

**Impact of Indo-Nepal Open Border on Consumer Purchases
Behavior of Thutibaari, Nawalparasi District of Nepal**

A Thesis

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LETTER OF RECOMMENDATION

This thesis entitled *Impact of Indo-Nepal Open Border on Consumer Purchases Behavior of Thutibaari, Nawalparasi District of Nepal* has been completed by Ms. Pampha Sharma under my supervision. I hereby recommend this thesis for examination to the Thesis Committee as a partial fulfillment of the requirements for the **Degree of Master of Arts in Economics**.

Prof. Dr. Sohan Kumar Karna

Thesis Supervisor

Date: 2078/7 / 8 (25/10/2021)

APPROVAL LETTER

We clarify that the thesis entitled *Impact of Indo-Nepal Open Border on Consumer Purchases Behavior of Thutibaari, Nawalparasi District of Nepal* submitted by Ms. Pampha Sharma to the Central Department of Economics, Faculty of Humanities and Social Sciences, Tribhuvan University, Kathmandu in partial fulfillment of the requirements for the **Degree of Master of Arts in Economics** has been found satisfactory in the scope and quality. Therefore, we accept this thesis as a part of the said degree.

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Pampha Sharma

ABSTRACT

India and Nepal have shared intense people-to-people relations for a very long time. Geographical factors have been reinforced by religious, cultural and ethnic affinities between the inhabitants of the Terai region and their counterparts across the border. More people are participating in purchasing activities of goods from outside of the country but they are unknowingly cheated by swindlers. With high expectation to get inexpensive goods from outside of the country, they are deprived to get qualitative products. Such consumers adopt unhealthy life styles because of lack of education, awareness and irresponsible policy. Many numbers of consumers who are engaged in purchasing goods are unknowingly cheated from swindlers. This research is focused on the major objective about impact of Indo-Nepal open border on consumer purchasing behavior, and contributed to the literature for the perspective researcher. The research is based on primary data, first it explains about behavior of purchaser on the open border market based on household survey. According to household survey most of the respondent are enjoy with open border market to purchasing activities. Another finding of this research is purchasers are attracted with cross border trade, because their desire is to consume lots of goods with less spending. The field survey concluded that in comparison with domestic market consumers get inexpensive goods on the cross border market and they can collect lots of goods with less spending, so that they are not interested to go domestic market.

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ABBREVIATIONS / ACRONYMS

AD:	Anno Domini
ADBL:	Agriculture Development Bank Limited
CBeC:	Cross Border E-Commerce
CBS :	Central Bureau of Statistics
CEDECON:	Central Department of Economics
CPV:	Customer Perceived Value
DOC:	Depart of Custom
EU:	European Union
GDP	Gross Domestic Product
GNP:	Gross National Product
GON:	Government of Nepal
HHs:	Households
MA:	Master of Arts
MoF:	Ministry of Finance
MoFA	Ministry of Foreign Affairs
NIS:	National Institution of Statistic
NOH :	Number of Household
NPR:	Nepalese Rupees
NRB:	Nepal Rastra Bank
OECD	Organization for Economic Cooperation & Development
PCI:	Per Capita Income
QWL	Quality Work Life
S.N.:	Serial Number
SAPTA:	South Asian Free Trade Area
SITC	Standard International Trade Classification
UAE:	United Arab Emirates
UK:	United Kingdom
UK:	United Kingdom
USA:	United States of America
VDC:	Village Development Committee
VDC:	Village Development Committee.
WTO:	World Trade Organization

CHAPTER – I

INTRODUCTION

1.1 Background of the Study

Border is free movement of people (and often of goods) between jurisdictions with few or no restrictions on movement that is lacking substantive border control. A border may be an open border due to international legislation allowing free movement of people across the border. For example Nepal-India border is also an open border. Nepal is a landlocked country and its relation is stronger with India in comparison to China due to various socio-cultural, economical and geographical nexus. Borders as special form of regions have been significant subject of research in several regards: cross-border commuting, cross-border trade, cross-border labor markets and other. In the context of Nepal-India border issues, a very strong social, political and geographical proximity has benefitted people of both nations. Beside, many people have utilized open border for service business and attainment of facilities. Different reports show that thousands of Nepali girls migrate to India and Indian girls enter to Nepal getting married. The India–Nepal Border is an open international border running between India and Nepal. The 1,758 km long border includes the Himalayan territories as well as Indo-Gangetic Plain. The current shape was established after the Sugauli treaty of 1816 between Nepal and the British Raj (wiki, 2020).

India and Nepal have shared intense people-to-people relations for a very long time. Geographical factors have been reinforced by religious, cultural and ethnic affinities between the inhabitants of the Terai region and their counterparts across the border. The 1950 Treaty of Peace and friendship between India and Nepal further reinforced the need for an open border for encouraging free movement of people and commodities across the borders. The open border has contributed significantly towards a shared feeling of belongingness, especially at the border (Paudel, Devkota & Bhandari, 2018).

Cross-border activities are increasing due to various beneficial motives such as easy entrance through borders, economical price of the commodities, easy purchase-sell activities, common and understandable language, cultural similarities, family relations across the border and trust. Without strengthening cultural cross-border relation, it is impossible to build strong links and cooperation between neighboring nations. On the issue of open border and international trade, the several economist and intellectual personalities are made several arguments. Some problems are not shown on the outside of the society, that inviting tough condition for the people. So that, these type of problems are internally beset by the consumer in the society. Such situation brings the feeling of self-pity to consumer. When we go to cross border to purchase some goods for home, then we really get very different scenario in the market than the trade policy which are mentioned on the constitution of Nepal and the World Trade Organization (WTO). There are various policies made by WTO for the international trade and government of Nepal for the trade in domestic market. In real condition these policies are not properly implemented on the trade market (Nepalembassy, 2021).

Indo-Nepal political relation

(1950-1970)

In the 1950s Nepal welcome close relation with India but as the number of Nepalese living and working in India increased and the involvement of India in Nepal's economy depends in the 1960s and after, so too did Nepalese discomfort with the special relationship. Tensions came to a head in the mid-1970s, when Nepal pressed for substantial amendments in its favor in the trade and transit treaty and openly criticizes India's 1975 annexation of Sikkim which was considered as part of greater Nepal. In 1975 king Birendra Bir Bikram Sahadev proposed that Nepal be recognized internationally as a zone of peace, he received support from China and Pakistan. In New Delhi's view if the king's proposal did not contradict the 1950's treaty and was merely an extension of nonalignment, it was unnecessary if it was a repudiation of the special relationship, it represented a possible threat to India's security and could not be endorsed. In 1984 Nepal repeated the proposal, but there was no reaction

from India. Nepal continuously promoted the proposal in international forums, with Chinese supported by 1990 it had won the support of 112 countries (wiki, 2021).

1970-1980

In 1978 India's agreed to separate trade and transit treaties, satisfying a long term Nepalese demand. In 1988 when the two treaties were up for renewal Nepal's refusal to accommodate India's wishes on the treaty caused India to call for a single trade and transit treaty. Thereafter Nepal took a hard-line position that led to a serious crisis in India-Nepal relations. After two extensions the two treaties expired on March 23/1989, resulting in a virtual Indian economic blockade of Nepal that lasted until late April 1990. Although economic issues were a major factor in the two countries confrontation, Indian dissatisfaction with Nepal's 1988 acquisition of revolutionary change in bilateral relation on behalf of the new government. I assure you that committed to make a fresh start" He met Indian Prime Minister Manmohan Singh and foreign minister Parnab Mukharjee. He asked Indian to help frame a new constitution, and to invest in Nepal's Infrastructure, and its tourism industry (MoFA, 2021).

In 2008

Indo Nepal ties got a further boost with an agreement to resume water talks a four hiatus. The Nepalese water resources secretary Shankar Prasad Koirala said the Nepal India joint committee on water. Resources Meet decides to start the reconstruction of Koshi bridge embankment after the water level goes down. During the Nepal's PM's visit to New Delhi in September the two prime ministers expressed satisfaction at the age-old close, cordial and extensive relationship between their statuses and expressed their support and cooperation to further consolidate the relationship. The two issued a 22-point statement highlight the need to review, adjust and update the 1950 treaty of peace and friendship, amongst other agreements. India would also provide a credit line of up to 150 corer rupees to Nepal to ensure uninterrupted supplies of petroleum product, as well as lift band on the export of rice, wheat, maize, sugar and sucrose for quantities agreed to with Nepal will Take measures for the "promotion of investor friendly, enabling business environment to encourage Indian investment in Nepal".

