in maintaining

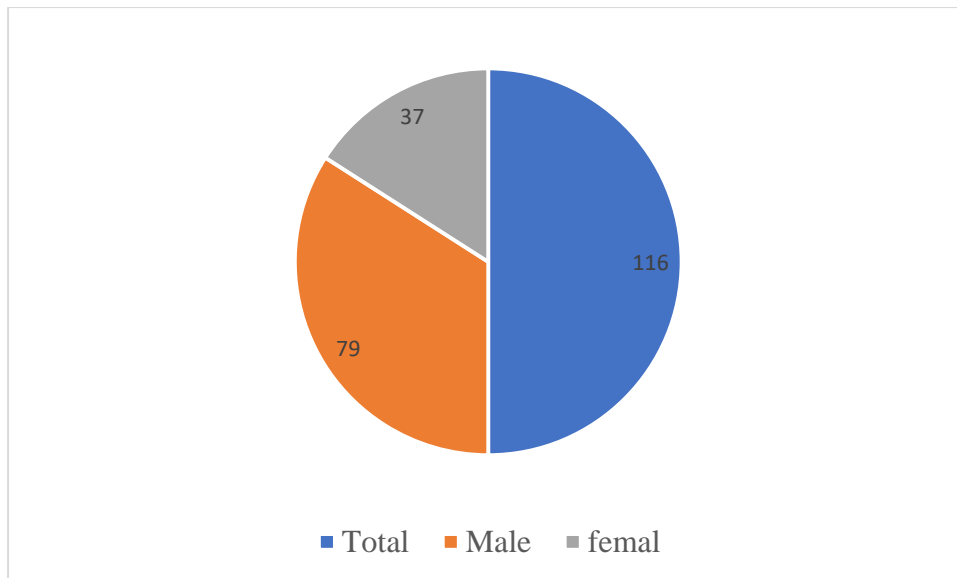
law and order, reducing illicit trade, and contributing to a safer economic environment in Parsa district. Armed Police Force of Nepal has seen an increase in seized illicit trade activities in Parsa district from fiscal year 2075/076 to 2079/080. This was achieved by establishing more border outposts and through effective coordination with counterparts, Continued collaboration and support for their initiatives can further strengthen efforts to control and minimize illicit trade in the district.

In summary, trans-border trade from Parsa district in Nepal offers several favorable conditions and advantages. The district's strategic location, situated at a short distance from Kathmandu, provides suitable access to major markets. Additionally, Parsa district benefits from a direct route from Kolkata Sea port to Parsa, enabling efficient transportation of goods from third countries. The presence of railway transportation further reduces transportation costs, making trade more cost-effective. The well-developed infrastructure, particularly the Integrate Check Post infrastructure in the dry port, contributes to the growth and expansion of trade activities. This infrastructure facilitates smooth trade operations, ensuring efficient customs clearance and logistics management. It also positions Parsa district as an economic hub, attracting investments and fostering economic development.

Overall, trans-border trade in Parsa district brings economic opportunities, job creation, and improved livelihoods for the local population. The strategic location, efficient transportation routes and well-developed infrastructure contribute to the district's significance as a key player in trans-border trade.

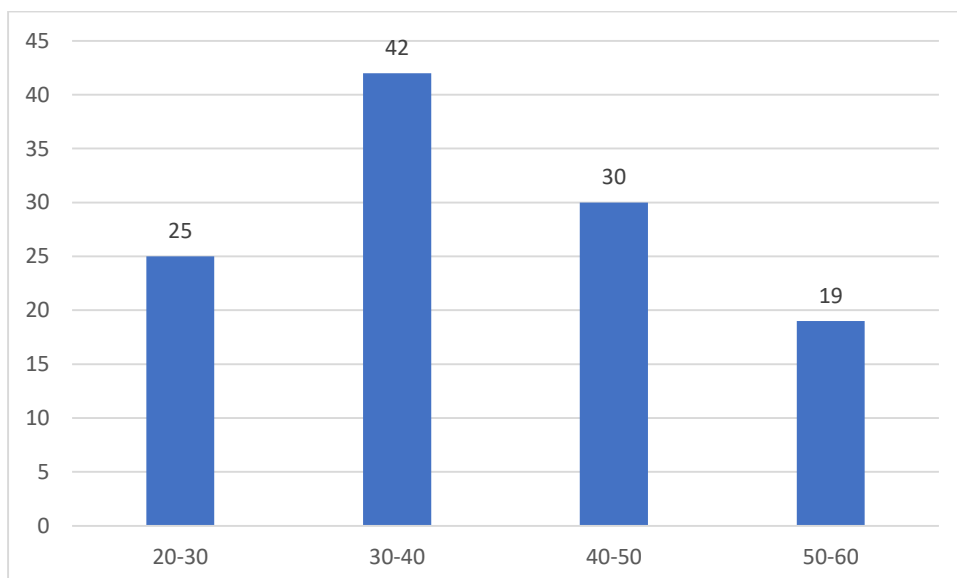
## **4.2 Characteristics of the Respondent**

This study encompassed a diverse range of participants including both males and females. The inclusion criteria for the questionnaire survey were specifically designed to involve individuals above the age of 18 residing in the sampled households. Emphasizing the importance of voluntary participation the study sought individuals who were willing to take part in the research voluntarily. By including both genders and employing specific criteria for participation the study aimed to gather a comprehensive and representative set of data, ensuring a more robust and inclusive analysis of the research topic.

**Figure 4.1***Gender of the Respondent*

Source: Field Survey (2024)

Figure 4.1 Total of 116 participants took part, with 79 respondents being male and 37 respondents being female.

**Figure 4.2***Age Group of Respondent*

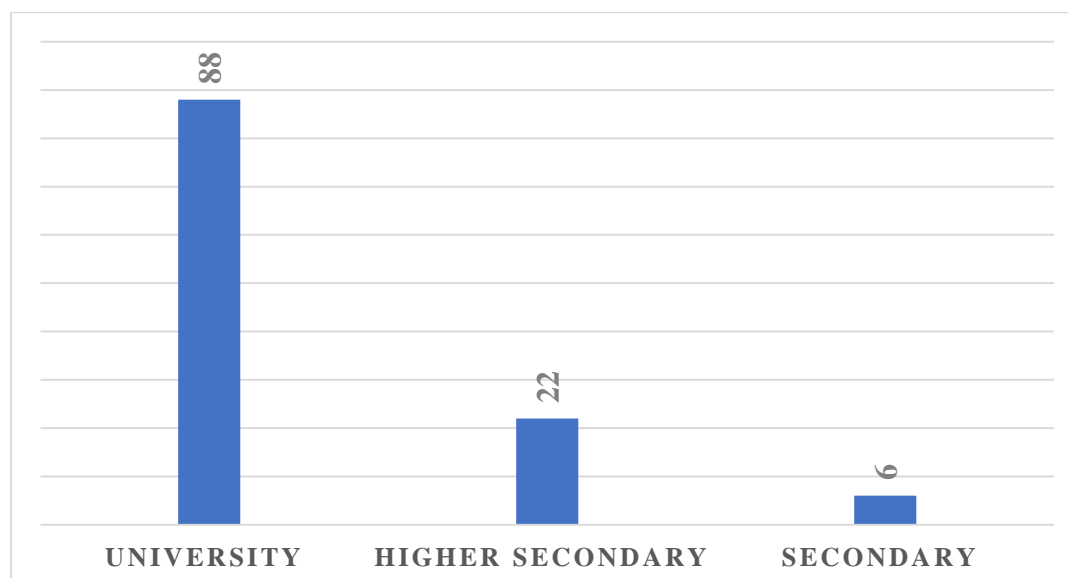
Source: Field Survey (2024)

Figure 4.2 highlighted that the largest proportion of respondents fell within the 30-40 years age group, comprising 42 individuals. Conversely, the age group of 50-60 years had the lowest

representation, indicating a smaller majority. Specifically, the age group of 40-50 years consisted of 30 respondents, while the age group of 20-30 years had 25 participants.

**Figure 4.3**

*Education Level of Respondent*



Source: Field Survey (2024)

Above figure 4.3 indicates that among the respondents, 88 individuals had received a university education, 22 respondents had completed their higher secondary education, and 6 respondents had finished their secondary level education.

**Table 4.1**

*Frequency Distribution of Respondent by Occupation*

Occupation	Frequency (number)	Percentage (%)
Custom office	5	4.31%
Security personnel	60	51.72%
Local trader	20	17.24%
District Administration office	5	4.31%
Loal government representative	4	3.45%
Journalist	2	1.72%
Local People	16	13.49%
Birungi Chamber of Commerce & industries	4	3.45%
<b>Total</b>	<b>116</b>	<b>100%</b>

Source: Field visit (2024)

The frequency distribution of respondents by occupation provides valuable insights into the composition of participants during the field visit in Parsa District in 2024. The largest group of respondents was security personnel, accounting for 51.72% of the total sample. This indicates the significant presence and involvement of security forces in the context being studied. Local traders constituted 17.24% of the respondents, suggesting their active participation and potential influence in trans-border trade activities. The participation of individuals from the customs office, district administration office, local government representatives, journalists, local people and the Birungi Chamber of Commerce and industry provides a diverse range of perspectives and expertise. This diverse representation enhances the comprehensiveness and reliability of the research findings as it encompasses various stakeholders and key actors involved in the subject matter. The distribution of respondents across different occupations provides a comprehensive understanding of the dynamics and challenges related to trans-border trade in Parsa District during the field visit in 2024.

### **4.3 Current Trans-Border Trade Trend in Parsa District**

The trans-border trade trend in Parsa district has been characterized by a significant disparity, with low export levels and high import volumes. This trend can be attributed to the presence of an open border, which facilitates the influx of imported goods into the district. However, the lack of a conducive environment for investment in industries has resulted in limited local production and export capacity. Consequently, the district faces challenges in terms of competitiveness and self-sufficiency. Efforts to improve the investment climate and promote local industries are crucial to address the current trade imbalance and foster sustainable economic growth in Parsa district.

#### **4.3.1 Major Twenty Export and Import trade Goods Items**

This study aims to analyze the major twenty export and import goods in Nepal from Parsa District. Understanding the composition of export and import items is crucial for assessing the trade dynamics and identifying potential areas for growth and improvement. The list of export items includes refined soybean oil, refined palm oil, fruit juice, refined sunflower oil, jamoth cloth, synthetic yarn, pina other fabrics, toothpaste, sport suze (synthetic suze), Vattisa Triphala, Kabajaharu, Chyabanpras, pina of soybeans, carpet, dog or cat food, raw materials of homeopathic, ayurvedic and unani medicine, preparation cloth, lidcisa, plastic lids, fatty acid oils, and Geeb Animal Feed Supplement.

On the other hand, the import items consist of diesel, petrol, Jeep cars and vans, LP Gas, motorcycle, soybean oil crude, other coal, H.R.Sit, preparation cloth, double Pickup Vehicle, truck, mini truck, Suryamukhiko Crude Oil, crude palm oil, soft drink concentrates, lubricating oil Mobil, tobacco, other bus truck chassis, polythene granule and steel strip. By analyzing the trade patterns and trends of these goods, this study aims to provide insights into the export-import dynamics and identify areas for potential growth and development in Nepal's trade sector from Parsa District (Custom office Birgunj, 2024).

**Table 4.2**

*Trade Balance at Birgunj Customs Office*

<b>Fiscal Year</b>	<b>Export Trade</b>	<b>Import Trade</b>	<b>Total Trade</b>	<b>Trade Balance</b>
2075/2076	2,0214695	20,8629908	228844603	-188415213
2076/2077	1,9140436	17,5745000	194885436	-156604564
2077/2078	5,1609064	23,1308711	282917775	-179699647
2078/2079	7,7546725	37,4888346	452435071	-297341621
2079/2080	3,3597918	29,5939983	329537901	-262342065

Source: Custom office Birgunj (2024)

The trans-border trade situation at Birgunj Customs Office in Nepal from Parsa District can be analyzed by considering the trends in export trade, import trade and trade deficit during the study period. The table showed From Fiscal Year 2075/2076 to FY 2079/2080, the export trade exhibited a varying trend. In FY 2075/2076, the export trade amounted to Rs. 20,214,695, which decreased slightly to Rs. 19,140,436 in FY 2076/2077 due to covid- 19 Pandemic. However, there was a significant increase in FY 2077/2078 when the export trade reached Rs. 51,609,064. The trend continued to fluctuate and in FY 2078/2079 the export trade further increased to Rs. 77,546,725. However, in the final fiscal year, FY 2079/2080 the export trade decreased to Rs. 33,597,918.

On the other hand, the import trade demonstrated a consistent increasing trend throughout the study period. Starting from Rs. 208,629,908 in FY 2075/2076, the import trade rose to Rs. 175,745,000 in FY 2076/2077. Subsequently, it further increased to Rs. 231,308,711 in FY 2077/2078 and continued to grow significantly to Rs. 374,888,346 in FY 2078/2079. In the final fiscal year, FY 2079/2080, the import trade reached Rs. 295,939,983 due to government

policy to control luxurious item.

As a result of the trade dynamics, a trade deficit was observed in each fiscal year. The trade deficit represents the difference between export and import values. In FY 2075/2076, the trade deficit was Rs. -188,415,213, indicating an imbalance where imports exceeded exports. This trend continued in subsequent years with trade deficits of Rs. -156,604,564, Rs. -179,699,647, Rs. -297,341,621, and Rs. -262,342,065 in FY 2076/2077, FY 2077/2078, FY 2078/2079, and FY 2079/2080, respectively.

Overall, the trans-border trade situation at Birgunj Customs Office in Parsa District during the study period showed a fluctuating trend in export trade, significant growth in import trade and persistent trade deficits. This suggests a higher dependence on imports and challenges in balancing trade with exports.

#### 4.3.2 Export and Import Trade Percentage Customs Office, Birgunj

The Birgunj customs office is a crucial gateway for Nepal's trade with India, handling a substantial portion of the cross-border commercial activities. It accounts for a significant percentage of Nepal's total exports and imports, with the import trade volume being far higher than the export volume, reflecting the trade imbalance between the two countries. The Birgunj customs office plays a central role in facilitating the movement of goods and revenue collection, though concerns persist over issues like smuggling and corruption along the border.

**Table 4.3**

*Export and Import Percentage*

Fiscal Year	Export Trade%	Import Trade%	Total Trade%	Trade Deficit%
2075/2076	8.83	91.17	100	-82.34
2076/2077	9.82	90.18	100	-80.36
2077/2078	18.24	81.76	100	-63.52
2078/2079	17.13	82.87	100	-65.74
2079/2080	10.19	89.81	100	-79.62

Source: Birgunj Customs Office (2024)

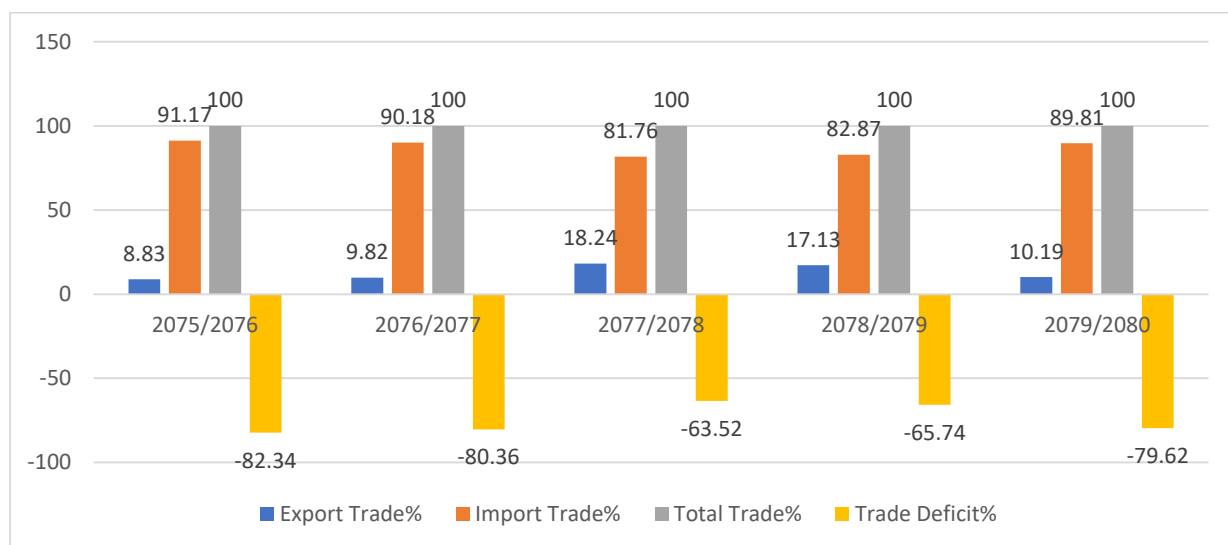
Above data represents the proportion of share of export and import trade in Nepal from Birgunj Customs Office Parsa District, expressed in percentages over a span of five fiscal years.

Analyzing the data to understand the trends of trade and compare the trade percentages for each fiscal year.

In the fiscal year 2075/2076, the export trade accounted for 8.83% of the total trade, while the import trade accounted for 91.17%. This indicates a significant dominance of import trade over export trade. The total trade was evenly distributed at 100%. Furthermore, the trade deficit was recorded at -82.34%, indicating a substantial deficit in trade. Moving to the following fiscal year, 2076/2077, the export trade slightly increased to 9.82%, while the import trade decreased to 90.18%. Despite this shift, the dominance of import trade remained significant. The total trade percentage remained at 100%. The trade deficit decreased to -80.36%, indicating a slight improvement in the trade deficit situation.

In the fiscal year 2077/2078, there was a notable increase in the export trade, accounting for 18.24% of the total trade. Conversely, the import trade decreased to 81.76%. This indicates a shift towards a higher proportion of export trade compared to the previous year. The total trade remained at 100%. The trade deficit improved to -63.52%, suggesting a reduction in the trade deficit. Continuing the trend, in 2078/2079, the export trade accounted for 17.13% of the total trade, while the import trade increased to 82.87%. The total trade remained at 100%. The trade deficit also increased to -65.74%, indicating a slight deterioration in the trade deficit situation. In the last fiscal year, 2079/2080, the export trade decreased to 10.19%, while the import trade increased to 89.81%. The total trade remained at 100%. The trade deficit worsened to -79.62%, indicating a significant increase in the trade deficit.

Overall, the analysis reveals a mixed trend in the proportion of share of export and import trade from Birgunj Customs Office in Parsa District. There were fluctuations in the percentages with some years showing an increase in export trade and a decrease in import trade, while other years displayed the opposite pattern due to covid pandemic and government police to control the luxurious goods. The trade deficit remained a significant concern throughout the period, with varying levels of improvement.

**Figure 4.4***Export and Import Trade Imbalance Percentage*

Source: Birgunj Customs Office (2024)

The figure (4.4) bar diagram presents the trade imbalance percentage in Birgunj Customs over the fiscal years 2075/076 to 2079/080. Analysis of the data reveals that the export, import, and trade imbalance percentages exhibited fluctuations during this period, with both increasing and decreasing trends observed. The export and import percentages varied, reflecting changes in the balance between exports and imports. Similarly, the trade imbalance percentage fluctuated, indicating the extent to which imports exceeded exports or vice versa. Overall, the data highlights the dynamic nature of the trade imbalance and the varying trade balance in Birgunj Customs over the analyzed fiscal years.

### 4.3.3 Revenue Targets and Status of Progress

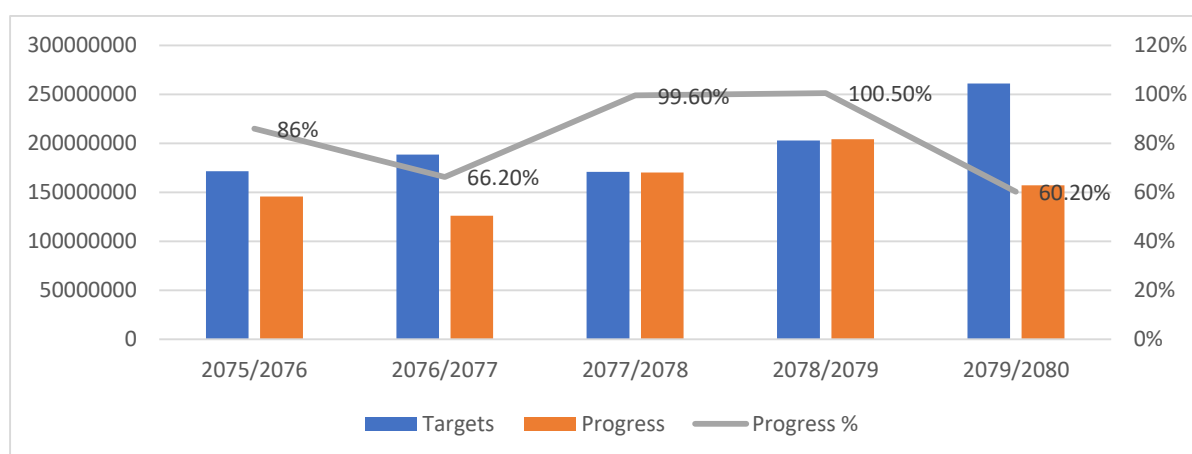
The Nepalese customs department is responsible for setting revenue targets and monitoring progress across the country's various customs offices, including the one in Birgunj. These revenue targets are an important metric for the government, as customs duties and fees contribute significantly to Nepal's overall tax revenues. The customs department closely tracks the performance of individual offices in meeting their revenue goals, though concerns have been raised about potential issues like corruption and leakages that may impact actual revenue collection. Improving the efficiency and transparency of customs operations remains an ongoing challenge for the Nepalese government.

**Table 4.4***Revenue Target and Status of Progress*

<b>Fiscal Year</b>	<b>Targets</b>	<b>Progress</b>	<b>Progress %</b>
2075/2076	171605846	145731405	86%
2076/2077	188624994	126167343	66.20%
2077/2078	170765145	170054793	99.60%
2078/2079	203025037	204122756	100.50%
2079/2080	260970208	157154922	60.20%

Source: *Annual Reports Department of Customs*, n.d.

The revenue targets and progress of the Birgunj Customs Office in Nepal from 2075/2076 to 2079/2080 witnessed both increases and decreases. In 2075/2076, there was a decrease in progress compared to the target. However, in the subsequent year 2076/2077, there was a further decrease in progress due to Covid -19 Pandemic. The year 2077/2078 marked a significant increase in progress, surpassing the target. Similarly, in 2078/2079, there was another increase in progress, achieving the target due to election. However, in the final year, 2079/2080, there was a decrease in progress compared to the target because negative policy of government to the luxurious items. These fluctuations highlight the varying performance of the Birgunj Customs Office in revenue collection over the specified period.

**Figure 4.5***Revenue Target and Status of Progress*

Source: Department of Customs n. d.

The analysis of the above figure from the Birgunj Customs Office reveals fluctuating results

in revenue collection over the past five fiscal years. While the fiscal years 2077/2078 and 2078/2079 were successful in meeting the revenue targets due to election, the remaining years fell short of achieving the desired level of revenue collection.

In 2077/2078, the Customs Office achieved an impressive progress percentage of 99.60%, collecting Rs. 170,054,793 out of the targeted Rs. 170,765,145. Similarly, in 2078/2079, the Office surpassed the revenue target with a progress percentage of 100.50%, collecting Rs. 204,122,756 against the target of Rs. 203,025,037.

However, in the other fiscal years, namely 2075/2076, 2076/2077 and 2079/2080, the Customs Office struggled to meet the revenue collection targets. The progress percentages for these years were 86%, 66.20%, and 60.20% respectively, indicating significant gaps between the targets and actual collections because impact of covid – 19 pandemic and fiscal year 079/080 government policy to control the luxuries goods. Overall, the data highlights the challenges faced by the Birgunj Customs Office in maintaining a steady revenue collection trend over the past five fiscal years.

#### 4.4 Trade Situation at Dry Port Customs Office

The Sirsiya dry port customs office in Nepal is a critical juncture for cross-border trade with India. It handles a substantial volume of import and export cargo, serving as a vital logistical hub. However, the office faces challenges such as infrastructure constraints, procedural bottlenecks, and allegations of corruption, which impact the efficiency and transparency of trade operations. Addressing these issues could help optimize the dry port's potential to facilitate smoother Nepal-India commercial exchange.

**Table 4.5**

*Trade Status Dry-Port Customs Office*

<b>Fiscal Year</b>	<b>Export Trade</b>	<b>Import Trade</b>	<b>Total trade</b>	<b>Trade Balance</b>
2075/2076	4395070682	228532490966	232927561648	-224137420284
2076/2077	2433932777	240067039223	242500972000	-237633106446
2077/2078	3240903440	274410237018	277651140458	-271169333578
2078/2079	4473426910	319973487865	324446914775	-315500060955
2079/2080	5090112494	208205040336	213295152830	-203114927842

Source: Dry Port customs office (2024)

The above trade data represents the trade situation at the Dry Port Office in Parsa District over a five-year period, including export trade, import trade, total trade and trade deficit. Analyzing the data throughout the five-year period, the export trade exhibited fluctuations. It started at 4,395,070,682 in 2075/2076, experienced a decline to 2,433,932,777 in 2076/2077 and then witnessed an increase to 3,240,903,440 in 2077/2078. Subsequently, it further rose to 4,473,426,910 in 2078/2079 and reached its peak at 5,090,112,494 in 2079/2080.

Similarly, the import trade demonstrated varying patterns over the five-year period. It began at 228,532,490,966 in 2075/2076, followed by a slight increase to 240,067,039,223 in 2076/2077. The import trade then experienced a significant rise to 274,410,237,018 in 2077/2078. Subsequently, it reached its highest value at 319,973,487,865 in 2078/2079, before declining to 208,205,040,336 in 2079/2080. The trade deficit, representing the difference between import trade and export trade, remained negative throughout the entire five-year period, indicating an imbalance in favor of imports. The trade deficit was -224,137,420,284 in 2075/2076, -237,633,106,446 in 2076/2077, -271,169,333,578 in 2077/2078, -315,500,060,955 in 2078/2079, and -203,114,927,842 in 2079/2080.

In summary, the trade situation at the Dry Port Office in Parsa District exhibited fluctuations in export trade, import trade and trade deficit over the five-year period. Export trade showed an overall increasing trend, while import trade experienced both increases and decreases.

#### 4.4.1 Export and Import Trade Percentage Dry-Port Office

**Table 4.6**

*Export and Import Trade Deficit Percentage*

<b>Fiscal Year</b>	<b>Export Trade %</b>	<b>Import Trade %</b>	<b>Total Trade %</b>	<b>Trade %</b>
2075/2076	1.88	98.12	100	-96.24
2076/2077	1.01	98.99	100	-97.98
2077/2078	1.17	98.83	100	-97.66
2078/2079	1.38	98.62	100	-97.24
2079/2080	2.38	97.62	100	-95.24

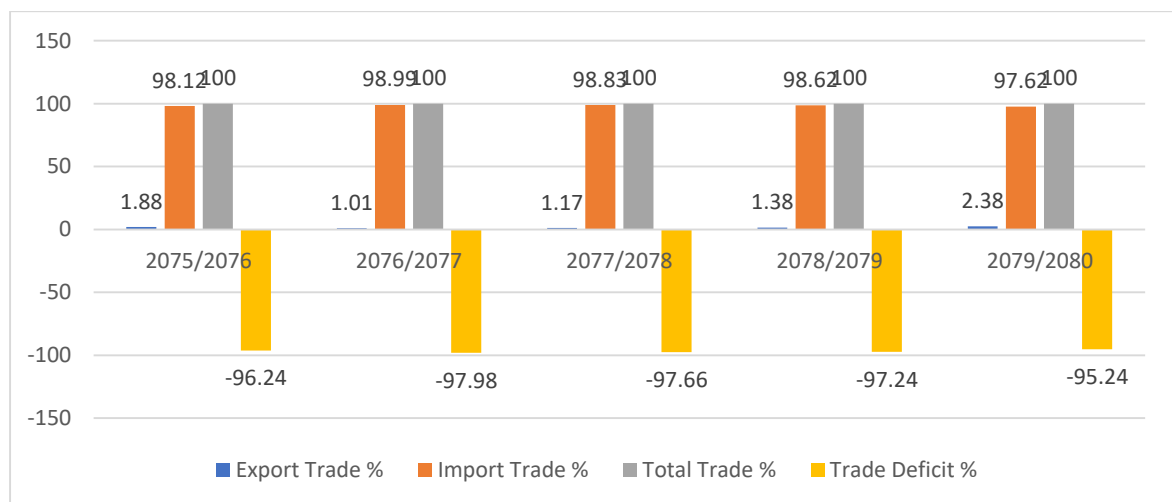
Source: Dry port Customs Office (2024)

The above data represents the proportion of share of export and import trade from the Dry Port Office in Parsa District, expressed in percentages, over a span of five fiscal years. The analysis reveals a consistent trend of import trade dominance throughout the period, with export trade accounting for a relatively small proportion. Across all fiscal years, the import trade percentage ranged between 97.62% and 98.99%, while the export trade percentage ranged from 1.01% to 2.38%. This indicates a significant trade imbalance, with a trade deficit ranging from -95.24% to -97.98%. Despite a slight improvement in the trade deficit in the last fiscal year, the overall trend suggests a widening deficit and highlights the challenge of reducing the trade imbalance.

In summary, the data demonstrates a persistent pattern of high import trade and low export trade from the Dry Port Office in Parsa District with in five fiscal years due to covid pandemic and government policy to control the luxurious goods. The trade deficit remains a significant concern, indicating the need for measures to promote export growth and address the trade imbalance.

**Figure 4.6**

*Trade Ratio in Percentage*



Source: Dry port Customs Office (2024)

The data illustrates the share of export and import trade from the Dry Port Office in Parsa District over a period of five fiscal years. Throughout this duration, the analysis consistently shows a dominance of import trade, with export trade accounting for a relatively small proportion. Import trade ranged from 97.62% to 98.99%, while export trade ranged from 1.01% to 2.38%. This resulted in a trade deficit ranging from -95.24% to -97.98%, indicating

a significant trade imbalance. Although there was a slight improvement in the trade deficit in the last fiscal year, the overall trend indicates a widening deficit and highlights the challenge of reducing the trade imbalance. The data underscores the persistent pattern of high import trade and low export trade in Parsa District, emphasizing the need for measures to promote export growth and address the trade imbalance.