Furthermore, a three-tier mechanism at the level of ministerial, secretary and technical levels will be built to push forward discussion on the development of water resources between the two sides. Politically, India acknowledges a willingness to promote efforts towards peace in Nepal. Indian external affairs ministers' Parnab Mukharjee promised the Nepali Prime Minister Prachanda that he would "extend all possible help for peace and development". Indo-Nepal trade has its own importance for the economic development of both these countries. Trade relation with India is rather crucial to Nepal particularly due to her landlocked geographic characteristic. Trade statistics show an increasing trend of trade in both the exports and imports. However it is noteworthy that the trade balance is not in favor of Nepal. As such, it does not present a convincing picture in the macroeconomics performance of Nepal. Both the countries have realized the significance of bilateral trade. Trade with India is likely to play further a key role in trade and industrial fronts in the future as well. Trade and Transit treaties held between the two countries are continuously reflecting the fact. And these treaties have increasingly guided the trade direction more specifically in the case of Nepal (Singh. N, 2011).

1.2 Statement of the Problem

Government of Nepal brought out the new trade policy in April, 2009 with a strategic vision of supporting the economic development and poverty alleviation initiatives through the enhanced contribution of trade sector to the national economy. The policy aims at; creating conducive environment for promotion of trade and business in order to make it competitive at international level, minimizing trade deficit by increasing exports of value added products, increasing income and employment opportunities by enhancing competitiveness of the products and strengthening interrelationship between internal and foreign trade as complimentary and supplementary to each other.

Open market covers purchasing relation from one country's market to another country's market. According to international trade policy, people can easily purchase any goods/s across the different countries. But in case of open border, the real trade scenario seems very challenging for the people who are involving in daily transition

of goods and services. In fact, some trade activities on the border side seem irresponsible and lawfully ill.

In some areas we can see very poorer condition of trade policy, vision and aims because; it is only mentioned in ministries files but not in actual field of trade. According to Nepal Living Standard survey (2018/19), 25 percent people are living below the poverty line, on 50 cents per day (LSS, 2019). This makes Nepal one of the poorest countries in the world. Hence, they focus only on two times hand to mouth problem in their daily life. They have not sufficient income sources and they don't have enough cash for purchasing daily consuming goods. Having certain and little amount of money, poorer people always search for cheap products which are imported from India. Having expensive goods in domestic market, they import such type of inexpensive goods form cross border.

Hence, more people are participating in purchasing activities of goods from outside of the country but they are unknowingly cheated by swindlers. With high expectation to get inexpensive goods from outside of the country, they are deprived to get qualitative products. Such consumers adopt unhealthy life styles because of lack of education, awareness and irresponsive policy. Many numbers of consumers who are engaged in purchasing goods are unknowingly cheated from swindlers. We know that government of Nepal has made beautiful policies which are only good to hear and see but implementation of such policies are meaningless in the field of market. So, in this study I have found some problem regarding cross border market and here, I am trying to get the solution of these problems throughout this research. On this ground, this study is designed to address the following research question related to:

2. What are the consumer purchasing behaviors across Nepal- India open border?
3. Why border sided people are mostly engaged in cross border market?
4. What are the problems of consumers purchasing behaviors in cross border trade?

1.3 Objectives of the Study

The general objective of the study is to analyze the impact of Indo-Nepal open border on consumer purchases behavior of Thutuibaari Nawalparasi. However, the specific objectives of the study are as given below:

- a) To examine the consumer purchasing behavior across Nepal-India open border.
- b) To find the reason of why border sided people are mostly engaged in cross border market.
- c) To identify the problems of consumers purchasing behaviors in cross border trade.

1.4 Significance of the Study

Indo-Nepal border and trade relation is not a new phenomenon. It has covered long history on Nepalese trade. Nepal and India has open border therefore most of the people go to open border market for the purchasing vary kind of goods. Indo-Nepal has unique and strong trade relationship because it has both countries is familiar with on their languages, dresses, cultural, religion and Geographical structure etc. Because of close relationship most of the consumers are attracted to go on the open border market for purchasing goods. This study is helps to know about the impact of Indo-Nepal on consumer purchasing behavior on Thutibaari of Nepal. It also helps to know the actual condition of domestic market in comparison with foreign market (Indian market). It is also helps to know about the behavior of consumer on the open border market and domestic market.

This study helps to show the qualitative goods and services are available or not in open border market and actual price of product, which help to the uneducated consumers who are unknowingly cheated by swindlers. This study is also helpful for unfolding awareness to the society. Similarly, this study will be helpful to the government, national planner, policy maker, researcher, student and teacher. This study is to significant for scholars and future researchers, policy makers, traders, industrialists, guidance for the domestic market to increase its export and develop

market globally and also this study is to significant for betterment and improvement the existing condition of Nepalese market .

1.5 Limitations of the Study

Although there is need of analyzing overall status of Indo-Nepal trade and also impact of consumer purchasing behavior on the open border, due to lack of time resource, money availability of data constraints, this study has confined within limited things, which is known as the limitations of the study. The limitations of the study are as follows;

The present study has following limitations:

- This study is limited to Nawalparasi district.
- This study covers the area of Thutibaari Indo-Nepal border.
- This study concentrates on that type of consumers who are engaged in purchasing activities from outside the country and also from home country.
- This study is micro level study. Most of the analysis is based on primary data, which do not generate details of Indo-Nepal trade, and any distortion of the reality from this study may be due to the biasness of the respondents.
- This study covers the period from 2010 to 2020 due to unavailability of sufficient data to the related topic.

1.6 Organization of the Study

The present study is divided into 5 chapters in which first chapter is introduction includes general background, statement of problem, objective of the study, significance of the study, limitation of the study and organization of the study. The second chapter of the study is review of literature which includes empirical review of national and international context. The third chapter is research methodology with the framework of research, research design. Forth chapter is the data presentation and analysis of the study. Finally, fifth chapter is the summary, conclusion and recommendation.

CHAPTER – II

REVIEW OF LITERATURE

Review of literature is the secondary source of collecting basic ideas and information and on the given subject matter. It is a body of text that basically provides a stock of knowledge obtained from different available sources related to the given subject matter. It also provides the current status of the research work on the related field that has been made and what remains to be done. Besides, it is also a way to discover what other research work in the area of the study have covered and uncovered and what are the major findings of them. The ultimate goal of the review of literature is to bring the reader up to date with current status of study on the given subject matter and forms the basis for the goal.

Nepal is landlocked country and lies between two economic power countries India and china. So that trade between these three countries has very old history. Some economists are emphasis on the perspective of international trade and open border system. They are believes that when there is trade between two or more country it will be profitable for the nation. But the some economists do not believe that concept. So that there has been arise diplomatic issue about international trade and open border between several economist.

2.1 International Context:

Dmitrovic (2007) examined about the cross-border shopping in South- East Europe by used the method of secondary data collection via personal interviews from adult consumers living in Croatia and Serbia and Montenegro and also collected the dada through previous studies and primary data collection like-open-ended questions related to demographics and consumer motives for cross-border shopping trips. The major objective of the researcher was to examine consumer motivations for shopping abroad and also explore the role of demographic versus socio-psychological factors in explaining the phenomenon of cross-border shopping. Researcher found that the cross-border out-shoppers and domestic in-shoppers in the two countries confirmed the unstable effect of demographic variables on out-shopping behavior and established the significant role of economic patriotism in consumer decision making

and across the two countries indicate that a contextual approach should be adopted in international out-shopping studies. Researcher concluded that the range of psychographic variables that impact consumer out-shopping behavior, including enjoyment in shopping, self-confidence, innovativeness .finally the researcher says that the patriotic purchase behavior and adopted in the consumer pro-social purchase behavior is “helping behavior”.

Valarezo, Amarlal, Munoz, & Herguera (2018) analyzed the drivers and barriers for the individual adoption of cross-border e-commerce. Major objective of the researcher had to explore the determinants of the individual’s decision to perform cross – border e-commerce (CBeC). The researchers’ estimated three models of cross-border e-commerce, conditional on the individual being a user of e-commerce. The three models are: CBeC, CBeC_EU and CBeC_RW. The researcher had used official data from a representative survey of 16,209 individuals on ICT usage by households and individuals that was carried out in Spain by the National Institute of Statistics (INE) for the year 2016, using a standard neoclassical utility maximization framework and logistic regression techniques. The researchers found that the being a male is positively related to using cross-border e-commerce and age is mostly significant with a negative effect on CBeC for those aged above 65 and the education is positively related to CBeC_EU while it seems mostly insignificant in the other cases. PC skills are significant and positive in all the models, especially in the CBeC model. The researcher concluded that the internet skills are mostly significant especially in the high and very high levels. When a potential customer is an Online Opinions Seeker he or she is more likely to do cross-border e-commerce. On the other hand, income seems to be mostly irrelevant. Foreign nationality increases the likelihood of using cross-border e-commerce in general and decreases the likelihood of a CBeC_RW.