#### 4.4.2 Export Revenue Status Dry Port Customs Office

The Sirsiya dry port customs office in Nepal exhibits a significant trade imbalance, with import revenue vastly exceeding export revenue. This discrepancy reflects the wider trade deficit that Nepal experiences in its commercial relationship with India. Efforts to promote Nepali exports and address non-tariff barriers could help balance the trade flows through this crucial customs checkpoint.

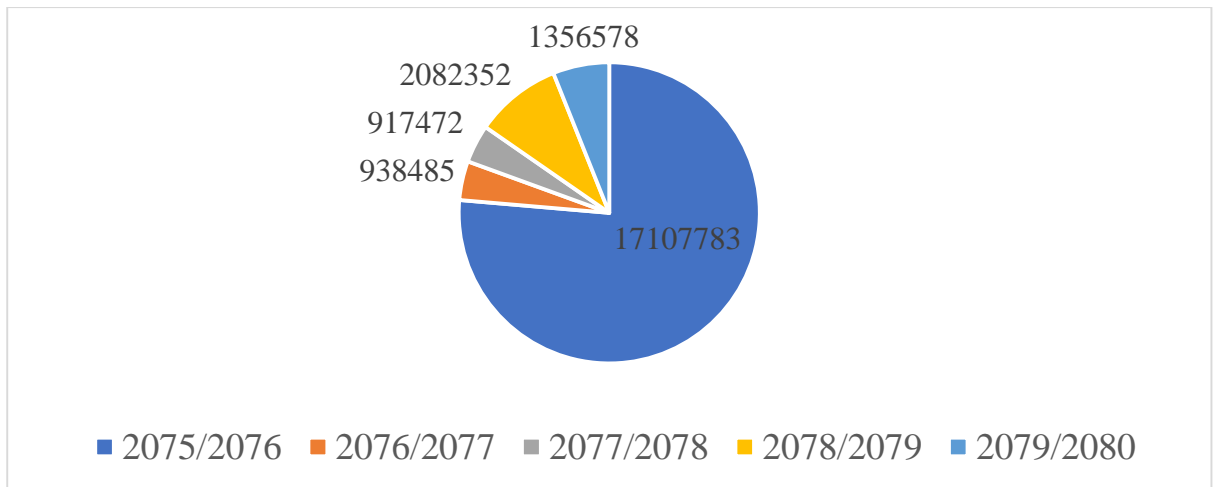
**Table 4.7**

*Export Revenue Status Dry Port Customs Office, Sirsiya Paarsa*

Fiscal year	Export Revenue	Revenue differences	Remarks
2075/2076	17107783	-16169298	Difference between according to fiscal year
2076/2077	938485	-21013	
2077/2078	917472	1164880	
2078/2079	2082352	-725774	
2079/2080	1356578		

Source: Dry Port Customs office (2024)

The export trade collection revenue from the Dry Port Office in Parsa District exhibited fluctuations over the course of five fiscal years. The data reveals a mixed trend of increasing and decreasing revenue collection. In the fiscal year 2075/2076, the revenue collection was 1,71,07,783. However, there was a significant decrease in the following year, with a negative difference of -16,169,298. Subsequently, there was a slight increase in revenue collection in 2077/2078, with a positive difference of 1,164,880. The trend continued with an increase in revenue collection in 2078/2079, amounting to 2,082,352. However, there was a negative difference of -725,774 compared to the previous year. The data does not provide a revenue difference for the last fiscal year, making it challenging to assess the trend for that specific period. Overall, the analysis indicates a fluctuating pattern in revenue collection, highlighting the dynamic nature of export trade revenue in the Parsa District.

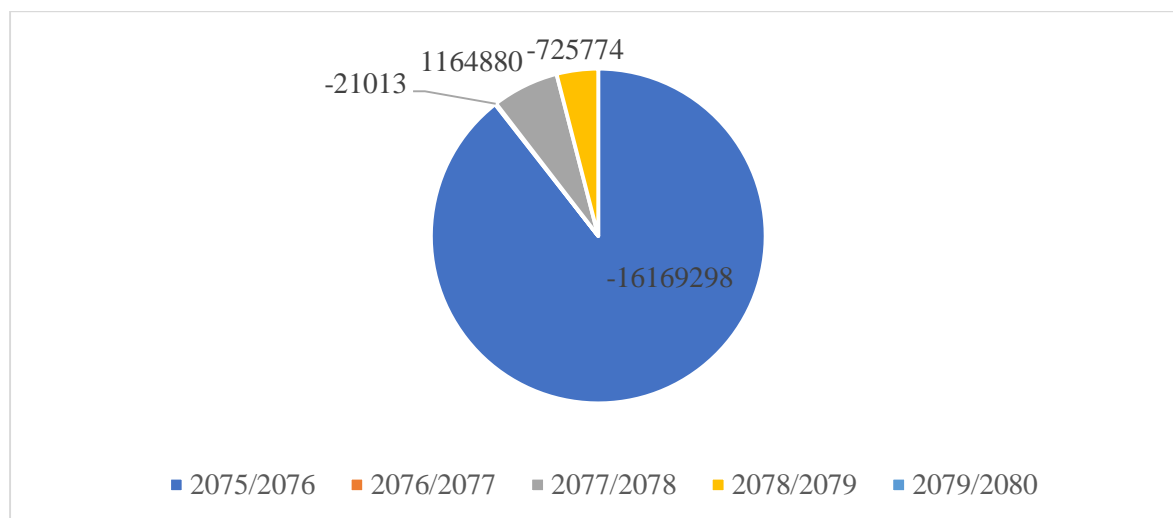
**Figure 4.7***Export Revenue Status in Dry Port Custom Office*

Source: Dry Port Custom Office (2024)

The figure (4.7) pie chart represents the export revenue collected by the Dry Port Custom Office in Parsa District over five fiscal years. Among the fiscal years analyzed, the highest export revenue collection occurred in 2075/2076, with a total of NPR 17,107,783. This fiscal year recorded the highest export revenue, indicating a significant level of export activity and value generated through the Dry Port Custom Office in Parsa District.

Similarly the lowest export revenue collection was observed in 2077/2078, with a total of NPR 9,17,472. This fiscal year recorded the lowest export revenue, indicating a relatively lower level of export activity and value generated through the Dry Port Custom Office in Parsa District.

Overall, the analysis reveals fluctuations in export revenue collection over the five fiscal years. The revenue collection peaked in 2075/2076 and experienced a decline in subsequent years, reaching its lowest point in 2077/2078. Factors such as changes in global market conditions, trade policies, Covid-19 and low production factors influenced the varying levels of export revenue collection during this period.

**Figure 4.8***Revenue Difference with in Fiscal Year*

Source: Dry Port Custom Office Birgunj (2024)

The figure clearly shows the revenue differences in the export revenue collected by the Dry Port Custom Office in Parsa District over five fiscal years. In the different fiscal years data analyzed, the highest revenue difference occurred in 2077/2078, with a difference of NPR 1,164,880. This indicates a significant increase in export revenue compared to the previous fiscal year, reflecting a notable growth in export activity and value generated through the Dry Port Custom Office in Parsa District. As per the lowest revenue difference was observed in 2076/2077, with a difference of NPR -21,013. This indicates a slight decrease in export revenue compared to the preceding fiscal year, suggesting a relatively lower level of growth in export activity and value generated through the Dry Port Custom Office in Parsa District.

Overall, the analysis reveals fluctuations in revenue differences over the five fiscal years. The highest revenue difference occurred in 2077/2078, indicating a significant growth in export revenue, while the lowest revenue difference was observed in 2076/2077, reflecting a slight decrease in export revenue.

#### **4.4.3 Dry Port Customs Office Import Revenue Status**

The Sirsiya dry port customs office in Nepal plays a vital role in revenue collection for the Nepalese government, with import trade volume and revenue far surpassing that of exports. The disproportionate reliance on import-based customs duties highlights the trade imbalance between Nepal and India. While the dry port's import revenue performance is strong,

addressing the structural factors that limit Nepali exports could help diversify the customs office's revenue streams and reduce the country's trade deficit. Optimizing the efficiency and transparency of cross-border trade operations at this crucial checkpoint remains an important priority.

**Table 4.8**

*Import Revenue Status*

<b>Fiscal year</b>	<b>Import Revenue</b>	<b>Revenue differences</b>	<b>Remarks</b>
2075/2076	32,29,6536920	2,71,5506026	Difference Between according to fiscal year
2076/2077	35,01,2042946	6,81,9258674	
2077/2078	41,83,1301620	6,87,7438681	
2078/2079	48,70,8740301	-19,88,9500698	
2079/2080	28,81,9239603	-	

Source: Dry Port Customs Office (2024)

The above data represents the import revenue from the Dry Port Office in Parsa District over a span of five fiscal years. Analyzing the data allows us to understand the trends of revenue collection and compare the revenue data for each fiscal year.

In the fiscal year 2075/2076, the import revenue collection amounted to 32,296,536,920. Over the next fiscal year, 2076/2077, there was a significant increase in revenue collection, with a revenue difference of 6,819,258,674. This indicates a substantial growth in revenue compared to the previous year. Continuing the trend, the import revenue collection further increased to 41,831,301,620 in the fiscal year 2077/2078, showing a revenue difference of 6,877,438,681. This signifies continued growth in revenue collection. However, in the fiscal year 2078/2079, there was a notable decrease in import revenue, resulting in a negative revenue difference of -19,889,500,698. This indicates a significant decline in revenue from the previous year. For the last fiscal year, 2079/2080, the import revenue collection was recorded at 28,819,239,603. The data does not provide a revenue difference for this particular year.

Overall, the analysis reveals a mixed pattern in import revenue collection over the five-year period. There were instances of substantial revenue growth in some years, followed by a significant decline in one fiscal year. The fluctuations highlight the dynamic nature of import revenue in the Parsa District, influenced by various economic factors and trade dynamics.

#### 4.5. Export and Import Trade Trend in Parsa District

The cross-border trade in Parsa district, home to the Birgunj customs office and Sirsiya dry port, is characterized by a heavy trade imbalance favouring imports over exports. This trend is attributed to various factors such as unfavourable investment climate, low domestic production, political instability, and labour issues, which hamper Nepal's ability to boost its exports

**Table 4.9**

*Overall Trade Balance Status in Parsa District*

<b>Fiscal Year</b>	<b>Total Export</b>	<b>Total Import</b>	<b>Total Trade</b>	<b>Total Balance</b>
2075/2076	4415285377	228741120874	233156406251	-224325835497
2076/2077	2453073213	240242784223	242695857436	-237789711010
2077/2078	3292512504	274641545729	277934058233	-271349033225
2078/2079	4550973635	320348376211	324899349846	-315797402576
2079/2080	5123710412	208500980319	213613290731	-203377269907

Source: *Birgunj and Dry Port Custom Office (2024)*

Within the five fiscal years data analyzed, the highest trade imbalance in Parsa District occurred in the fiscal year 2078/2079, with a trade deficit of NRs. -315,797,402,576. This fiscal year witnessed a significant increase in both total export and import figures compared to the preceding years, resulting in a larger trade deficit.

On the other hand, the lowest trade imbalance was observed in the fiscal year 2079/2080, with a trade deficit of NPR. -203,377,269,907. Although the trade deficit improved slightly compared to the previous years, it remained substantial. The total export increased, while the total import decreased, contributing to a relatively smaller trade imbalance.

In FY 2076/77, Nepal's total export trade was NPR 2,453,073,213, a decrease from the previous year due to the COVID-19 pandemic. In FY 2079/80, Nepal's total import trade was reduced to NPR 208,500,980,319, compared to the previous year, due to the government's policy to control certain luxury goods.

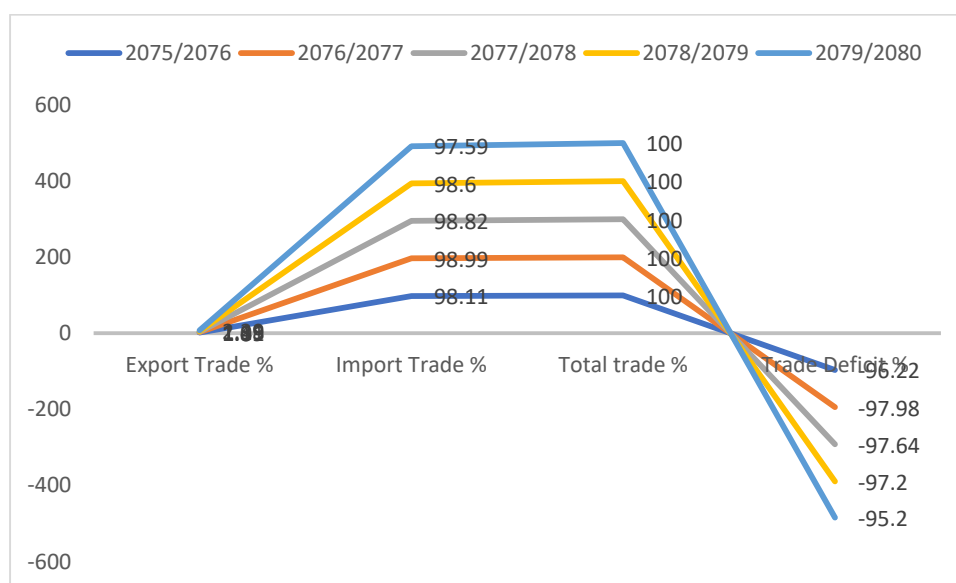
Overall, the trade situation in Parsa District exhibited a persistent and significant trade imbalance throughout the five fiscal years analyzed. The cumulative trade deficit over the period amounted to NRs. -1,252,639,252,215, reflecting a substantial imbalance in trade. This underscores the need for concerted efforts to promote export growth, enhance competitiveness, and address the trade imbalance in the district.

#### 4.5.2 Overall Export and Import Trade Trend Percentage

The cross-border trade in Parsa district are major customs checkpoints like Birgunj and Sirsiya, characterized by a severe trade imbalance. Imports account for a staggering 97% of the total trade volume, vastly outweighing the district's export activities. This lopsided trade dynamic reflects the diverse challenges Nepal faces, including an unfavorable investment climate, low domestic productivity, political instability, and labor issues, which hinder the country's ability to boost its exports and narrow the widening trade deficit with India, its primary trading partner in the region.

**Figure 4.9**

*Overall Trade Balance Percentage in Parsa District*



Source: *Birgunj and Dry Port Custom Office (2024)*

The data provided represents the export and import trade percentages in Parsa district, Nepal, for the fiscal years 2075/2076 to 2079/2080. The analysis reveals that the export trade percentage experienced a gradual increase over the years, starting at 1.89% in 2075/2076 and

reaching 2.39% in 2079/2080. This indicates a positive growth in export trade from the district.

On the other hand, the import trade percentage showed a slight decline over the same period, starting at 98.11% in 2075/2076 and decreasing to 97.59% in 2079/2080. While import trade remained dominant, this decrease suggests a slight decline in the district's import activities.

The total trade percentage remained stable at 100% throughout the five years, indicating that the sum of export and import trade remained consistent. However, the trade deficit percentage, representing the negative difference between export and import, decreased from -96.22% in 2075/2076 to -95.2% in 2079/2080. This indicates a slight improvement in reducing the trade deficit for Parsa district. Overall, the analysis highlights a positive growth in export trade, a slight decline in import trade, a stable total trade percentage and a minor improvement in reducing the trade deficit in Parsa district, Nepal, over the specified period.

#### **4.6 Cause of Trade Imbalance from Parsa District**

The trade deficit of Nepal is influenced by several factors. External shocks, such as natural disasters and global economic downturns, disrupt trade flows and reduce export opportunities, leading to an increase in imports and exacerbating the trade deficit. Additionally, the budget deficit and trade deficit are interconnected. A budget deficit occurs when the government spends more than it generates in revenue, leading to increased borrowing and reliance on external funding. This can put pressure on the balance of payments and contribute to a trade deficit as the country imports more than it exports to cover the fiscal gap.

Moreover, excess money supply can also contribute to the trade deficit by causing inflation, which erodes the competitiveness of domestic industries and increases the demand for cheaper imported goods. Furthermore, an overvalued real exchange rate can hinder export competitiveness and result in a trade deficit. Trade liberalization, while promoting economic growth and integration, can also contribute to a trade deficit if domestic industries are not competitive enough to meet import demands or increase exports significantly. Additionally, the lack of competitiveness in domestic industries, limited infrastructure and high production costs further contribute to the trade deficit. Lastly, Nepal's landlocked geography poses challenges to trade, increasing transportation costs and logistical difficulties, which can hinder export competitiveness and contribute to the trade deficit (Silwal, 2008).

During the interview with the (KII), one of the key informants stated that:

*COVID-19 pandemic has had detrimental effects on investment in the industry, exacerbating the trade deficit in Parsa District. The pandemic created unfavorable conditions, including lockdown measures, disruptions in global supply chains, and reduced consumer demand, which resulted in a decline in production and increased reliance on imports. These factors contributed to a trade imbalance as the district struggled to meet export demands while experiencing a surge in import activities. Apart from the pandemic-related challenges, the lack of favorable investment conditions and the unattractiveness of the district for Foreign Direct Investment (FDI) played a significant role. Insufficient infrastructure, unstable economic policies, and a lack of investor-friendly regulations hindered the district's ability to attract foreign investments. The absence of Foreign Direct Investment further constrained the expansion of industries and their capacity to contribute to export growth, ultimately leading to a trade deficit.*

During the interview one respondent stated the view of cause if trade imbalance from Parsa district that:

*The trade imbalance in Parsa District and Nepal as a whole can be attributed to political instability, competition in the global market, and the government's inadequate focus on the investment sector. Political uncertainties undermine investor confidence and discourage long-term investments, while the lack of stability hampers the implementation of supportive policies and initiatives that promote economic growth and attract investments. Additionally, Nepalese businesses face tough competition from international players, making it challenging to establish a significant presence and gain a competitive edge in the global market. This struggle to penetrate global markets, expand exports, and reduce trade deficits is further exacerbated by the government's insufficient focus on the investment sector, poor economic conditions, including high unemployment rates and low consumer purchasing power, and the absence of sufficient policies and financial incentives to support businesses and stimulate growth.*

Addressing these factors requires a comprehensive approach, including enhancing domestic competitiveness, promoting export-oriented industries, improving infrastructure, implementing sound fiscal and monetary policies, and leveraging regional and international trade agreements to diversify trade opportunities and reduce reliance on imports.

## **4.7 SWOT Analysis**

Trans-border trade encompasses several strengths, weaknesses, opportunities, and threats. One of its notable strengths is the potential to foster economic integration and regional cooperation among nations, leading to increased market access and trade diversification. Trans-border trade can stimulate economic growth, create employment opportunities, and enhance productivity through the efficient allocation of resources. Additionally, it encourages specialization and economies of scale, allowing countries to focus on producing goods and services in which they have a comparative advantage.

However, trans-border trade also faces certain weaknesses. Inadequate infrastructure, including transport and logistics networks, can pose challenges to the smooth flow of goods and services across borders. Complex and time-consuming customs procedures, including documentation requirements and trade regulations, can increase transaction costs and impede trade efficiency. Furthermore, the lack of transparency and corruption in border management can undermine trust and hinder trade facilitation efforts.

Turning to opportunities, trans-border trade can benefit from regional and international trade agreements that promote tariff reductions, trade liberalization, and harmonization of customs procedures. Strengthening cross-border infrastructure, such as ports, roads, and border crossings, can enhance connectivity and facilitate trade flows. Moreover, advancements in digital technologies and e-commerce present opportunities for streamlining trade processes and expanding market access.

Despite these opportunities, trans-border trade faces threats. Protectionist measures, including tariffs, quotas, and non-tariff barriers, can disrupt trade flows and hinder market access. Political tensions, conflicts and security concerns in border regions can impact trade stability and pose risks to supply chains. Economic shocks, financial crises can also disrupt cross-border trade and have adverse effects on economies (Konopelko & Czerewacz-Filipowicz, 2021).

### **4.7.1 Strength**

Trans-border trade in Parsa District possesses several strengths that contribute to its economic significance. Firstly, Parsa District benefits from its proximity to Kathmandu, the capital city of Nepal. The short distance between Parsa and Kathmandu facilitates efficient transportation and reduces logistics costs, making it an attractive trading hub (WB, 2020).

Another strength is the relatively lower costs associated with trans-border trade compared to other districts. Parsa District offers cost advantages in terms of transportation, warehousing, and other trade-related services, which can enhance the competitiveness of businesses operating in the region (UNESCAP, 2018).

Furthermore, Parsa District's strategic location close to the Kolkata port in India provides an opportunity for convenient and cost-effective access to international markets. This proximity to Kolkata port enables smoother export and import activities, reducing trade barriers and enhancing trade efficiency (ADB, 2019).

Parsa District also boasts well-developed infrastructure, including integrated check posts, which facilitate streamlined customs procedures and reduce transit time for goods. Efficient check posts help minimize traffic congestion and ensure a smooth flow of trade, contributing to enhanced trade facilitation (WB, 2019).

Additionally, the improved infrastructure and effective border management in Parsa District help reduce revenue leakage, smuggling, and theft of goods along the check posts. This enhances trade security and revenue collection, benefiting both the government and businesses involved in trans-border trade (WTO, 2019).

During the interview one respondent stated the view of trans-border trade in Parsa district that:

*The strategic location of Parsa District, situated approximately 135 km south of Kathmandu, offers a favorable advantage for trans-border trade. Moreover, Parsa District benefits from its proximity to the Kolkata port in India. The district boasts well-developed infrastructure and a well-established customs office, providing an efficient route for cross-border trade. As a result, this customs office has a significant role in revenue collection overall customs revenue generated in Nepal. The combination of a short trade route and robust infrastructure contributes to Parsa District's prominence as a key hub for trans-border trade.*

In this way, the strengths of trans-border trade in Parsa District lie in its advantageous geographical location, lower costs compared to other districts, proximity to the Kolkata port, well-developed infrastructure, reduced traffic congestion, and improved trade security. These factors contribute to the district's attractiveness as a trade hub and its potential for economic growth and development.

*According to a key informant interview (KII), one of the key strengths of transborder trade in*

*Parsa district is the direct railway connection from Kolkata seaport to the district. This direct railway linkage has significantly reduced the transportation costs associated with trade activities. Additionally, the respondent mentioned that the availability of Indian labor coming to work in Parsa has also helped lower labor costs, further enhancing the cost-effectiveness of transborder trade operations in the region. The ease of transportation and access to labor are viewed as major competitive advantages that support the growth and viability of cross-border trade activities in Parsa district*

#### **4.7.2 Weakness**

Trans-border trade in Parsa District, Nepal, faces several weaknesses that hinder its effectiveness and potential. Firstly, the district struggles with illicit trade, including smuggling and unauthorized movement of goods across borders. Inadequate border security measures and weak enforcement mechanisms contribute to the proliferation of illicit trade activities, undermining legitimate trade and revenue collection efforts (Upreti, 2021).

Secondly, Parsa District's trans-border trade is limited by its reliance on a few specific industries and low production capacity. This lack of industrial diversification restricts the range of goods traded and hampers the district's ability to meet market demands and expand trade opportunities. A broader industrial base and increased production capacity would enable Parsa District to have a more resilient and dynamic trans-border trade sector (Upadhyaya, 2021).

Lastly, the district faces challenges related to customs clearance processes. The absence of vehicle scanners and reliance on manual inspection procedures result in inefficient and time-consuming clearance procedures. Lengthy administrative practices, cumbersome paperwork, and delays in customs clearance discourage traders and increase transaction costs, hampering the overall efficiency of trans-border trade in Parsa District (A. Dhakal & Jha, 2021).

During the interview with the key informants, one of the key informants stated that:

*Trans-border trade in Parsa District, Nepal, faces several notable weaknesses. These include the prevalence of illicit trade, such as smuggling and unauthorized movement of goods, which is attributed to inadequate border security measures and weak enforcement mechanisms. Additionally, the district's limited industry base and low production capacity hinder its ability to diversify the range of traded goods. The absence of advanced technological infrastructure, like vehicle scanner and the reliance on manual checking systems contribute to inefficient*

*customs clearance procedures and delays. Furthermore, the shortage of security personnel and resources at border checkpoints poses challenges in ensuring the safety and security of goods and traders. Addressing these weaknesses requires improving border security, promoting industrial diversification, investing in advanced technology, streamlining customs procedures, and enhancing the capacity of security forces to create a more efficient and secure trans-border trade environment in Parsa District.*

The weaknesses identified in trans-border trade in Parsa District, Nepal, require targeted solutions for effective resolution. To address the prevalence of illicit trade, enhancing border security measures, such as increasing surveillance, deploying trained personnel, and leveraging technology for monitoring and detection, is crucial. Promoting industrial diversification through targeted incentives, investment, and capacity-building initiatives can help expand the range of traded goods and reduce reliance on a few industries. Improving customs clearance procedures by investing in advanced technological infrastructure like vehicle scanners, implementing streamlined processes, and digitizing documentation can significantly reduce delays and enhance trade efficiency. Additionally, addressing the shortage of security personnel requires recruiting and training additional forces to strengthen border security, ensuring the safety and security of goods and traders. Implementing these solutions will contribute to a more secure, efficient, and diversified trans-border trade environment in Parsa District.

### **4.7.3 Opportunities**

Trans-border trade in Parsa District, Nepal, presents several promising opportunities for economic growth and development. Firstly, the district's strategic geographical location offers a significant advantage. Its proximity to Kathmandu and the Kolkata port in India positions Parsa District as a vital trade gateway between Nepal and India. This geographical advantage enables easy access to a large market and facilitates efficient import and export activities, making Parsa District an attractive destination for cross-border trade.

Secondly, the ongoing efforts towards regional integration, such as South Asia Free Trade Area (SAFTA) and Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), create opportunities for Parsa District to expand its trade network. Improved trade agreements, reduced tariffs, and enhanced cooperation among member countries open up new avenues for trade growth. By leveraging these regional integration

initiatives, Parsa District can strengthen its trade ties, attract foreign investment, and diversify its trading partners, leading to increased economic opportunities and market access.

Thirdly, the district has the potential for economic diversification. While traditional industries like agriculture and manufacturing remain important, Parsa District can explore emerging sectors such as renewable energy, tourism, and information technology. By promoting the development of these sectors and attracting investment, the district can create new employment opportunities, increase the value-added of its exports, and enhance economic resilience.

During the Focus Group Discussion one of the respondents highlighted several opportunities for trans-border trade in Parsa District:

*The transborder trade in Parsa district presents several promising opportunities. It can help expand Nepal trade by increasing the country competitive advantage and strengthening the linkages between the Nepalese economy and the international market. As a Least Developed Country (LDC), Nepal is entitled to special priority and services to enhance its export trade, providing a chance to diversify its existing export trends. Despite being a landlocked nation, Nepal enjoys the guarantee of freedom of trade transit, allowing it to maintain a link with the global market. Additionally, the special benefits extended to LDCs by the World Trade Organization, including agricultural, technical, institutional, and other forms of support, can be effectively leveraged by Nepal to bolster its transborder trade activities in the Parsa region. Collectively, these factors create a conducive environment for Parsa to emerge as a hub for Nepal's enhanced integration with the international economy.*

To fully capitalize on the opportunities for trans-border trade in Parsa District, Nepal, several key actions need to be taken. Firstly, there should be a focus on strategic infrastructure development, including improving road networks, transportation facilities, and logistics services. This will enhance connectivity within the district and strengthen trade links with neighboring regions and countries. Secondly, it is crucial to implement business-friendly policies and trade facilitation measures. This includes simplifying customs procedures, digitizing documentation processes, and establishing special economic zones to attract investment and streamline trade flows. Thirdly, there is a need for targeted marketing and promotion efforts to showcase the district's unique selling points, such as its geographical advantage and potential for economic diversification. This will help attract investors, diversify trading partners, and expand market access. Lastly, fostering collaboration and partnerships

among government authorities, trade promotion agencies, and local businesses is essential to drive coordinated efforts and ensure the effective implementation of strategies. By undertaking these actions, Parsa District can fully harness the opportunities presented by trans-border trade and unlock its potential for sustained economic growth and prosperity.

#### **4.7.4 Threat**

Trans-border trade in Parsa District, Nepal, faces several significant threats that can hinder its development and stability. Firstly, the open border policy between Nepal and India, while facilitating trade, also creates challenges related to illicit trade and smuggling. The porous border and weak border security measures make it difficult to control illegal activities, leading to revenue loss and unfair competition. Strengthening border security, improving surveillance, and enhancing cooperation between the two countries' law enforcement agencies are crucial to address this threat.

Secondly, the impact of globalization on trans-border trade is a concern, particularly in the context of a poor economic condition. Local industries may struggle to compete with cheaper imports, leading to job losses and declining productivity. To mitigate this threat, concerted efforts are needed to boost the competitiveness of local industries through targeted support, such as access to finance, technology transfer, and skills development. Additionally, diversifying the economy and exploring new sectors can help reduce dependence on a single industry and enhance resilience.

Thirdly, political strikes and frequent changes in regulatory policies pose challenges for trans-border trade. These disruptions can lead to delays, loss of trust, and reduced investor confidence. Ensuring political stability, promoting dialogue between stakeholders, and establishing transparent and consistent trade policies are essential to mitigate this threat. Creating a conducive business environment that encourages investment and provides certainty for traders is crucial for sustained growth in trans-border trade.