Kuncharin, & Mohamed (2013) examined Malaysian cross-border shoppers in Hatyai, Thailand .The researcher had collected the data through self-administered questionnaires among a sample of 423 Malaysian tourists who have done some shopping in Hatyai, Thailand. Major objective of the researcher was to investigate the impact of consumer ethnocentrism on foreign product judgment and to investigate the impact of consumer ethnocentrism on local helping purchase. Researcher found that the consumer ethnocentrism have a significant negative impact on foreign product

judgment, while consumer ethnocentrism has a significant positive impact on local helping purchase. The researcher concludes that the marketing strategies by retailers and tourism marketers in Thailand should focus on the lower price of products, services, transportation and other expenditures in order to attract less ethnocentric cross-border shoppers to cross the border to shop. In addition, the researcher said that in order to control the impact of shopper ethnocentrism on foreign product judgments and do “out shopping” in abroad, tourism marketers may conduct marketing campaign by placing a greater emphasis on Thailand destination’s image as well as brands image of products and services from Thailand to occupy the less ethnocentric segment of the market.

Sharma, Chen, & Luk (2018) explained the concept of customer perceived value (CPV) to the tourist out shopping context and explores the differences in antecedents and outcomes of CPV between cross-border and international out shoppers. Methodology of the researcher was based on the primary data which was collected from a large-scale field survey in Hong Kong with cross-border out shoppers from Mainland China and international shoppers from four Western countries (Australia, Canada, UK and USA) shows that perceived product quality, risk and value-for-money have a stronger effect on CPV for cross-border out shoppers; and employee service quality and lifestyle congruence for international out shoppers. Major objective of the researcher was to explore the differences in the role of various antecedents and outcomes of CPV between cross-border and international out shoppers. Researcher found that expected, product quality, perceived risk and value-for-money had a stronger influence on CPV for the cross border out shoppers. Researcher concluded that the consumer shopping behavior is utilitarian oriented. In contrast, service quality and lifestyle congruence had a stronger influence on CPV for the international out shoppers and no difference was found in the influence of store environment and perceived effort on CPV for both groups.

Oh, & Tumurbaatar (2011) studied the international trade patterns of Mongolia. They state that the log-linear structure of regression equation based on the gravity model produces not only a comparison of traded goods and trading partners but also the determinants of trade. This paper also examines the influence of Mongolia’s geographical location on the country’s trading patterns. The results show that

Mongolia's exports are distorted by its geographical location. However, its imports and overall trading patterns have not been distorted.

Anuraj (2018) examined motivations and perception from the perspective of Bhutanese visitors in Jaigaon, India. Major objectives of the researcher was to profile the demographic characteristics of the visitors (Bhutanese), and to analyze the motivating factors for cross-border shopping and also aims to identified consumer perception of the goods and market spaces and establishment of the cross-border linkages in the Indo-Bhutan border town of Jaigaon. The methodology of the researcher was based on the primary data collection through using structured questionnaire to elicit information from the border crossers (Bhutanese) and the sampling technique adopted in this study is simple random sampling. The researcher found that the indicated that most of Bhutanese visit Jaigaon because they are influenced by the perceived variety of goods that can be availed at a cheaper price. The leisure elements, although not predominant in the study area, the customers to an extent gets motivated by the pleasure emerged from the shopping activity. The researcher concluded that regional integrative activities reflecting international co-operation are a natural development resulting from the necessity for people from different nations to interact for mutual benefit.

Feder (1983) provided the formal model to show significant relationship between export and growth of the economy. The major objective of the researcher was analyzed the exports and Economic Growth of the country. The researcher was provided a mathematical model representing GOP as dependent variable with independent variables of export and non-exports. The researcher further classified non-export variables into labor and capital. Researcher found that the marginal productivity of labor and capital and the growth rate of export and there is a positive association between the export and growth.

Bela (1978) conducted a study on "Export and Economic Growth" to put further evidence. The major objective of the researcher was to investigate the relationship between exports and economic growth in the cross-country comparisons between 11 developing countries which has established the industrial base. The researcher was use to hypothetical analysis to compare between export and GNP. Researcher found that the incremental export-GNP ratio could be the solution for the problem of

positive auto correlation between the GNP and other dependent variables with the foreign trade estimates. Researcher compared the variables of GNP and Per capita GNP in terms of export growth and his own hypothetical incremental export-GNP ratio. Researcher found that the income has been increasing in countries that have followed a consistent policy of export orientation. Researcher concluded that export growth favorably affects the rate of 25 economic growths.

Raballand (2003) analyzed the impact of land-locked on trade by used estimated for a panel database using a gravity approach method. Major objective of the researcher was examined Central Asian economies, it appears that land-locked implies a high transport cost burden and second objective of the researcher was analyzed the impact of land-locked on trade The researcher estimates the research paper is obtained by introducing a dummy variable, and the second estimate uses the shortest distance between a landlocked country and the nearest major port facility, the third measure represents the number of borders with coastal countries and the fourth is the number of national borders crossed. From over 10,000 observations and sample of researcher was of 46 countries over a 5-year periods. The researcher concluded that being landlocked would reduce trade by more than 80percent when measured by a dummy variable. Used the Cheng and Wall econometric approach, researcher found that the four measures are confirmed empirically And evidence shows that the number of border-crossings, which implies a transport cost burden, can explain a major part of the extra cost of overland transport in comparison with maritime transport.

2.2 National Context

Poudyal, Devkota, & Bhandari (2018) conducted research to find out the actual situation of Indo-Nepal border with the help of both primary and secondary data and used Logit model in 372 respondents involved in small business from Sunauli, Nepal-India border .The objectives of the researchers' were to analyze the socio-cultural, geo-graphical, and economic proximities contributing people of Sunauli-India/Nepal border. The researcher found that 78percent of male household members involve in cross-border purchase for a long period of time. It shows the prevalent gender discrimination perpetuated since long in the male chauvinistic patriarchal Nepali society. Though goods are available in their local area, 71.2 percent of the people are habituated to purchase the similar goods across the border. 77.2 percent of the total

respondents purchase across the border during the major festivals. Similarly, due to easy access to communication, 71.6 percent people prefer to purchase across the border. The researcher concluded that, there is positive influence of socio-cultural characteristics in cross border purchase.

Acharya (2013) identified the trade (export import and trade balance) determinants of Nepal. The researcher conducted the research by using gravity model. Researcher collected the data from secondary sources. The major objective of the researcher was to analyze the foreign trade determinants of Nepal. The author shown the empirical results based on panel data set containing 21 major trade partner countries for 6 years. The researcher found that the increase in real GDP of trade partner countries increases both export and import, however export increases at higher rate than import. The trade balance of Nepal is getting worse if real GDP of trade partner country increases, even though export is increasing at higher rate than import. It is because Nepal is importing more than exporting to those countries in an absolute term. Nepal exports more to SAFTA countries than non SAFTA and imports less from the OECD countries than non-OECD. As per basic idea of gravity model, distance to trade partner countries is highly significant implying higher the distance, lower the trade. The country specific fixed effect analysis shows that time invariant factors are also significant to determine the trade balance of Nepal.

Chaudhary (2011) studied the sensitivity or impact of trade openness in Nepal using various aspects of trade openness like vulnerability, sensitivity, and harmonization as well as the impact of trade openness on per capita income growth for the period of 1990/91 to 2010/11. The results suggest that overall trade openness vulnerability of Nepal is low with the manufacturing and service sector being more open in comparison to the agriculture and energy sectors. While there is a strong performance of the openness growth rate for the review period, the average ratio of the openness growth and per capita income growth both with nominal income, is negative. The results indicate a low sensitivity of per capita income growth to the trade openness growth. The findings reveal that the productivity benefits from additional trade are higher for the trading partners of Nepal than themselves. He argues that Nepal has liberalized trade without introducing appropriate internal policies and institutions.

Chaulagai (2014) analyzed the black hole effect on the Indo – Nepal trade relation. The objective of the researcher was to explore the phenomenon of the 'BLACK HOLE EFFECT' by examining the relative effectiveness of some of the important variables of international trade. The researcher had used a two country model to explain the research study. Researcher assumed that there exist a perfect competition and both the economies were fully liberalized. The free movement of goods/services and factors of production were assumed to be fully ensured. Finally, researcher assumed that both the economist always try to maximize their exports earnings. Methodology of the researcher was based on the secondary data. By analyzing the data researcher found that Nepal has been facing the 'Black Hole Effect' coming out from the relatively efficient Indian economy. The researcher concluded that in the case of Indo-Nepal trade relation, Nepal has been suffering from the 'BLACK HOLE EFFECT' originating from the robustness of the Indian economy. That is why despite of robust growth of the Indian economy, Nepal has not been able to reap the benefits that would have come through the 'locomotive effect' of the growth of Indian economy. If this situation continues unabated, Indo-Nepal trade may head towards a 'zero sum game'. Therefore, the concerned Nepalese authorities need to take an integrated approach for improving the conditions of the trade related infrastructures followed by effective import substitution strategy to gain in trade with India.