According to a key informant, trans-border trade in Parsa District, Nepal, faces several threats that:

*The open border between Nepal and India, while facilitating legitimate cross-border commerce, also enables the proliferation of illicit trade activities, ranging from the smuggling of goods to human trafficking. This porous border creates significant challenges in terms of*

*effective monitoring and control by the authorities. Furthermore, the lack of awareness and capacity among local traders and communities regarding the rules and regulations governing transborder trade can undermine the transparency and legality of these activities.*

The one key informant highlighted several critical threats to trans-border trade in Parsa District, Nepal. To effectively mitigate these threats, several measures can be taken. Firstly, enhancing border security through increased surveillance, advanced technology, and cooperation between law enforcement agencies will help combat illicit trade and smuggling activities. Secondly, supporting local industries with targeted measures such as access to finance, technology transfer, and skills development programs will enhance their competitiveness in the face of globalization and a weak local economy. Finally, ensuring political stability, fostering dialogue among stakeholders, and establishing transparent and consistent trade policies are essential to create a predictable business environment, reducing the impact of political strikes and regulatory changes. By implementing these measures, Parsa District can effectively address the identified threats and create a conducive environment for trans-border trade, fostering sustainable economic growth and benefiting the local community.

One key informant stated about trans-border trade in Parsa District, increase and decrease such as:

*fiscal year 2076/2077, Nepal's total export trade experienced a decrease compared to the previous year, which was attributed to the impact of the COVID-19 pandemic. Similarly, in the fiscal year 2079/2080, Nepal's total import trade was reduced compared to the previous year, due to the Nepalese government's policy intervention to control the import of certain luxury goods.*

The respondent's insights highlight how external shocks, such as the global health crisis, as well as domestic policy decisions, can significantly influence the dynamics of transborder trade in the Parsa district. These fluctuations in export and import volumes underscore the need for policymakers and trade stakeholders to closely monitor the evolving market conditions and implement appropriate measures to maintain the resilience and sustainability of cross-border trade activities in the region.

#### **4.7.4 summary**

SWOT analysis of transborder trade in Parsa district reveals consistent findings from secondary and primary data. Cross-border trade declined in fiscal year 2076/2077 due to the COVID-19 pandemic, and in fiscal year 2079/2080 due to the government's policy to control the import of luxury goods.

#### **4.8 Introduction APF, Nepal No. 13 Battalion**

On the 27th of Jestha, 2075, the Minister of Home Affairs made a significant decision regarding the establishment of the 13th Battalion of the Armed Police Force, Nepal in Parsa district. The primary objective of this battalion is to ensure peace and security within the district, while also addressing the challenges of controlling illicit trade and enhancing border security (APF, Nepal HQ,2024).

Parsa district holds strategic importance as it shares a 107-kilometer-long international border with India. Recognizing the need for a dedicated security presence, the decision was made to establish the 13th Battalion in this district. This battalion is comprised of 26 units, which include 5 companies, 12 border outposts, 6 security bases, and 3 forward border outposts.

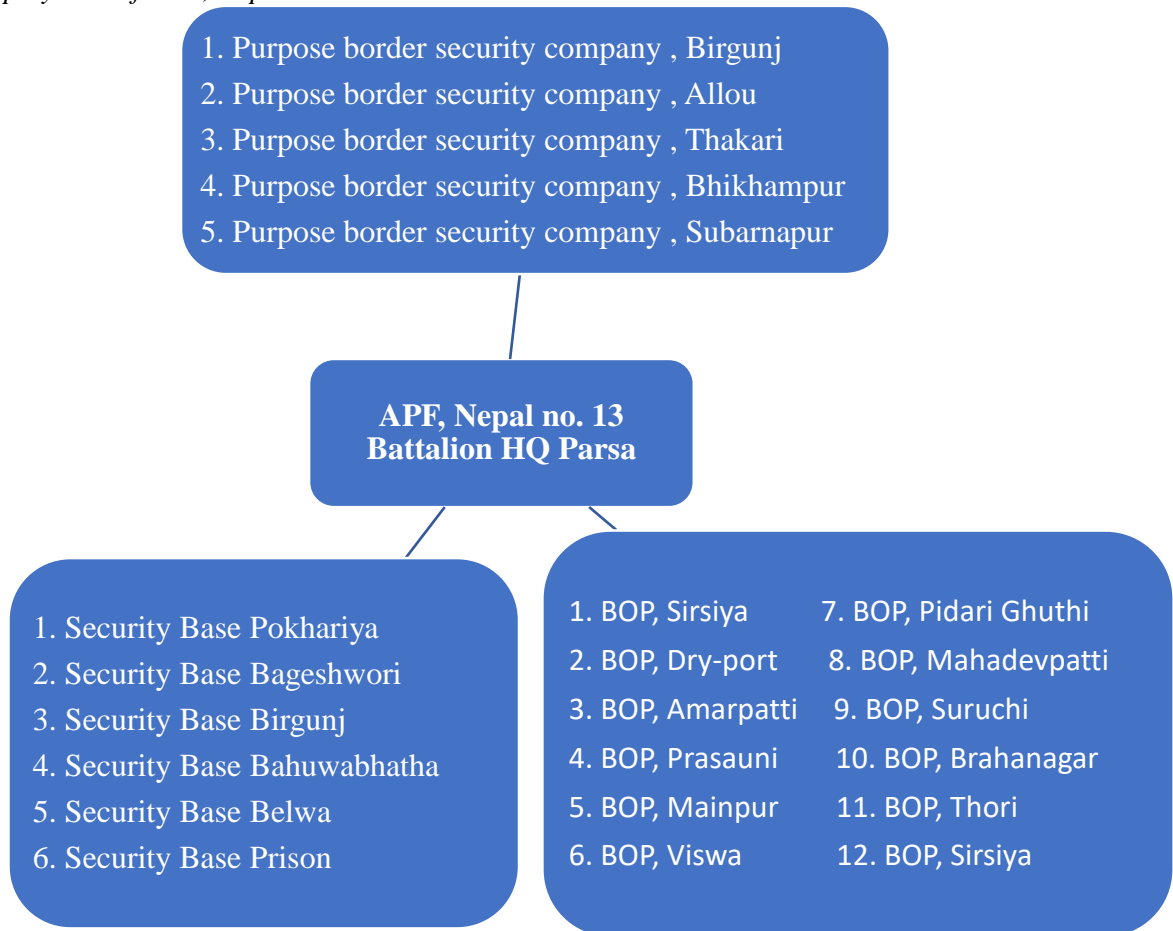
To facilitate effective border management, 1059 pillars have been erected along the international border to demarcate the boundaries. These pillars serve as a visual representation of territorial jurisdiction and act as reference points for border security personnel (APF, Nepal HQ,2024).

In order to fulfill the battalion's security responsibilities, a total of 728 Armed police personnel have been deployed in Parsa district. These well-trained and equipped individuals are entrusted with maintaining law and order, preventing criminal activities, and ensuring the safety of the border area.

The establishment of the 13th Battalion in Parsa district reflects the government's commitment to enhancing security measures and safeguarding the integrity of the international border. By effectively addressing the challenges posed by illicit trade and other security concerns, this battalion plays a crucial role in promoting peace, stability, and prosperity in the district.

**Figure 4.10**

*Deployment of APF, Nepal in Parsa district*



Source: APF, Nepal No. 13 Battalion HQ Parsa (2024)

Figure 4.10 illustrates the deployment of the Armed Police Force in Parsa District, Nepal. The figure indicates that there is one battalion headquarters overseeing the operations in the district. Under this command, there are five proposed border security companies, twelve border outposts, and six security bases. However, it is important to note that this deployment may not be sufficient to ensure optimal security in the district. Despite this limitation, the Armed Police Force plays a crucial role in controlling illicit trade, enhancing border security, and maintaining peace and security within Parsa District.

During the Interview, one respondent stated that:

*During the interview, a respondent emphasized that the deployment of the Armed Police Force, Nepal in Parsa District has played a significant role in providing effective customs security, border security, and maintaining peace and security within the district. According to the*

*respondent, this deployment has resulted in a notable improvement in security measures, effectively controlling trans-border crimes, illicit trade, small arms trafficking, human trafficking, and other criminal activities. The presence of the Armed Police Force has contributed to a safer environment and enhanced control over illegal activities in Parsa District.*

The respondent's view highlights the positive impact of the Armed Police Force (APF), Nepal in Parsa District, particularly in terms of customs security, border security, and maintaining peace and security. To further improve their performance in the district, APF could focus on a few key areas. Firstly, strengthening intelligence gathering and sharing mechanisms would enhance their ability to proactively identify and disrupt illicit trade networks and criminal activities. Secondly, investing in modern equipment and technologies would bolster their surveillance and detection capabilities, enabling more effective control over trans-border crimes.

Additionally, providing comprehensive training programs to personnel, specifically tailored to address the challenges faced in Parsa District, would enhance their skills and knowledge in dealing with various types of criminal activities. Moreover, close collaboration with local communities, through community policing initiatives or outreach programs, could foster trust, gather valuable information, and garner support in combating illicit trade and other criminal activities. By focusing on these aspects, the APF, Nepal can further enhance their performance and contribute to a safer and more secure Parsa District.

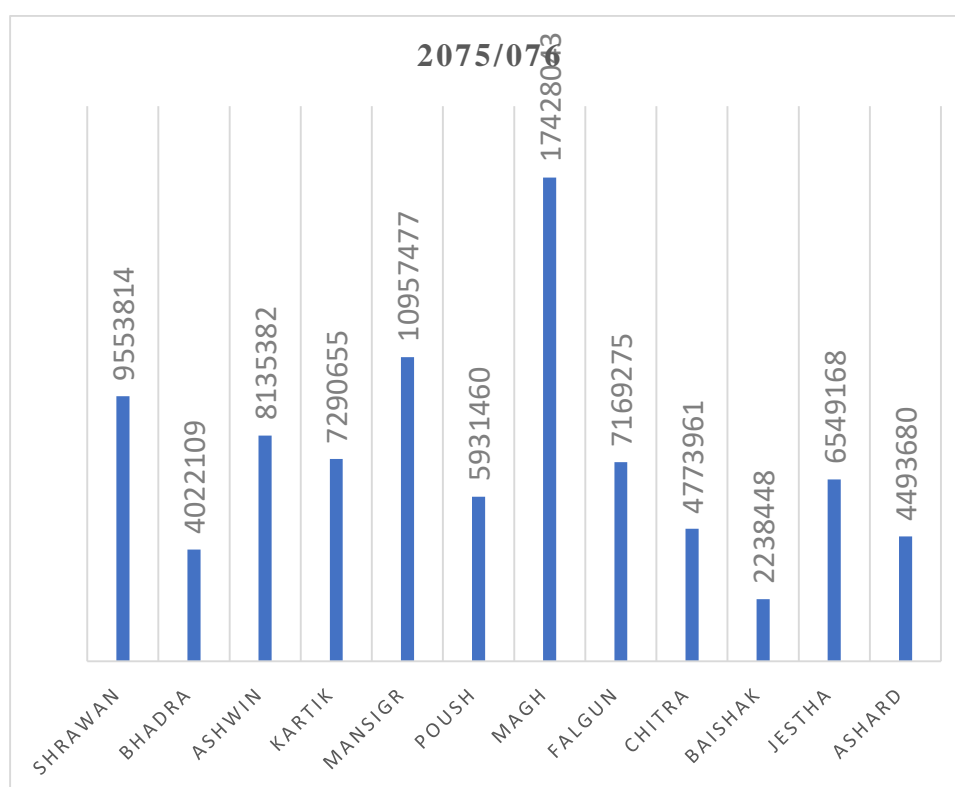
#### **4.8.1 Illicit Trade Switch By APF, Nepal in Parsa District**

The Armed Police Force (APF) of Nepal plays a crucial role in controlling illicit trade and enhancing revenue in trans-border trade. Firstly, the APF, Nepal provides security within customs offices located in border areas, ensuring their smooth functioning and deterring illegal activities that could disrupt legitimate trade operations. They actively work to control illicit trade in Parsa district and beyond through border patrols, surveillance, and intelligence gathering, targeting smuggling and contraband trade. By curbing illicit trade, the APF safeguards the integrity of trans-border commerce and promotes fair and legal transactions. Secondly, the APF emphasizes cooperation with counterparts from neighboring countries to effectively combat cross-border criminal activities. They foster good working relationships, engage in information sharing, and conduct joint operations, strengthening district security

measures. Additionally, the APF, Nepal role extends beyond controlling illicit trade to combatting various illegal activities that can impact trans-border trade, including human trafficking, drug smuggling, and arms trafficking. By actively monitoring and intercepting such activities, the APF contributes to maintaining a secure environment for legitimate trade, fostering economic growth, and protecting national interests. Over the course of five fiscal years, the Armed Police Force (APF) of Nepal has achieved significant milestones.

**Figure 4.11**

*FY 075/076 Monthly Illicit Trade Value by APF, Nepal*



Source: APF, Nepal No 13 Battalion HQ Parsa (2024)

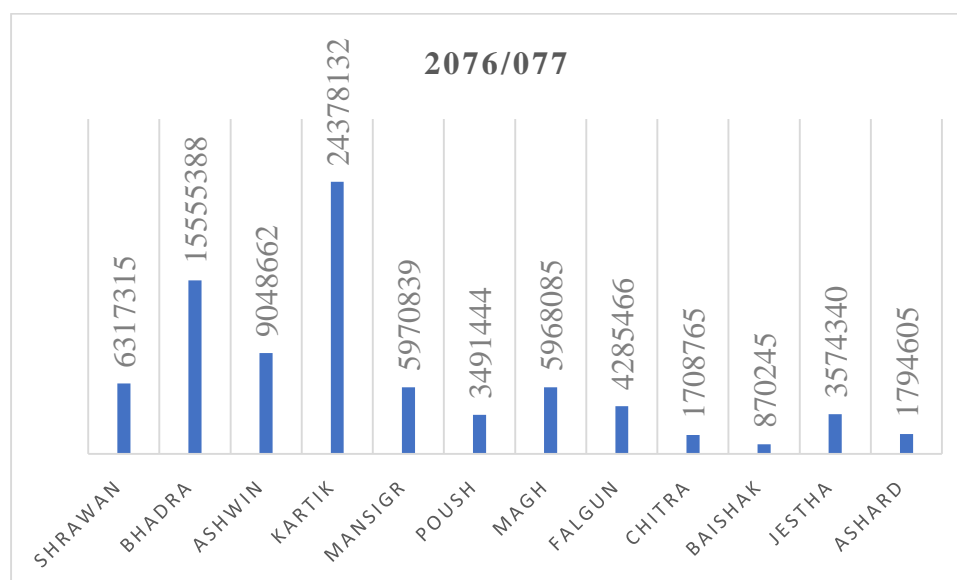
This data represents the illicit trade values in Parsa District capture by Armed Police Force, Nepal within the fiscal year 2075/2076. Analyzing the data reveals variations in illicit trade values across different months. The highest illicit trade value was observed in Magh (NPR 1,74,28,043), followed by Mansir (NPR 1,09,57,477) and Shrawan (NPR 95,53,814). These months recorded relatively higher levels of illicit trade activities.

On the other hand, the lowest illicit trade value was found in Baishak (NPR 22,38,448), followed by Ashard (NPR 44,93,680) and Bhadra (NPR 40,22,109). These months witnessed relatively lower levels of illicit trade. It is worth noting that the total value of illicit trade for

the entire fiscal year 2075/2076 in Parsa District amounted to NPR 8,85,43,472. The comparison between the highest and lowest illicit trade values highlights the significant disparities in illicit trade activities across different months within the fiscal year.