Jayaraman, & Shrestha (1976) explained the trade problems of landlocked Nepal. The major objective of the researchers' was to analyze the certain trade problems of Nepal and to outline remedial action towards their solution. The researchers had been used the secondary data source to explained the research study. Researchers found that over the period of ten years from 1960 through 1970, more than 98percent of its total exports have been confined to India. Over the same period, its imports from India, even though they have shown a sign of gradual contraction, still account for over 90percent of Nepal's total imports. The researchers concluded that the policy instruments to tackle these problems need to be more comprehensive and concerted than the import entitlement scheme. Both commodity and market concentrations have to be approached simultaneously. Measures to achieve diversification in trade indeed become part of the general developmental efforts of the country, which themselves give rise to deficits in balance of trade. For laying a firm industrial base, creation of infrastructural facilities is necessary. This requires substantial imports of capital and

intermediate goods and also researcher had been said that within the current framework, Nepal can achieve the twin objectives of diversification in commodities and markets in the sphere of trade along with structural changes in the economy.

Parsai (2014) examined the foreign trade pattern of Nepal by using ordinary least square method along with one year lag gross domestic product. Objective of the researcher was to find the structural shift in the economy after economy liberalization. The researcher applied gravity model with comprehensive panel dataset for 29 years time period covering Nepal's 94 trading partners. The researcher found that the lag of the product of GDP, which is the proxy for the economic size of the trading partner countries, which was to positively affect bilateral trade with Nepal and Nepal exports labor-intensive goods and imports necessity goods. The positive and significant coefficient of Linder shows that Nepal's trade is determined by comparative advantages with different economies. The researcher was concluded that no significant structural break in the determinants of trade after economic liberalization and Nepal's trade is not distorted by political decisions such as economical sanctions imposed by other countries. Finally the researcher said that the trade with India in comparison to China is quite substantial. So that Nepal needs trade diversification in general and trade agreement with China in particular to reap the benefits from the trade.

Adhikari, & Gautam (2010) carried out a study on Labor legislations for improving quality of work life in Nepal. The researchers used literature survey method to the answer the questions aroused while doing the research. The authors concluded that Quality Work Life of labors was deteriorating despite the restoration of Democracy in 1990 which geared up the national policies towards liberalization, privatization and deregulation. The authors found that the situation was due to negative consequences of QWL initiatives on manufacturing organizations. They suggested that to improve the scenario the governments and labor unions should work on to make a framework and formulate provisions of new labor legislations to meet the upcoming challenges of the twenty-first century.

Kafle (2017) examined the trends in Nepalese foreign trade and the major reasons for trade deficit with India. Major objective of the researcher has to analyze the trends and patterns of foreign trade of Nepal and to analyze the reasons for trade deficit,

particularly with India. The researcher use Descriptive method to analyze the research paper through by collect secondary data. Researcher said that foreign trade plays a very important role in the economic development of a country. It promotes economic development by improving competitive capacity, expanding market, and providing modern technology and machineries for industrial and agricultural sector. The researcher found that before 1951 AD, Nepal's trade relation was only with India and Tibet. The decline of Rana regime in 1951 AD was the turning point of Nepalese foreign trade. After this, foreign trade of Nepal has run systematically with many countries of the world and the volume of trade has also increased. During the fiscal year 1975/76, the total export of Nepal was equivalent to Rs. 1185.8 million and total import was equivalent to Rs. 1981.7 million. But nowadays, it has increased thousands of times. Researcher concluded that Economic liberalization and reforms was initiated in mid 1980's. Since then, Nepal's foreign trade is rapidly increasing but the rate of increase in import is higher than export, which is regarded as a major problem of Nepal's foreign trade.

Koirala (2011) analyzed the impact of International Trade Fairs on the export of Nepalese Handicraft products. Major objective of the researcher has to study the effectiveness of international trade fairs as a promotional activity for the expansion of Nepalese handicraft products in international market and examines the position of the handicraft firms after participating in international trade fairs and also analyses the emergence of Nepalese trade to gain comparative advantage from its handicraft industry and explained the emergence of Nepalese trade to gain comparative advantage from its handicraft industry and analyzes the potential economic benefits from its handicraft trade and the problems faced by Nepalese handicraft exhibitors while participating in international trade fairs. The researcher analyzes the research paper through collect secondary data from 2004 to 2010. The researcher found that no significant improvements were recorded in the overall productivity growth and spatial distribution of manufacturing which appear to be due mainly to the lack of basic infrastructure and the shortage of skilled manpower. At last researcher concluded that Nepal's participation in international trade fair is encouraging, but unavailability of proper information and the location, inadequate government support in terms of funding, cooperation, market intelligence, mode of payment for export, inconvenient and long process of selection are some problems that the Nepalese

exhibitors are facing in the process of participation in international trade fairs. Nepal's unrest political insurgency is hindering the overall trade performance so, without solving the biggest problem of peace restoration and state by rule, the potential benefits of liberalization should not be fully achieved.

Acharya (2019) examined the Nepalese foreign trade. The major objective of the researcher is to analyze the growth, composition, and direction of the Nepalese foreign trade. Methodology of the researcher is use to descriptive analysis to analyzing the data and uses secondary sources of information. The analysis of the researcher is based on simple statistical tools like ratio and percent. The researcher found that the very low export performance of Nepal, which creating the problem of rapidly increasing trade deficit. The researcher concluded that Nepal is unable to diversify its trade in terms of countries and commodities and major causes of increasing trade deficit are low export, and high import, low-quality products, improper trade policy, higher cost of production, lack of publicity and advertisement, low production, slow industrial development, lack of trade diversification, etc. Nepal can reduce its trade deficit by diversification of its trade in terms of commodities and countries.

Sharma (2020) explained the Direction and Problems of Foreign Trade in Nepal .The major objective of the researcher was to identify the direction and problems of foreign trade in Nepal, and to find out the possibilities of foreign trade expansion of the period from fiscal year 2011/12 to 2018/19. The researcher used quantitative data collected from secondary sources consulting physical library and internet. The major finding of the researcher was that most of the foreign trade of Nepal is directed to India. Researcher also found that there was deficit trade balance as there was decreasing export and increasing imports. The researcher concluded that, the trade balance is negative and growing every year. Further, the foreign trade in Nepal is highly dependent with India which needs to be diversified to rest of the world.

2.3 Research Gap

The given review of literature shows that there are only a few studies related to purchasing behavior of the consumer on the open border. In addition, some were related to specific issues of open border and Indo-Nepal trade only. Hence, the present study aims at fulfilling this gap by taking the household level data from Sunwol Municipality of Nawalparasi district to explore the purchasing behavior of the consumer on the open border and analyzed the trade between Nepal and India, income and expenditure of households, spending capacity of the household on the open border market and domestic market, behavior of custom to the local people on the open border etc.

CHAPTER – III

RESEARCH METHODOLOGY

3.1 Selection of the Study:

This study focuses on 'Harkatta-12, Nawalparasi district. It is lies on Sunwal municipality which is located in southern-east part of Lumbini (birth place of lord Buddha), whereas Butwal metropolitan city lies in westen part of Harkatta, Triveni river is located in northen-east part of Harkatta and the Thutibari(Open border) located on southern part of Harkatta. Sunwal municipality includes 13 wards According to VDC profile (2011). According to VDC profile (2011) at the time of the Sunwol had a population of 39846 people living in 8639 individual households. After the announcement of the municipality by combining two VDCs, the total population of Sunwal Municipality became more than 60,000, which is the highest in Nawalparasi district.

3.1.1 Geographic Location:

Harkatta is one of the village of Nawalparasi district. Nawalparasi district, a part of which belongs to Gandaki Pradesh and another part to Lumbini Province, was one of the seventy-five districts of Nepal before being divided. It is in Lumbini Zone, Western Development Region in Nepal at latitude 27°37'09.84" north, longitude 84°01'12.00" east. Nawalparasi district is 216 km far away from Kathmandu, which is capital city of Nepal. Nawalparasi district is connected to Rupandehi District on the west, Palpa and Tanahun districts on the north, Chitwan district on the east and the Indian border on south. The longest road of Mahindra highway, 99 km in length, lies in this district. Major cities of Nepal like Butwal, Siddharthanagar, Tansen and Bharatpur are located in neighboring districts.