**Figure 4.12**

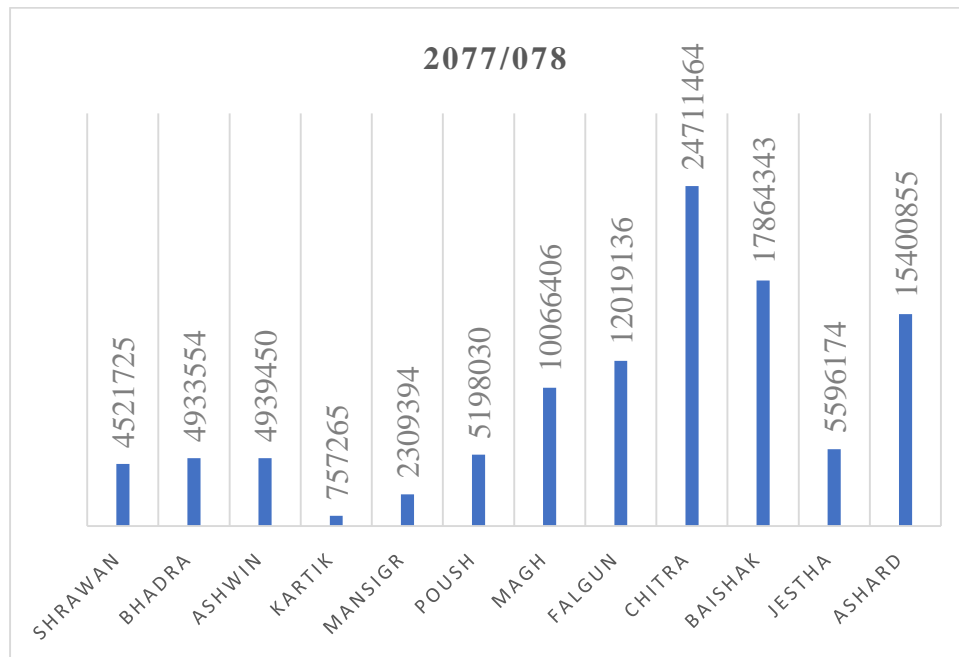
*FY 2076/2077 Monthly Illicit Trade Value*



Source: APF, Nepal No 13 Battalion HQ Parsa (2024)

Above Figure represents the illicit trade values in Parsa District within the fiscal year 2076/2077, as captured by the Armed Police Force, Nepal. Analyzing the data reveals variations in illicit trade values across different months. The highest illicit trade value was observed in Kartik (NPR 2,43,78,132), followed by Bhadra (NPR 1,55,55,388) and Ashwin (NPR 90,48,662). These months recorded relatively higher levels of illicit trade activities. On the other hand, the lowest illicit trade value was found in Baishak (NPR 8,70,245), followed by Chitra (NPR 17,08,765) and Ashar (NPR 17,94,605). These months witnessed relatively lower levels of illicit trade.

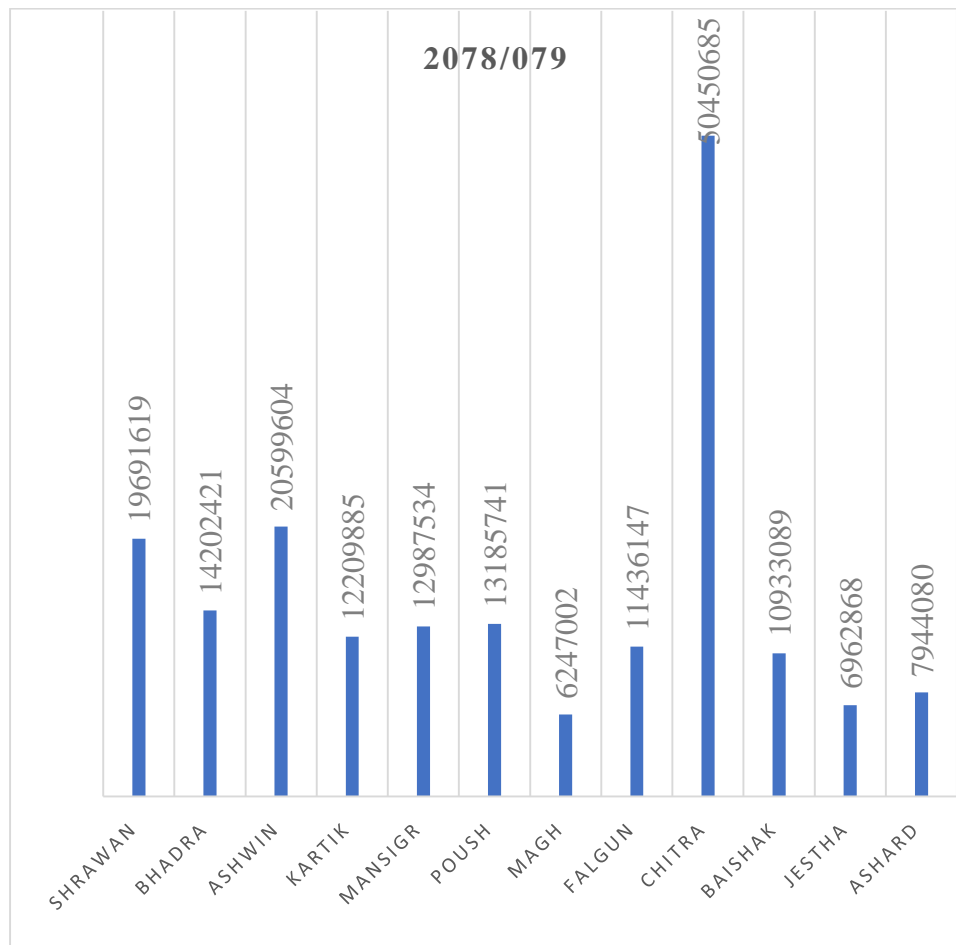
The total value of illicit trade for the entire fiscal year 2076/2077 in Parsa District amounted to NPR 8,29,63,286. The comparison between the highest and lowest illicit trade values emphasizes the significant disparities in illicit trade activities across different months within the fiscal year.

**Figure 4.13***FY 2077/2078 Monthly Illicit Trade Value*

Source: APF, Nepal No 13 Battalion HQ Parsa (2024)

Above data represents the illicit trade values in Parsa District within the fiscal year 2077/2078, as captured by the Armed Police Force, Nepal. In terms of increasing values, Chitra (NPR 2,47,11,464) had the highest illicit trade value, followed by Baishak (NPR 1,78,64,343) and Falgun (NPR 1,20,19,136). These months experienced significant increases in illicit trade activities. Conversely, Kartik (NPR 7,57,235) had the lowest illicit trade value, followed by Ashwin (NPR 41,39,450) and Bhadra (NPR 49,33,554), which witnessed comparatively lower levels of illicit trade.

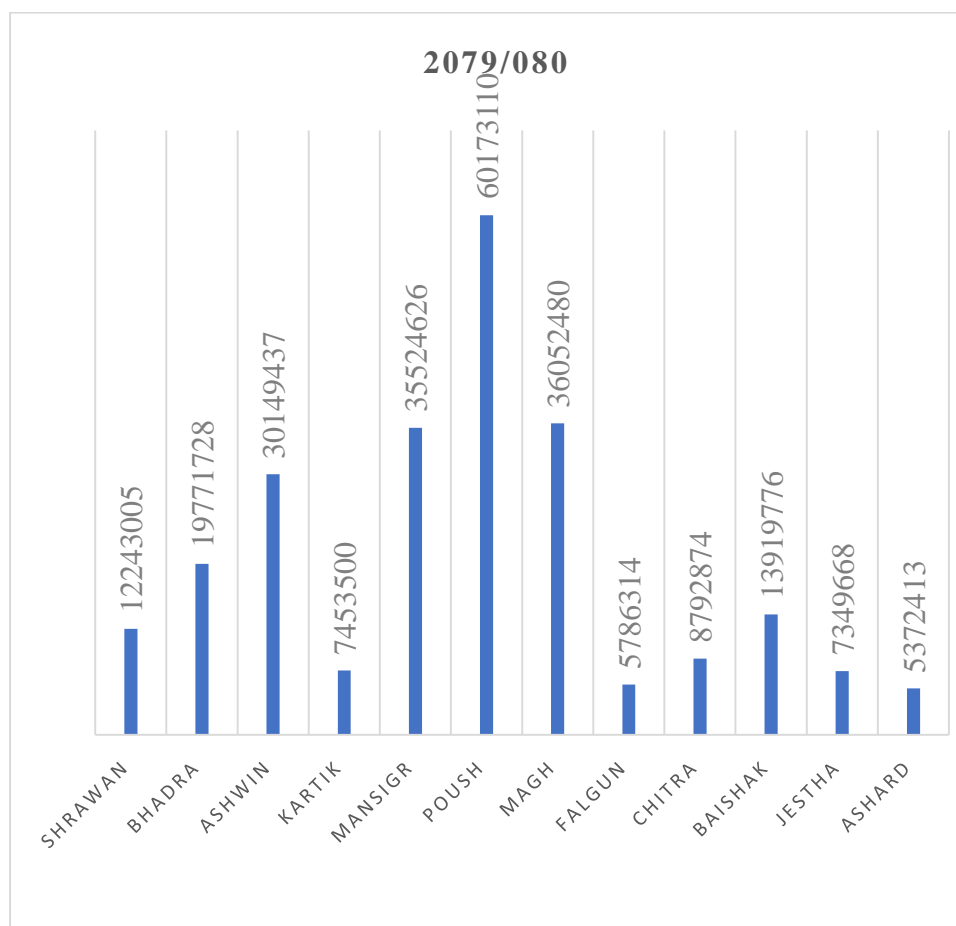
The total illicit trade for the fiscal year 2077/2078, it amounted to NPR 11,05,17,766. This data analysis highlights the varying trends of increasing and decreasing illicit trade values in different months throughout the fiscal year in Parsa District.

**Figure 4.14***FY 078/079 Monthly Illicit Trade Value*

Source: APF, Nepal No 13 Battalion HQ Parsa (2024)

The data represents the illicit trade values in Parsa District within the fiscal year 2078/2079, as captured by the Armed Police Force, Nepal. The data examine the variations in illicit trade values across different months. In terms of increasing values, Chitra (NPR 5,04,50,685) had the highest illicit trade value, followed by Ashwin (NPR 2,05,99,604) and Shrawan (NPR 1,96,91,619). These months experienced significant increases in illicit trade activities. Conversely, Magh (NPR 62,47,002) had the lowest illicit trade value, followed by Jestha (NPR 69,62,868) and Ashard (NPR 79,44,080), which witnessed comparatively lower levels of illicit trade.

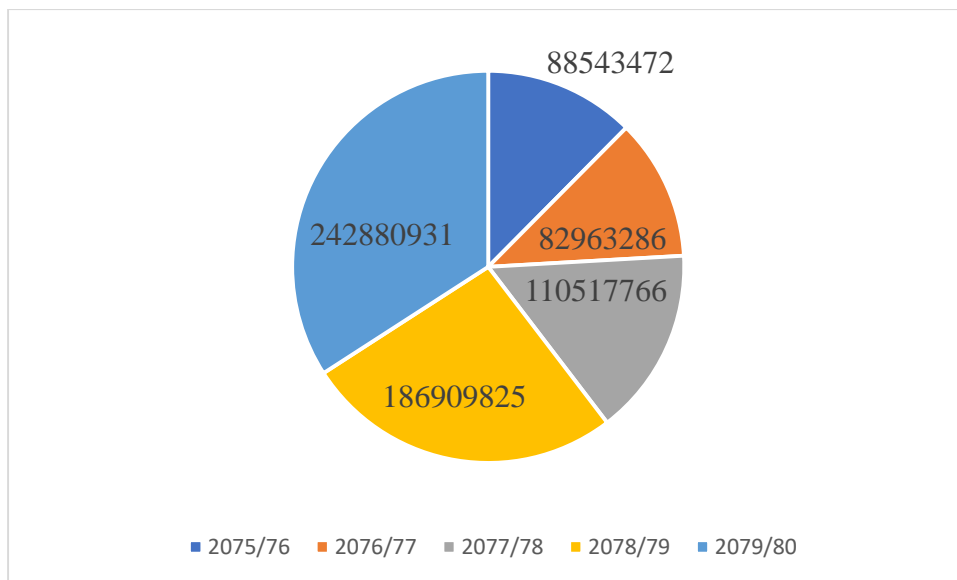
So, the total illicit trade for the fiscal year 2078/2079, it amounted to NPR 18,69,09,825. This data analysis highlights the varying trends of increasing and decreasing illicit trade values in different months throughout the fiscal year in Parsa District.

**Figure 4.15***FY 078/079 Monthly Illicit Trade Value*

Source: APF, Nepal No 13 Battalion HQ Parsa (2024)

This data represents the illicit trade values in Parsa District within the fiscal year 2079/2080, as captured by the Armed Police Force, Nepal in Parsa district. The data examine the variations in illicit trade values across different months. In terms of increasing values, Poush (NPR 6,01,73,110) had the highest illicit trade value, followed by Magh (NPR 3,60,52,480) and Mansir (NPR 3,55,24,626). These months experienced significant increases in illicit trade activities. Similarly, Kartik (NPR 74,53,500) had the lowest illicit trade value, followed by Falgun (NPR 57,86,314) and Ashar (NPR 53,72,413), which witnessed comparatively lower levels of illicit trade.

Examining the total illicit trade for the fiscal year 2079/2080, it amounted to NPR 24,28,80,931. This data analysis highlights the varying trends of increasing and decreasing illicit trade values in different months throughout the fiscal year in Parsa District.

**Figure 4.16***Total Illicit Trade Value with in Five Year*

Source: APF, Nepal No 13 Battalion HQ Parsa (2024)

The above overall data represents the total illicit trade values within Parsa District captured by the Armed Police Force, Nepal over a span of five fiscal years. In the fiscal year 075/076, the total illicit trade value amounted to 8,85,43,472. This was followed by a slightly lower value of 8,29,63,286 in the fiscal year 076/077. However, there was a significant increase in illicit trade in the fiscal year 077/078, with the total value reaching 11,05,17,766. This trend continued with further growth in the fiscal year 079/080, where the total illicit trade value escalated to 18,69,09,825. The most recent fiscal year, 079/080, recorded the highest value of 24,28,80,931.

These above figures (4.16) indicate a continuous increase in illicit trade within Parsa District. It is noteworthy that the Armed Police Force, Nepal has been performing well in their efforts to control illicit trade in the district. The data analysis provides insight into the escalating trend of illicit trade values over the specified period.

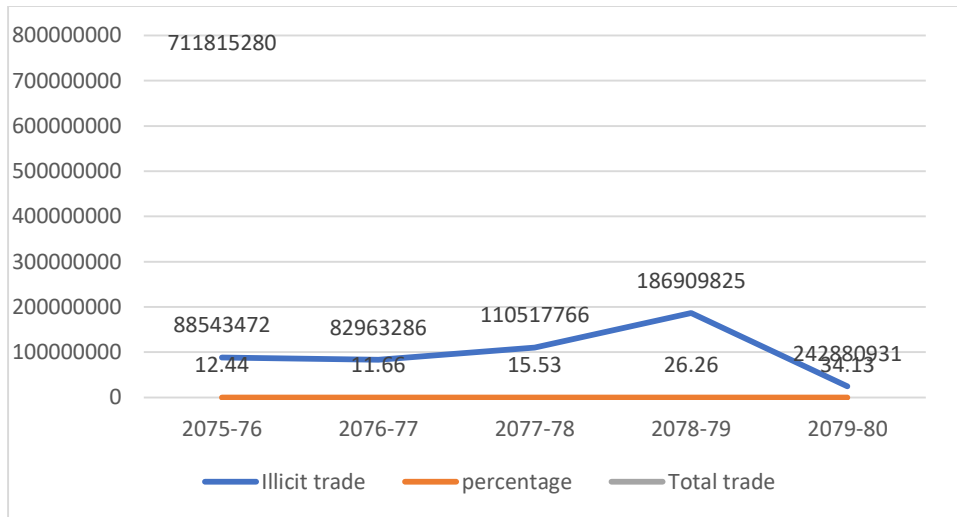
During the **focus group discussion**, one respondent stated regarding the illicit trade increasing cause such as:

*According to a respondent, the Armed Police Force of Nepal has seen an increase in seized illicit trade activities in Parsa district from fiscal year 2075/076 to 2079/080. This was achieved by establishing more border outposts and through effective*

*coordination with counterparts, India leading to enhanced control over the trans-border trade ecosystem.*

**Figure 4.17**

*Total Illicit Trade Percent within Five Year*



Source: APF, Nepal No 13 Battalion HQ Parsa (2024)

The provided data presents the illicit trade percentages and the corresponding total arrest amounts by the Armed Police Force, Nepal, over five fiscal years in Parsa district. The total arrest amount for illicit trade within this period is 71,181,5280.

The illicit trade percentages show a mix of increases and decreases over the years. In 2075-076, the illicit trade percentage was 12.44%. It slightly decreased to 11.66% in 2076-077, indicating a decline in illicit trade activities. However, in 2077-078, the illicit trade percentage rose to 15.53%, suggesting an increase in illicit trade within the district. Subsequently, in 2078-079, the percentage further increased to 26.26%, indicating a significant rise in illicit trade activities. The highest illicit trade percentage was recorded in 2079-080 at 34.13%.

The Armed Police Force, Nepal, plays a crucial role in addressing illicit trade in Parsa district. Their efforts to apprehend individuals involved in illegal trade are essential in controlling and reducing illicit activities. The total arrest amount of 71,181,5280 underscores the significance of their role in combating illicit trade. By actively pursuing and arresting those engaged in illegal trade, the Armed Police Force contributes to maintaining law and order, safeguarding the border and creating a safer economic environment in Parsa district.

#### **4.8.2 Role of Armed Police Force, Nepal**

The Armed Police Force (APF) of Nepal plays a crucial role in controlling illicit trade in Parsa district through the implementation of various strategies. Firstly, the APF maintains an effective security system along the district border, deploying personnel, establishing checkpoints, and conducting regular patrols to deter and prevent illicit trade activities. Secondly, the APF emphasizes the importance of coordination with stakeholders, including customs officials, intelligence agencies, local authorities and other law enforcement agencies. This collaboration and information-sharing enable the APF to identify and apprehend individuals involved in illicit trade. Thirdly, the APF utilizes a well-organized information collection system to gather intelligence on smuggling networks, routes and individuals engaged in illegal activities. This data is analyzed to develop targeted strategies and tactics to combat illicit trade effectively. Fourthly, the APF invests in training its personnel, equipping them with the necessary skills in intelligence gathering, surveillance techniques, investigation methodologies and the use of force. Lastly, the APF leverages modern technologies such as surveillance cameras, drones and data analytics to enhance border security and improve operational efficiency. Through these efforts, the Armed Police Force contributes to maintaining a fair and secure trading environment, protecting the economy and promoting legitimate trade in Parsa district.

The above (4.16) Figure clearly showed the illicit trade data in Parsa District, captured by the Armed Police Force of Nepal, reveals a concerning trend of continuous increase in illicit trade values over the Five-year period. It is evident that the Armed Police Force has been playing an effective role in their efforts to control illicit trade in the district. Their presence, along with the establishment of checkpoints and regular patrols, acts as a deterrent to smuggling activities. The coordination with stakeholders, such as customs officials and intelligence agencies, enhances their ability to gather valuable information and intelligence on illicit trade networks. Additionally, their well-organized information collection system and trained manpower contribute to targeted interventions and operations. While the data highlights the magnitude of the issue, it also underscores the proactive measures and commitment of the Armed Police Force, Nepal in combating illicit trade within Parsa District.

During the focus group discussion, one respondent stated that:

*On the efforts of the Armed Police Force in controlling illicit trade. They praised the Armed Police Force for their effective security system, which includes Armed personnel, checkpoints, and regular patrols, acting as a strong deterrent against smuggling. The respondent also highlighted the importance of good coordination with stakeholders, as well as the Armed Police Force's well-organized information collection system. They commended the training provided to personnel and emphasized the significance of utilizing technologies such as surveillance cameras and drones. Overall, the respondent acknowledged the positive impact of the Armed Police Force's strategies and initiatives in curbing illicit trade within Parsa district.*

To control illicit trade in Parsa district, a multi-faceted approach is necessary. This includes strengthening border security through increased personnel, checkpoints, and patrols. Improving information-sharing among stakeholders, such as customs officials and intelligence agencies is crucial for gathering timely and accurate intelligence. Stricter enforcement measures supported by advanced technologies like surveillance cameras and drones aid in detecting and intercepting illicit trade activities. Comprehensive training programs for law enforcement personnel enhance their capabilities. Additionally, raising public awareness through campaigns educates communities and encourages reporting of suspicious activities. By implementing these solutions, Parsa district can effectively combat illicit trade and protect its economic and social well-being.

#### **4.8.3 Challenges of Illicit Trade in Parsa District.**

Illicit trade control in Parsa district faces several challenges. Firstly, the presence of an open border creates difficulties in monitoring and regulating cross-border movements, allowing illicit activities to flourish. Secondly, the lack of modern equipment hinders the effectiveness of law enforcement agencies in detecting and preventing illicit trade. Additionally, the absence of a comprehensive border security law limits the legal framework for tackling illicit trade. Furthermore, with 107 long international borders but only 12-Armed police force border outposts, there is a shortage of resources to adequately cover the vast border area. The limited manpower further exacerbates the challenge of controlling illicit trade, which encompasses various forms such as drug trafficking, smuggling of goods, human trafficking, and small arms. The absence of a requirement for legal documents for crossing the border and the lack of a record system for cross-border movement further complicate efforts to track and apprehend individuals involved in illicit trade. Weak infrastructure of BOP and remote locations, coupled with poor road conditions, impede efficient surveillance and intervention. Moreover, the

presence of ethnic communities residing near the border areas, some of whom may be involved in illegal activities, and the influence of political figures supporting illegal traders for the sake of garnering political support add to the complexity of addressing illicit trade control in Parsa district.

During the interview with the key informants, one of the key informants stated that:

*The illicit trade to control in Parsa district is diverse challenges that include an open border, lack of modern equipment, absence of border security law, insufficient border outposts, involvement of ethnic communities and political support for illegal traders. These obstacles hinder effective monitoring, regulation, and enforcement efforts in combating illicit trade activities in Parsa district.*

Above these challenges management by addressing the issue of an open border requires coordination with counter parts to enhance border security measures. Acquiring modern equipment and technology is essential to improve surveillance and detection capabilities. Moreover, increasing the number of border outposts and deploying additional manpower would enhance coverage and response capabilities. Similarly engaging with local communities, raising awareness, and implementing social development programs can help address the involvement of ethnic groups in illicit activities. At last, tackling the issue of political support for illegal traders necessitates strengthening governance, promoting transparency, and fostering a zero-tolerance policy towards corruption. By adopting a comprehensive management perspective that addresses these challenges, Parsa District can make significant strides in controlling illicit trade and safeguarding its socio-economic well-being.

#### **4.8.4 Control Mechanism of Illicit Trade**

To establish an effective control mechanism for illicit trade in Parsa district, the utilization of advanced technology is crucial. Implementing cutting-edge tools such as Close Circuit Television (CCTV) cameras, scanners, metal detectors, drone cameras and similar surveillance equipment can significantly enhance the district's ability to monitor and detect illicit activities. These technologies enable real-time monitoring of border areas, checkpoints and transit routes, providing valuable visual evidence and data for law enforcement agencies.

Sharing information and intelligence with counterparts and stakeholders is a vital component of the control mechanism. Establishing strong partnerships with customs officials, intelligence agencies and law enforcement bodies allows for seamless data exchange, facilitating a comprehensive understanding of illicit trade networks, routes and modus operandi. This collaborative information-sharing approach strengthens the ability to identify and disrupt illicit trade activities promptly.

Conducting awareness programs in border areas is essential to educate local communities about the negative impacts of illicit trade. These programs aim to raise awareness among community members, including residents, businesses and transport operators, about the risks associated with engaging in or supporting illicit activities. By fostering a sense of responsibility and encouraging the reporting of suspicious activities, these awareness programs empower the local community to actively participate in combating illicit trade.

Increasing the number of border outposts and improving their infrastructure is crucial for enhancing the physical presence and response capabilities of security forces. Strategically positioned outposts ensure better coverage of the border areas, reducing the chances of illicit trade going undetected. Improving infrastructure, such as providing adequate facilities, communication systems, and transportation, enables border security personnel to effectively respond to potential threats and incidents.

To strengthen the intelligence collection system, it is important to develop comprehensive networks and informer systems. This involves establishing channels for gathering information from various sources, including informers, intelligence agencies and other relevant stakeholders. Additionally, enhancing analytical capabilities enables the effective processing and interpretation of intelligence data, facilitating the identification of key players, supply chains, and emerging trends in illicit trade.

Regular joint patrols with counterpart agencies in border areas foster collaboration and coordination in combating illicit trade. Coordinated efforts between different agencies, such as the Armed Police Force, customs officials, and other law enforcement bodies, ensure a unified approach and maximize the use of available resources. Joint patrols enable the exchange of information, sharing of expertise and coordinated response to potential threats, ultimately strengthening control measures in the border regions.

Establishing technology at each entry and exit point across the border is crucial for efficient

monitoring and tracking of cross-border movements. This includes the implementation of automated systems such as biometric identification, electronic data capture, and advanced tracking mechanisms. These technologies enable the rapid screening and identification of individuals, vehicles, and cargo, facilitating the detection of illicit trade activities and enhancing border control efforts.

Enhancing coordination and cooperation with local communities and organizations such as chambers of commerce is vital for a comprehensive control mechanism. Collaborative partnerships allow for the development and implementation of community-based strategies to combat illicit trade. Engaging local communities fosters a sense of ownership and responsibility, encouraging them to actively participate in reporting suspicious activities and supporting law enforcement efforts.

By implementing these comprehensive measures, Parsa district can establish a robust control mechanism that effectively addresses the challenges posed by illicit trade. The integration of advanced technology, information sharing, awareness programs, infrastructure enhancement, intelligence collection, joint patrols, technological advancements, and community cooperation collectively contribute to a multi-faceted approach in controlling and preventing illicit trade activities. This comprehensive control mechanism aims to create a secure and vigilant environment, safeguarding the district from the detrimental effects of illicit trade.

During the expert interview, one of the experts reckoned that:

*The effective control mechanism for illicit trade in Parsa district can be established by leveraging advanced technology such as CCTV cameras, scanners, metal detectors, and drone cameras. Sharing crucial information with counterparts and stakeholders, conducting awareness programs in border areas and increasing the number of border outposts with improved infrastructure are vital steps. Additionally, enhancing the intelligence collection system, conducting joint patrols with counterpart agencies, establishing technology at each entry and exit point, and fostering coordination with local communities and chambers of commerce play key roles in combating illicit trade.*

The Armed Police Force, Nepal plays a pivotal role in the control mechanism of illicit trade. With its mandate to maintain peace, security and law and order the APF serves as a key enforcer in combating illicit trade activities. Through its active presence, surveillance capabilities and collaboration with stakeholders, the APF contributes significantly to the prevention, detection, and disruption of illicit trade networks in parse district.

## CHAPTER V

### SUMMARY AND CONCLUSIONS

The research on trans-border trade in Nepal Parsa district provides invaluable insights into the complex dynamics of this crucial commercial hub. By examining the trends, challenges and potential solutions, the study offers critical information to policymakers and stakeholders, informing efforts to strengthen cross-border economic integration and promote sustainable development in the district.

#### 5.1 Summary

The comprehensive research study on the trans-border trade in Nepal Parsa district delved deep into the current trends, dynamics, and challenges faced by this critical commercial hub. The investigation examined a range of pertinent factors, including the major export and import trade goods, the performance of the customs and dry port offices and the overall trade trends in the district.

The findings revealed a stark contrast between the district export and import trade figures. While the import items accounted for a staggering 97.59% to 98.99% of the total trade volume, exports remained dismally low, ranging from a mere 1.89% to 2.39%. This lopsided trade dynamic has resulted in trade deficits as high as -97.98%, underscoring the structural challenges Nepal faces in the region. Further analysis of the birgunj customs and dry port customs offices highlighted the disparity in revenue generation, with imports far outpacing exports.

Exploring the root causes of this trade imbalance, the research identified a range of factors, including lack of favorable investment conditions, small land locked country, Labor dispute, lack of expansion and diversification of on trade, lack of suitable and advanced technology, lack of skill and knowledgeable human resource, changing trade policy, unattractiveness of foreign direct investment, political instability, competition with the global market, inadequate focus on industries and low production. To address these challenges, the study recommends a comprehensive approach such as enhancing domestic competitiveness, promoting export-oriented industries, attracting investment, prioritizing the investment sector and providing incentives to attract foreign direct investment. These systemic challenges have hindered Nepal

ability to boost its exports and narrow the widening trade deficit with its primary trading partner, India. Additionally, the study revealed the alarming prevalence of illicit trade activities, which have further exacerbated the economic challenges in the Parsa district.

The research delved deeper into the critical role played by Armed Police Force, Nepal in controlling the illicit trade activities in the region. Over a five-year period, the APF, Nepal has seized a total illicit trade amount of 71,18,15,280 Nepali rupees, with illicit trade activities ranging from 11.66% to 34.13% of the total trade. This underscores the significant threat posed by the illicit trade and the vital importance of the APF, Nepal enforcement efforts in safeguarding the integrity of the trans-border trade in Parsa district

SWOT analysis of trans-border trade in Parsa district reveals consistent findings from secondary and primary data. Cross-border trade declined in fiscal year 2076/2077 due to the COVID-19 pandemic, and in fiscal year 2079/2080 due to the government's policy to control the import of luxurious goods.