Harkatta is one of the small village which lies on Sunwal municipality. Before 2017, it used to lie on Ramnagar VDC, but after Nepal's national political transformation in 2017, Ramnagar VDC has converted into Sunwal municipality. This municipality is recognized as Nepal's first child-friendly municipality which includes a small part of

the Chure area of Nawalparasi district. Sunwal municipality is surrounded by Palpa district in the north, Ramgram municipality in the south, Bardaghat municipality in the east and Rupandehi district in the west. This municipality was formed in 2014 according to the Local Administration Act of the Government of Nepal by merging the two former VDCs, Swathi and Sunwal. After the national political transformation of Nepal in 2017, the area of the municipality was expanded to include the Ramnagar area of Nawalparasi district. After this improvement, the municipality is spread over an area of 139.10 square kilometers and 138 to 1023 meters above sea level.

3.1.2 Demographic Features: According to the municipality profile the total population of the sunwal municipality is 71003 out of which 34641(48.78 %) are female and 36362 (51.04percent) are male. The total household of the municipality is 15085 and the average size of family is 4.75. Literate population of the male and female is 51299 and the other population is 109 (transgender). The ward wise population and household is shown as given table: 3.1

Table 3.1
Ward-Wise Population and Households Distribution

Wards of VDC	Households	Male	Female	Other	Total
1	1236	2711	2546	5	5262
2	900	2217	2100	6	4323
3	1057	2450	2304	8	4762
4	1409	3294	3245	9	6548
5	883	2141	1985	6	4132
6	965	2181	2055	1	4237
7	1475	3451	3316	8	6775
8	970	2278	2220	3	4501
9	1025	2855	2627	20	5502
10	768	1815	1733	7	3555
11	1364	3352	3202	9	6563
12	1670	4275	4085	7	8367
13	1362	3308	3157	8	6473

Source: *Field Survey, 2020*

3.1.3 Cast and Ethnicity:- Sunwal consists of people of mixed groups and castes; these include Pahari immigrants from nearby hill districts especially Palpa, Arghakhanchi, Parbat, Gulmi, Syangja and others people are from Terai origin. Major group of this municipality is Hindus who celebrate Holi, Teej, Maha Shivratri, Dashain, Tihar, Bhai Tika etc. There are also Buddhists and Muslims. There is harmony among different religious groups and ethnic community which can be seen during festivals. Nepali is a common language spoken over Sunwal municipality. Gurung, Magar, Newar and Tharu people speak their native languages in community. Sunwal has a population density of 602.2 per square kilometer and a population growth rate of 2.42percent. Most of the residents of Sunwal are Hindus and others are Buddhists, Muslims and Christians. The inhabitants of the municipality are divided by their caste and ethnic group.

3.1.4 Cultural: Cultural diversity is a noticeable identity of Sunwal. There are basically four religions: Bahun, Chhetri, Janajati and Madhesi which are the major ethnic groups of this municipality. All the ancient settlements of the municipality celebrate national festivals as well as some specific local cultural or street festivals according to the specific dates of Nepal Sambat calendar. The main festivals which are celebrated in this municipality are Dashain, Tihar, Chhath, Teej, Janai Purnima, Idulfitra ,Moharam, Ramjaan' Maghe Shanghanti etc. are also celebrated. Sunwal's organized development nature and social system always indicate success in its mission.

3.1.5 Religious: Almost all (95percent) people of this Sunwal municipality belong to Hinduism. They go to the temple of the village and worship Hindu God / Goddess. They together celebrate Krishnastami, Ram Nawami, Shiva Ratri, Buddha jayanti, etc. Mahalpokhari is widely known as one of the cultural and natural sight located in maharabharat high range which is about 11 km north of Sunwal municipality. A pond and Ghajadhamba temple are located there. According to spiritual leaders, Satya devi had been living in this place. One morning she went to settle in Palpa district from there. Statue of Krishna located in Ramawapur village is also an emerging iconic destination and the tallest statue of Krishna in Nepal. There are many Hindus temples like Bardagoriya Temple, Gurga Temple, Somnath baba Temple, Ghajadhamba Temple and Krishna Temple etc in this municipality. All temples are made up with

the effort of local people utilizing local resources. There is also some specific Buddhist temple and Gumba, Church, Madarsa and Masque around this region. However, all people of the municipality are living together and they celebrate their festivals with each other by maintaining harmony among heterogeneity.

3.1.6 Education: 99.5 percent of urban dwellers are literate and all children attend school and have a significant contribution to make to local governance. There are many public and private secondary and higher-secondary schools. Some campuses are also established for different bachelor-level programs. The major schools and colleges are as follows:

Higher Secondary Schools

Pioneer Higher Secondary English Boarding School

Mahakabi Devkota Higher Secondary School

Lumbini Higher Secondary School

Siddartha Shishu Sadan Secondary English Boarding School

Somnath Baba Higher Secondary School

Sakura Memorial Higher Secondary School

Janasewa Higher Secondary School

Wakwani Higher Secondary School

Jagannath Higher Secondary School

Dhanyanchal mahayagya Higher Secondary School

Ramawapur Higher Secondary School

Colleges

Motilal Multiple Campus

Mahakavi Devkota Campus

Somnath Baba Campus

3.1.7 Health: In Sunwal municipality, there are only four health post, one is Sunwal health post and another is Devdeha health post Siran tole health post, Bhumahi health post which have been serving the people of this municipality. People are aware in the matter of health, hygiene and sanitation and they are satisfied with their living. People of this municipality have taken facilities from health post in case of ordinary diseases. Few numbers of people go to city area for complicated health issues. There is one office of Nepal red cross society and a agro vet centre. Similarly, a hospital named Evergreen hospital and Ramgram health post along with five other private clinics are in Sunwal Municipality.

3.1.8 Social Institutions / Organizations:- There are many social and cultural organizations in the VDC like Bhadrabas Health Post, sunwol Youth Club, Yuwa Suchana Kendra, Nepal Redcross Society, ramgram Cricket Club, Banbatika Youth Club and Harkatta Youth Club, Harkatta library, Mahakabi youth club, SoS children village of ramgram and Cooperatives. They perform various social, cultural, religious and sports activities. Their major activities are:

- 1 collect donation for needy people and place
- organized program
- collect donation for scholarship of student
- group work, social work like(make waiting place for yatri, make temple and organized emergency ambulance etc)

3.2 Research Design

The research design followed in the study is descriptive, analytic, and survey method. This study is an impact of indo Nepal open border on the consumer purchasing

behavior reference to consumer perspective of cross border purchases in Nawalparasi district at Thutibaari (Indo-Nepal border).

3.3 Population and Sample Frame:

For this research paper, population is taken from ward no 12 of Harkatta's household those who engage in purchases activities on open border (Thutibaari).

3.4 Sample Selection Procedure

It has been not possible to take details survey of those household who are engage in purchasing activities on open-border due to the limitation of time and other source. So that I took the sample unit of 12 wards of Sunwal municipality where 300 total no of household among them 250 household are engaged in cross border purchasing products for daily life. But in this study have been taken only 120 household as sample size among the engage household in purchasing activities on open border (thutibaari) of the study area. Simple random sampling is applied for this study. Among the total population of the study area 120 respondents is selected on the basic of simple random sampling. Respondents of sample from each ward areas following in the given table:

Table 3.2

Ward-wise Population and Household Distribution

Wards of VDC	Households	Male	Female	Other	Total
1	1236	2711	2546	5	5262
2	900	2217	2100	6	4323
3	1057	2450	2304	8	4762
4	1409	3294	3245	9	6548
5	883	2141	1985	6	4132
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11	1364	3352	3202	9	6563
12	1670	4275	4085	7	8367
13	1362	3308	3157	8	6473

Source: *Field Survey, 2020*

3.5 Data Collection Method

In order to collect the necessary information regarding this research paper is make structure questionnaire and observation. The direct personal interview with engaged family on purchasing activity from open border .The structure and semi structural questionnaires have been included for such respondents to collect the information. The questionnaires are based on impact of Indo-Nepal border on consumer purchases behavior. Some information has been taken from the topic related organization are on the basis of studies objective.

a) Household Survey: - The required data and information were collected through a set of pre-tested structured questionnaire (Appendix -II). The

questionnaire is pre-tested in the nearby study area before the final collection of data. The household survey is going to be carried out visiting door to door of the sample households by the researcher herself.

- b) Focus Group Discussion:-** A formal focus group discussion is also conducted during the field visit in order to understand existing issues of open border market, involvement of purchaser, problems of purchaser on open border and situation of domestic market in the study area. The discussion is held at a common place of the study area by gathering people from similar backgrounds and experiences on specific topics and interests with a set of given check list (Appendix - III).
- c) Key Informants Discussions:-** The collection of primary data and information were supplemented by conducting informal key informant discussions during the period of field visit by covering different aspects of the study with a set of given guidelines (Appendix - IV). The major key informants were the presidents and purchasers of selected ward (Ward No. 12) of the Sunwol Municipality, local political leaders, social workers, teachers, senior citizens and other knowledgeable persons of the study area.
- d) Participatory Observations:-** Some visible information at ward level were collected regarding general life style and socio-economic characteristics of the sample households in the study area with the observation check list (Appendix - V). Besides, situation of domestic market, purchasing behavior of consumer, problems on open border market to the purchaser were closely observed, photographs (Appendix - VI) and the essential facts that were applicable to the study during the field visit. However, the main purpose of direct observations was to verify the collected information with the ground reality.
- e)** In the table 4.13 low, medium and high class groups were differentiated on the basis of respondent income and expenditure. If respondent's income is more than 1 lakhs and expenditure is equal to 50000 then these respondents are categorized in upper class. Similarly if respondent's income is more than 50000 and expenditure is more than 30000 then the respondents are categorized in middle class and respondent income is equal to expenditure then they are categorized in lower class.

3.6 Tools for Data Analysis

Simple quantitative tools have been used to analyze the collected information and data to fulfill the requirement of the study. Also following steps will be used to analysis the data:

- a) Collected data have been processed by the tabulating data by preparing table.
- b) Descriptive method has been used to analysis and describes the table in this study.
- c) Some statistical tools like percentage, average, ratio can be used to analyze the data.

3.7 Data Presentation

After the completing field work the entire information field up questionnaire them which presented in the master sheet, that identified the respondents number and the variable related. Some variable have been described after editing and cross checking. For this, it has been taken scientific calculator and computer.

3.8 Method of Data Analysis

The data collected from primary as well as secondary sources were regrouped and reclassified to analyze. After that these information were analyzed by constructing necessary tables. The quantitative data are presented by simple mathematical tools like percentages, frequency, ratio, pie chart and average to examine the objective set above.

CHAPTER-IV

DATA PRESENTATION AND ANALYSIS

4.1 Current Scenario of Nepal's Trade

Nepal is among the least developed countries in the world, with a quarter of its population below the poverty line. Reliant on remittances (30% of GDP) (MoFA, 2021) and agriculture, political uncertainty and a tough business environment prevent Nepal from growing in other sectors. Nonetheless, growth in the last three years rose significantly above long-term averages amid greater political stability, improved electricity supply and reconstruction activity. The economy expanded by 7.1 percent in 2019, up from 6.7 percent year earlier, but the growth rate is expected to moderate around 5-6 percent in the medium term as a result of slower economic activity in India. According to the update IMF forecasts from 14th April 2020, due to the outbreak of the COVID-19, GDP growth is expected to slow down to 2.5 percent in 2020 and pick up to 5 percent in 2021, subject to the post-pandemic global economic recovery (NRB, 2021). Nepal's public debt has risen in the past years, hitting 32.6 percent of GDP in 2019, against 30.2 percent a year earlier. This trend is expected to continue, with debt-to-GDP forecast to reach 36.2 percent by 2021 (MoF, 2021).

Nonetheless, the public budget remained in surplus at 15.4 percent of the total in the first half of the 2019-20 financial years as a result of lower execution of capital budget (MoF, 2021). This was despite a 3.7 percent increase in spending during the period because of transfers to sub national governments, higher wages and social security payments. Inflation was projected to have risen to 4.6 percent in 2019, from 4.1 percent a year earlier, mainly because of higher food prices and increased import duties on certain agricultural and industrial imports (MoF, 2021). Inflation is expected to rise further to around 6.7 percent in 2020-21, according to the latest World Economic Outlook of the IMF (April 2020). Current account deficit widened to USD 2.48 billion in 2019, from USD 2.35 billion a year earlier. While lower oil and raw material (used for reconstruction) contributed positively, slower remittances as a result of reduced net emigration weighed more on the current account balance. This trend is anticipated to persist in the short-term, with the deficit forecast to widen to

USD 3.39 billion by the end of 2020. India exempted Nepal from its palm oil and palmolein imports in February 2020, a move that is expected to help boost Nepal's sales to its biggest trading partner as both products are its largest export earners. Nepal relies heavily on the agricultural sector, which accounts for one quarter of GDP but gives employment to 71 percent of the workforce; while the industrial activity is involved mainly in the processing of agricultural products (MoFA, 2021).

Nepal has considerable potential in hydropower, which remains largely untapped due to the uncertain political situation that hampers foreign investment. Risk factors include a political gridlock, a landlocked geographical location, unreliable electricity supply, and underdeveloped transport infrastructure as well as a difficult regulatory environment that constrains the private sector. Some financial institutions remain at risk of insolvency due to inadequate risk management practice, poor corporate governance, and high credit exposure. Despite support from the IMF, the country suffers from significant gaps between governance and over-rapid credit expansion. Nepal remains a poor country that is geographically, financially and commercially landlocked and endures a high unemployment (almost 40 percent, but only 1.4 percent in 2019 if informal work is taken into account, though many are underemployed). Most of its population lives off subsistence farming, with almost 5 million people being undernourished, and Nepal's labor regulations remain obsolete. The estimated poverty ratio (ratio of people living under USD 1.90 per day) declined to 8 percent last year from 15 percent in 2010 (World Bank, 2020).

Relation between Nepal and India

Nepal and India enjoy excellent bilateral ties. Founded on the age-old connection of history, culture, tradition and religion, these relations are close, comprehensive and multidimensional and are pronounced more in political, social, cultural, religious and economic engagements with each other. To add up the formal flavor to such historic relations, the two countries established diplomatic relations on 17 June 1947 (wiki). The unwavering commitment to the principles of peaceful coexistence, sovereign equality, and understanding of each other's aspirations and sensitivities has been the firm foundation on which our bilateral relations have been growing further. Nepal's solemn desire to cultivate and foster the cordial and friendly ties with its neighboring countries are reflected in its long standing position of not allowing its territory to be

misused by any elements inimical to India and also expects same sort of reciprocity and assurances from her.

The open border between the two countries remains a unique feature of the relations. Frontier without restriction has greatly facilitated the free movements of our people to each other's territory and enhanced interactions. Nepal and India enjoy excellent bilateral ties. Founded on the age-old connection of history, culture, tradition and religion, these relations are close, comprehensive and multidimensional and are pronounced more in political, social, cultural, religious and economic engagements with each other. To add up the formal flavor to such historic relations, the two countries established diplomatic relations on 17 June 1947. The unwavering commitment to the principles of peaceful coexistence, sovereign equality, and understanding of each other's aspirations and sensitivities has been the firm foundation on which our bilateral relations have been growing further.

India and Nepal initiated their relationship with the 1950 Indo-Nepal Treaty of Peace and Friendship and accompanying secret letters that defined security relations between the two countries, and an agreement governing both bilateral trade and trade transiting Indian Territory. The 1950 treaty and letters exchanged between the Indian government and Rana rulers of Nepal, stated that "neither government shall tolerate any threat to the security of the other by a foreign aggressor" and obligated both sides "to inform each other of any serious friction or misunderstanding with any neighboring state likely to cause any breach in the friendly relations subsisting between the two governments." These accords cemented a "special relationship" between India and Nepal. The treaty also granted Nepalese the same economic and educational opportunities as Indian citizens in India, while accounting for preferential treatment to Indian citizens and businesses compared to other nationalities in Nepal.

The Indo-Nepal border is open; Nepal and Indian nationals may move freely across the border without passports or visas and may live and work in either country. However, Indians are not allowed to own land-properties or work in government institutions in Nepal, while Nepalese nationals in India are allowed to work in Indian government institutions. After years of dissatisfaction by the Nepalese government, India in 2014, agreed to revise and adjust the treaty to reflect the current

realities. However, the modality of adjustment hasn't been made clear by either side (wiki).

Indo-Nepal Economic Relations

India has been a key development partner of Nepal. The latter received strong support and solidarity from the people and Government of India in advancing its home-grown peace process as well as in the process of writing the Constitution through the elected Constituent Assembly. Following the massive earthquakes in Nepal in April and May 2015, India promptly offered helping hands. The Government of India has also been substantially supporting Nepal's reconstruction efforts. The Indian cooperation started in 1952 with the construction of an air-strip at Gaucharan. Since then, India has been assisting primarily in the areas of infrastructure development and capacity development of human resources in Nepal. Such assistance received from India has helped supplement the developmental efforts of Nepal.