In response SWOT analysis and offered valuable recommendations to decision-makers, customs offices, and revenue authorities. These include strengthening regulatory frameworks, enhancing border security, and promoting legitimate trade activities. By addressing these multifaceted challenges, Nepal can unlock the true economic potential of the Parsa district and foster sustainable growth along its borders.

## **5.2 Conclusion**

The trans-border trade in Nepal from Parsa district is a critical component of the country economic landscape, serving as a vital commercial hub that connects Nepal with its primary trading partner, India. Situated along the Nepal-India border, the Parsa district has long been a hub for the exchange of goods, services, and cultural ideas, playing a crucial role in fostering cross-border economic integration and supporting the livelihoods of communities in the region. The district's strategic location, coupled with the presence of key infrastructure such as Birgunj customs offices and dry ports customs office, has made it a focal point for the movement of goods between the two neighboring countries. This trans-border trade has evolved over the years, reflecting the changing dynamics of the regional and global economy, and the shifting patterns of consumption and production in both Nepal and India.

The comprehensive research study on the trans-border trade dynamics in Nepal from Parsa district has provided invaluable insights into the complexities and challenges facing this critical commercial hub. Adopting a mixed-method approach, the study combined quantitative and qualitative techniques, including field surveys, interviews, focus group discussions and observations, to paint a holistic picture of the trade landscape.

The findings reveal a stark trade imbalance, with imports far outpacing exports in the Parsa district. While fiscal year 2075/076 to 2079/080 the import items account for a staggering 97.59% to 98.99% of the total trade volume, exports remain dismally low, ranging from a mere 1.89% to 2.39%. This lopsided trade dynamic has resulted in trade deficits as high as -97.98%, highlighting the structural challenges Nepal faces in the district.

The research also sheds light on the critical role played by Armed Police Force, Nepal in controlling the alarming prevalence of illicit trade activities in the Parsa district. Over a five-year period, the APF has seized a total illicit trade amount of 71,18,15,280 Nepali rupees, with illicit trade activities ranging from 11.66% to 34.13% of the total trade. This underscores the significant threat posed by the illicit trade and the vital importance of the APF, Nepal enforcement efforts in safeguarding the integrity of the trans-border trade in district.

Overall, the trans-border trade from Parsa district in Nepal offers several favorable conditions and advantages. The district's strategic location, situated at a short distance from Kathmandu, provides suitable access to major markets. Additionally, Parsa district benefits from a direct route from Kolkata Sea port to Parsa, enabling efficient transportation of goods from third countries. The presence of railway transportation further reduces transportation costs, making trade more cost-effective. The well-developed infrastructure, particularly the Integrate Check Post infrastructure in the dry port, contributes to the growth and expansion of trade activities. This infrastructure facilitates smooth trade operations, ensuring efficient customs clearance and logistics management. It also positions Parsa district as an economic hub, attracting investments and fostering economic development.

Last but not least to address the multifaceted challenges facing the trans-border trade in Nepal Parsa district, a comprehensive and collaborative approach involving all national stakeholders is essential. Political and economic stability, as well as regulatory consistency, must be assured to provide a conducive environment for trade and investment.

Prioritizing the improvement of industrial security, labor dispute settlement, and the adequacy of electricity and other trade-related infrastructure will be crucial in strengthening the district trade competitiveness.

Additionally, reducing transaction and transportation costs while maintaining the price and quality of products in the international market will be key to boosting Nepal export potential. To promote exports of priority products, such as readymade garments, carpets, pashmina, and handicrafts, institutional arrangements, production planning, and effective international marketing strategies should be implemented. Furthermore, the proper utilization of Nepal abundant mineral resources, including magnesium, lead, zinc, and limestone, through industrial planning and policy reforms can help meet domestic demands and create new export opportunities.

**Appendix "A"****INFORMED CONSENT FORM****TRANS-BORDER TRADE IN PARSA DISTRICT IN NEPAL**

Date..... (day/month/year)

I, (Mr./Mrs./Ms.) ..... hereby  
have signed the consent to declare that:

1. Before signing the certificate of consent, I have been explained the objectives and methods of the study.
2. I have had the opportunity to ask questions about the study and any questions that I have asked have been answered to my satisfaction.
3. I have the right to withdraw from the study at any time if I feel uncomfortable.
4. The investigator will keep the information confidential and my personal data will not be declared in any case except the academic purpose.
5. The investigator will provide additional necessary information about the study, if there are any.

I have read and understand the above information and I consent voluntarily to participate as a participant in this research.

Signature/Finger print.....(Respondent/informant)

Signature.....(Researcher)

(SP Guna Raj Neupane)

**Appendix "B"****GENERAL INTERVIEW QUESTIONS FOR PARTICIPANTS**

Before we begin the interview, I would like to inform you that this interview is part of a study on trans-border trade in Parsa District, Nepal, conducted by Guna Raj Neupane, a student of the Master in Security, Development, and Peace Studies (MSDPS) program at APF Command and Staff College, Sanogaucharan, Kathmandu. Your participation in this interview is entirely voluntary, and you have the right to decline participation or choose not to answer specific questions. All personal information provided will be kept confidential, and your identity will remain anonymous. Your responses will not be accessible to government officials or any other entities. By agreeing to participate in this interview, you acknowledge that your input will provide valuable information on topics such as trans-border trade, trade policy, smuggling, trans-border crime, security situation, revenue collection, and job creation. Your candid and honest responses will contribute to a comprehensive understanding of these issues. If you have any concerns or questions regarding the interview or the confidentiality of your responses, please feel free to address them before we proceed.

**Basic Information**

Name of Respondent

Name: .....

Rank: .....

Office: .....

Education: S.L.C Intermediate: Bachelor Master

Sex: Male ..... Female ..... Others.....

Age: 20-30 Year 30 -40 Year 40-50 Year 5 0-60 Year

**General Questions**

1. Are you familiar with trade?

- a. Yes      b. No

If so, what types of export and import trade are prominent in Parsa District?

.....

2. Are you knowledgeable about illicit trade?

- a. Yes      b. No

If yes, which commodities are involved in illicit trade in Parsa District?

.....

3. Are you familiar with the concept of an open border?

- a. Yes
- b. No

If so, what opportunities and challenges do security forces face in controlling smuggling in Parsa District?

.....  
.....

4. What is your perception of the Armed Police Force, Nepal?

- a. Very Good
- b. Good
- c. Neutral
- d. Poor

If you are aware, how effectively does the APF enhance revenue collection and promote legal trade in this district?

.....

5. Do you have knowledge of the industrial sector?

- a. Yes
- b. No

If yes, what are the main industries in Parsa District?

.....

6. Are you familiar with employment trends?

- a. Yes
- b. No

If so, how does trans-border trade create job opportunities in Parsa District?

.....

7. How do you perceive the role of the customs office?

- a. Very Good
- b. Good
- c. Neutral
- d. Poor

If you are aware, what are the obstacles in customs policies that hinder trade promotion?

.....

8. How would you describe the relationship between customs, traders, and security forces?

- a. Very Good
- b. Good
- c. Neutral
- d. Poor

9. What are your thoughts on the security of trade and traders in Parsa District?

.....  
.....

## Appendix "C"

**FOCUS GROUP DISCUSSION QUESTIONS**

Before we begin the interview, I would like to inform you that this interview is part of a study on trans-border trade in Parsa District, Nepal, conducted by Guna Raj Neupane, a student of the Master in Security, Development, and Peace Studies (MSDPS) program at APF Command and Staff College, Sanogaucharan, Kathmandu. Your participation in this interview is entirely voluntary, and you have the right to decline participation or choose not to answer specific questions. All personal information provided will be kept confidential, and your identity will remain anonymous. Your responses will not be accessible to government officials or any other entities. By agreeing to participate in this interview, you acknowledge that your input will provide valuable information on topics such as trans-border trade, trade policy, smuggling, trans-border crime, security situation, revenue collection, and job creation. Your candid and honest responses will contribute to a comprehensive understanding of these issues. If you have any concerns or questions regarding the interview or the confidentiality of your responses, please feel free to address them before we proceed.

**Basic Information**

Name of Respondent

Name:

Rank:

Office:

Education: S.L.C Intermediate: Bachelor Master

Sex: Male Female Others

Age: 20-30 Year 30 -40 Year 40-50 Year 5 0-60 Year

**1.** What is the main export and import trade goods from Parsa District?

(पर्सा जिल्लाबाट मुख्य निर्यात तथा पैठारी हुने व्यापारिक सामान के हो?)

.....  
 .....

**2.** Which goods are commonly associated with illicit export and import activities in Parsa District?

(पर्सा जिल्लामा अवैध निर्यात तथा पैठारी गतिविधिमा कुन-कुन वस्तुहरू सम्बन्धित छन्?)

.....  
 .....

**3. What challenges does the Armed Police Force in Nepal face in controlling illicit trade in Parsa District?**

(पर्सा जिल्लामा अवैध व्यापार नियन्त्रण गर्न नेपालमा सशस्त्र प्रहरी बलले कस्ता चुनौतीहरूको सामना गरिरहेको छ?)

.....  
 .....

**4. How does the Armed Police Force gather information on illegal activities in Parsa District?**

(पर्सा जिल्लामा अवैध गतिविधिको जानकारी सशस्त्र प्रहरी बलले कसरी संकलन गर्छ?)

.....  
 .....

**5. What types of technology does the Armed Police Force use to control illicit trade in Parsa District?**

(पर्सा जिल्लामा अवैध व्यापार नियन्त्रण गर्न सशस्त्र प्रहरी बलले कस्तो प्रविधि प्रयोग गर्छ?)

.....  
 .....

**6. How does the Armed Police Force collaborate with other stakeholders to control illicit trade in Parsa District?**

(पर्सा जिल्लामा अवैध व्यापार नियन्त्रण गर्न सशस्त्र प्रहरी बलले अन्य सरोकारवालाहरूसँग कसरी सहकार्य गर्छ?)

.....  
 .....

**7. What threats does the Armed Police Force encounter during their duty in Parsa District?**

(पर्सा जिल्लामा ड्युटीका क्रममा सशस्त्र प्रहरी बलले कस्तो खतराको सामना गर्छ?)

.....  
 .....

**8. What are the requirements for the Armed Police Force to perform better in the border area?**

(सीमा क्षेत्रमा सशस्त्र प्रहरी बलले राम्रो प्रदर्शन गर्न के के आवश्यकताहरू छन्?)

.....  
 .....

**9. What measures can APF, Nepal take to counter smuggling and safeguard the economy of Nepal?**

(तस्करी नियन्त्रण र नेपालको अर्थतन्त्र जोगाउन एपीएफ, नेपालले के के उपायहरू लिन सक्छ?)

.....  
 .....

## Appendix "D"

**QUESTIONS FOR KEY INFORMANT INTERVIEW**

1. Which specific countries are the major trading partners of Parsa District in terms of trans-border trade?

.....

2. What are the advantages of trans-border trade from Parsa district in Nepal?

.....

3. What are the main commodities or products that have witnessed a surge in import or export through the customs checkpoint in Parsa District?

.....

4. What are the existing infrastructural facilities and customs procedures that facilitate efficient trans-border trade in Parsa District?

.....

5. How effective is the presence and enforcement of the Armed Police Force in deterring illicit trade activities in Parsa District?

.....

6. How has the volume and nature of trans-border trade in Parsa District changed in recent years, and what are the primary goods involved?

.....

7. What are the key documentation requirements and procedures that traders must follow for trans-border trade in Parsa District?

.....

8. Are there any challenges or bottlenecks in the current trade documentation and procedures that impact the efficiency of trans-border trade?

.....

9. What are the challenges of trans-border trade from Parsa district in Nepal?

.....

10. Are there any specific initiatives or technologies implemented by the customs office to enhance trade facilitation and revenue collection in Parsa District?

.....

11. What are the major security challenges and threats associated with trans-border trade in Parsa District, and how have they evolved in recent years?

.....

12. Are there any joint operations or information-sharing mechanisms in place to enhance security coordination?

.....

13. What are the opportunities of trans-border trade from Parsa district in Nepal?

.....

14. What is the socio-economic impact of trans-border trade on the local community in Parsa District, including employment opportunities, income generation, and overall development?

.....

.....

15. What is the role of the Armed Police Force in responding to security threats associated with trans-border trade, such as smuggling, organized crime, or border security challenges?

.....

.....

16. Are there any emerging industries or sectors that have shown significant growth in trans-border trade recently?

.....

.....

17. How does the customs office collaborate with their counterparts in neighboring countries to facilitate and regulate trans-border trade in Parsa District?

.....

.....

18. What are the common types of illicit trade and smuggling activities observed in the current trend of trans-border trade in Parsa District?

.....

.....

19. What are the disadvantages of trans-border trade from Parsa district in Nepal?

.....

## Appendix "E"

**QUESTIONS FOR TRADERS**

1. Are there specific products or industries in Parsa District that have a competitive edge in the international market and can drive economic growth through exports?

.....  
 .....

2. What are the recent trends in demand for Nepalese exports in the international market?

.....  
 .....

3. What are the key products or commodities that are currently being imported into Parsa District from other countries?

.....  
 .....

4. Have there any recent initiatives or policies implemented to enhance trade facilitation in Parsa District?

.....  
 .....

5. What are the major challenges faced by export and import traders in trans-border trade in Parsa District?

.....  
 .....

6. What are the potential opportunities for export and import traders in Parsa District to enhance trans-border trade?

.....  
 .....

7. How is the role Armed Police Force to enhance trans-border trade in Parsa district?

.....

8. In your opinion, how does Armed police force working to control illicit trade and to increase revenue in national income?

.....  
 .....

9. How does the effectiveness Armed police force deployment in trans- border trade security?

.....

**Appendix "F"**

(Refer to Page No. 27)

**MAJOR TWENTY EXPORT AND IMPORT GOODS**

<b>SN</b>	<b>Export Items</b>	<b>Import Items</b>
1	Refined soybean oil	Diesel
2	refined palm oil	petrol
3	Fruit juice	Jeep cars and vans
4	Refined sunflower oil	LP Gas
5	jamothe cloth	motor cycle
6	synthetic yarn	Soybean oil crude
7	pina other	other coal
8	Other fabrics (cotton, terry cotton)	H.R.Sit
9	Toothpaste	preparation cloth
10	Sport Suze -Synthetic Suze	Double (Kyav Pickup Vehicle)
11	Vattisa Triphala, Kabajaharu, Chyabanpras	truck, mini truck
12	Pina of soybeans	Suryamukhiko Crude Oil
13	carpets carpet	crude palm oil
14	Dog or cat food	Soft drink concentrates
15	Raw materials of Homeopathic, Ayurvedic and Unani medicine	Lubricating Oil Mobil
16	preparation cloth	tobacco
17	Lidcisa, Ingt.	Other bus truck chassis
18	Plastic lids	M.S.Willet
19	fatty acid oils	polythene granule
20	Geeb Animal Feed Supplement	M / s. steel strip

### GLIMPSES OF FIELD VISIT



**Interview with Custom office Birgunj**



**Interview with Ward President**



**Interview with Birgunj Chamber of Commerce**



**Focus Group Discussion in APF, Nepal**



**KII in Parsa District**

**Interview in Dry-Port Customs Office**

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