India's economic assistance to Nepal has grown manifold in the past few decades, particularly since the restoration of multiparty democracy in Nepal in 1990. As agreed during the State Visit to India of then Prime Minister of Nepal Mr. Pushpa Kamal Dahal 'Prachanda' in September 2016, a Nepal-India Joint Oversight Mechanism has been constituted co-chaired by the Foreign Secretary of Nepal and the Indian Ambassador to Nepal to review the progress made and resolve issues in the implementation of the projects under India's economic and development cooperation. The Mechanism meets once every two months.

Trade and Commerce

Nepal and India have a history of age-old relations in trade and commerce. India is Nepal's largest trade partner and source of foreign investment. Total bilateral trade has reached US \$97.25 billion (NRS 9716.25 billion) from Nepalese fiscal year 2010/11 to 2020/21. During that year, Nepal's imports from India amounted US \$88.71 billion (NPR 8853.7 billion), and exports to India remained about US \$8.63 billion (NPR 863 billion) (MoF, 2021).

Table 4.1
External Sector

Date	Export (billion)	Import (billion)	Trade Deficit(billion)
2009/10	60.8	374.3	-313.5
2010/11	64.3	396.2	-331.9
2011/12	74.3	461.7	-387.4
2012/13	76.9	556.7	-479.8
2013/14	92	714.4	-622.4
2014/15	85.3	774.7	-689.4
2015/16	70.1	773.6	-703.5
2016/17	73	990.1	-917.1
2017/18	81.4	1245.1	-1163.7
2018/19	97.1	1418.5	-1321.4
2019/20	88	1148.4	-1060.4
Total	863.2	8853.7	-7990.5

Source: MoF, 2021.

EXPORTS

Readymade garments are Nepal's topmost export items to overseas countries, followed by woolen carpets and pashmina products. Other traditional export items to overseas countries are hides and skin, lentils, metal and wooden handicrafts, agro- and forest-based primary and secondary goods, leather, raw jute, large cardamom, ginger, tea and medicinal herbs. Coffee, honey, terry towels, micro transformers, blankets and buttons are emerging as new export items. Visualizing the scope of technology enhancement and production potentials, and the extra export items are mushroom, saffron and floriculture products. Vegetable seeds, orthodox and CTC tea, Niger seeds, essential oils from medicinal and aromatic plants, leather goods, woolen goods, silver jewelers and silverware, gold jewelers, etc also offer good export prospects beside the existing exportable items.

IMPORTS

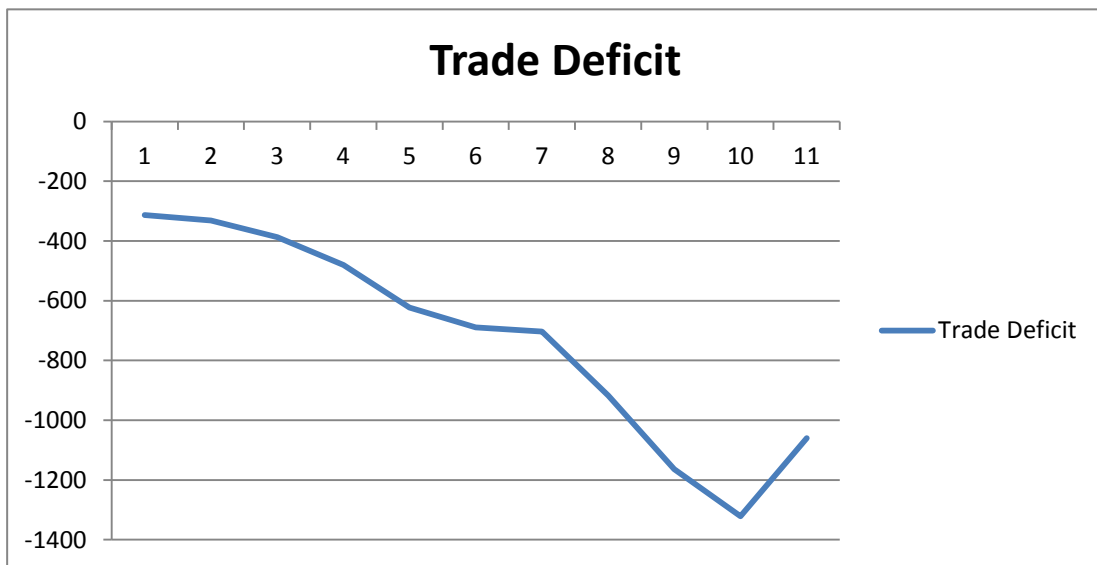
Over the years, Nepalese imports have increased substantially and undergone major structural changes. The major import items include petroleum products, machinery and spare parts, transport equipment, pharmaceuticals, textiles, chemicals, electrical goods, vehicles and spare parts, medicines and medicinal equipment, raw wool, betel nuts, aircraft and spares parts, raw silk, threads, fertilizers, telecommunication equipment, etc.

Trade Deficit of Nepal with India

Nepal's trade deficit with India has hit a record high in the current fiscal year. According to data from ministry of finance of economic survey 2019/20, Nepal suffered total trade deficit of Rs 7990.5 billion in the FY 2009/10 to 2019/20. Nepal imports varieties stuffs like petroleum products, iron, steel, automobiles parts and machinery items. In the fiscal year 2018/19 Nepal's exported capacity is increased from worth Rs 81.4 to Rs.97.1 billion and imported goods in the same fiscal year were worth Rs 1418.5 billion that is the highest export and import goods of Nepal till the fiscal year 2019/20.

Similarly, in the fiscal year 2013/14, export capacity of Nepal had been increased from worth Rs 76.9 billion to Rs .92 billion. In that fiscal year Nepal exported large quantity of goods like mushroom, saffron, floriculture products, vegetable seeds, orthodox and CTC tea, Niger seeds, essential oils from medicinal and aromatic plants, leather goods, woolen goods, silver jewelers and silverware, gold jewelers than others fiscal years. Again, Nepal's export capacity was slowly fluctuating throughout these fiscal years which were 2014/15, 2015/16, 2016/17, 2017/18 where worth wereRs 85.3 billion, 70.1 billion, 73 billion, and 81.4 billion. Trade deficit of Nepal with India has shown with graph line.

Figure 4.1
Trade Deficit



Source: Based on the table 4.1

Nepal's trade deficit with India has been increasing in each passing year. This figure shows that when export capacity of Nepal increased, import of goods from India also increased at the same time. As a result, trade deficit of Nepal also increased. In the fiscal year 2018/19, Nepal's trade hit by the highest trade deficit with India where imported were worth Rs. 1481.5 billion and exported only worth Rs 97.1 billion and trade deficit were worth Rs. 1321.4 billion which is the largest amount of trade deficit till the fiscal year 2019/20 from 2009/2010.

4.2 Features of Sample Households

The demographic information of the respondents like age composition, educational status, religion, ethnicity and marital status etc are as given below:

a) Age Composition of Sample Household Members:

Age defines length of time that a person has lived or a thing has existed. In this section illustrated the age distribution of household in the study area.

Table 4.2

Age Composition of the Respondents

Age Groups (years)	Frequency	Percentage
13-22	33	27
23-32	33	27
33-42	30	25
43-52	11	10
Above 52	13	11
Total	120	100

Source: *Field Survey, 2020.*

Table 4.2 shows that, among total 120 respondents, most of the respondents were from age group 13-22 and 23-32 years (27%), followed by 33-42 years (25%), more than 52 years (11%) and 43-52 years (10%). Data shows that half of the respondents (50%) involved in the purchasing activities from open border belong to first age and middle age group.

b) Ethnic Composition: - The ethnic composition shows various castes and ethnic groups that have been living since their remembrances. Though all castes and ethnic communities claimed that they were the oldest group living in this area, Brahmin settlements seem traditional as well as preserving traditional cultural and religious heritages. Brahmin is the largest and dominant ethnic group in terms of separate group and they have more chances to be covered in the sample size of the study area. In this study area, Tharu community claimed that they were the oldest group living in this territory but nowadays the number of Tharu community has been decreased due to migration to urban area. Similarly, Tharu community has covered second largest space in contrast to Chhettri, Newar, Muslim, Yadav and other groups in the targeted area. Likewise, Chhettri and Newar jointly comprised in the smallest caste group whereas others include Magar, Gurung, and Biswokarma who fall under minor groups within the selected sample. Caste/ ethnic composition of the selected respondents is presented in the following table.

Table 4.3

Ethnic Compositions of the Respondents

Castes	Frequency	Percentage
Brahmin	44	37
Tharu	38	32
Chhetry	10	8
Newar	8	6
Others (Magar, gurung, Biswokarma)	7	6
Mushlim	6	5
Yadav	7	6
Total	120	100

Source: *Field Survey, 2020*

Table 4.3 explains the majority of the respondents were from Brahmin caste (37%) followed by Chhetri (8%), Newar (6%), Tharu(32%),Yadav(6%), Mushlim(5%) and others (6%). Other includes Magar, Gurung and Biswokarma. As there are more Brahmin and Tharu people residing in the study area, their proportion is high in the involving purchasing activities from cross border.

c) Educational Status: Education is the key feature of humanity which introduces human behaviors in the society. Through the education we can get knowledge about people, thing, places etc and it is always determining character of human. So, education is the most essential tool to the people for gaining advanced knowledge. It provides the knowledge and skills to the people to contribute and get benefit from development efforts, especially in area of health, nutrition, water and sanitation and the environments. The educational status of samples is shown with the help of given table.

Table 4.4
Educational Status of the Respondents

S. N.	Education level	Number	Percentage
1	Illiterate	6	5
2	Literate (General)	4	3
3	Below SLC	7	6
4	SLC	13	11
5	10+2	39	32
6	Bachelor	32	27
7	Master	19	16
	Total	120	100

Source: *Field Survey, 2020.*

Table 4.4 shows that the most of the respondent were from ten plus two (10+2) (32%) which is the greater number of educated people from study area. Likewise, second greater educated number of respondent from bachelor degree (27%) and third is master degree (16%). Similarly, this research has also covered the illiterate group whose percentage is 5 percent. That group was never gone to school. They were deprived of gaining education even in the basic level. Respectively there are also other numbers of educated group of respondent i.e. below SLC (6%), SLC (11%) and literate (3%). This shows that in comparison to the number of educated and non-educated group of respondent, we have to find that the educated numbers of respondents are greater than non-educated number of respondent.

d) Occupational Distribution:-A family background is always based on the major occupation which is directly depending in income. A major occupations always leads an income of the family which shows that the class and status of the family on the society. So that everyone wants to engage in occupation to build their status in the society. Occupation outcome is income and income is indicator of how to survive in daily life. To examine the level of consumers who are mostly engaged in purchasing activities on the cross border, some of the data were collected through respondents. The following table illustrates the main occupation of the households and respondents in the study area.

Table 4.5
Occupation Distribution

Occupation	Frequency	Percentage
Agriculture	33	27
Service	29	24
Bushiness	26	22
Shop keeping	16	14
Tailoring	8	7
Live stock keeping	4	3
Industry	3	2
Housemaid	1	1
Total	120	100

Source: *Field Survey, 2020*

The table 4.5 clearly reveals that large numbers of the respondents' main occupation has found to be Agriculture. According to the respondents, 27 percent of them have been involved in agriculture. After that, the second majority of the respondents' main occupation in the study area has found in service sector i.e. 24 percent. And the third is business sector i.e. 22 percent. Likewise, respondents have been also engaged in several occupation like: shop keeping (14%), tailoring(7%), livestock keeping(3%), Industry(2%) and only 1 percent of them found to be engage in household works. This table illustrates that there are the greater number of self-dependent people than to dependent. We can observe through this table that every respondent are engaged in some kind of occupation and are motivated by their work.

e) **Marital Status:**-The table 4.6 illustrates the marital status of respondents:

Table 4.6
Marital Status of the Respondents

Marital status	Frequency	Percentage
Married	103	86
Unmarried	16	13
Others (widows and separated)	1	1
Total	120	100

Source: *Field Survey, 2020.*

13% whereas few of them had other marital status like widow and separated (1%). Table 4.6 demonstrates that 0.83 percent of the members surveyed are heads of households. Because of cooperatives programmer they are easily considering in the society. Without feeling hesitation, they are still spending quality of life.

4.3 Impact of Indo-Nepal Border on Consumer Purchasing Behavior:

One of the major objectives of this study is to examine the impact of Indo-Nepal border on consumer purchasing behavior in the targeted study area. In the study area, most of the consumers are seemed to be attracted from cross border market. Because of being neighborhood between Nepal and India, it has a long history in business area. Nepal and India share an open border market because of neighboring country, so that most of the consumer goes to open border market to buy lots of goods with several reasons.

In this section, impact of open border market on consumer purchasing behavior is included which helps to find out the impact of open border market to the consumer on purchasing goods and covers the question like why most of them are attracted to cross border market? Similarly, it helps to the find out the actual habit of consumer for purchasing varieties of goods. Here, some impacts are discovered from open border market on the consumer purchasing behavior with several reasons:

- 1) Consumers are attracted from cross border market.
- 2) Consumer thinks that domestic product are cheapest than Indian product.
- 3) Consumer thinks that open border market is become very crucial parts for needy

people.

- 4) Some intellectual person says that open border market attracted most of the Nepali consumer which may lead to fall down to GDP.
- 5) Some consumer says that it creates unfair situation to the domestic market.

Why Consumers are Attracted to Cross Border Market?

According to consumer behavior, most of the consumer are maximizes their utility by consuming more goods with their budget constant. They want to buy huge amount of products with less spending. As a result they always search such types of goods which help to fulfill their needs with spending less. According to the study area, domestic market are more expensive than open border market that is why they choose open border market and happy to go there for purchasing goods. Here, several reasons have been collected through field visit on why consumers are attracted from cross border market. They are mentioned below:

Table 4.7
Reasons for Attracting with Open Border Market

category	No of respondent	Reasons
male	39	easy to go for market and its save (monthly) money
female	61	can collect sufficient product with less spending(monthly)
Total	120	

Source: *Field Survey, 2020*

According to field visit report, table 4.7 shows that, most of the respondents seemed to be happy to go to cross border market for spending less because of their purchasing experience on open border market of collecting high amount of goods with less spending. In this way, they can save their limited money in comparison to purchasing on domestic market. According to their opinion, domestic market is expensive than open border market so they are attracted with cross border market.

4. 4. Purchasing Behavior of Consumer on the Open Border:

One of the major objectives of this study is to analyze the purchasing behavior of consumer on open border in the targeted study area. In this section, behavior of the consumer on the open border is included ,which helps to know about income and expenditure of the consumer , spending money on purchasing goods from open border and home country(Nepal) of household ,why they (consumer) are mostly engaged in purchasing goods from open border, access of open-border in purchasing goods of household , dependency on foreign product of household, duration of engaging in purchasing goods from open border of household, level of satisfaction of consumer on household goods, which varieties of goods are mostly purchasing from cross border, which product can attract to the household than other, about expensive or cheap products and reasons for liking or disliking of foreign goods etc.

4.4.1. Consumer Behavior

Consumer behavior is the indicator of acts of consumer and the processes they use to choose, use (consume), and dispose of products and services, including consumers' emotional, mental, and behavioral responses. Similarly buying Behavior is the decision processes and acts of people involved in buying and using products. It always depends on income of the consumer and it is directly generating the expenditure of the consumer. Consumer behavior incorporates ideas from several sciences including psychology, biology, chemistry, and economics.

There are three categories of factors that influence consumer behavior:

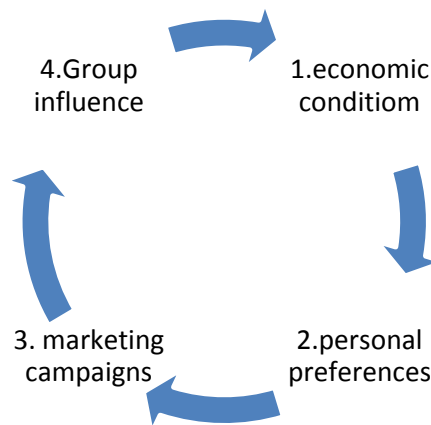


An individual's interest and opinion that can be influenced by demographic (Age gender cultural):

An individual's response to a marketing message will depend on their perceptions and attitudes.

Family, friends, education level, social media, income these all influence consumers' behavior.

4.4.2 Most Frequent Factors Influencing Consumer Behavior is:



For expensive products especially (like houses or cars) economic conditions play a big part. A positive economic environment is known to make consumers more confident and willing to indulge in purchases irrespective of their personal financial liabilities. Consumers make decisions in a longer time period for expensive purchases and the buying process can be influenced by more personal factors at the same time.

Consumer behavior can also be influenced by personal factors, likes, dislikes, priorities, morals and values.

Marketing campaigns influence purchasing decisions a lot. If done right and regularly, with the right marketing message, they can even persuade consumers to change brands or opt for more expensive alternatives. A good marketing message can influence impulse purchases.

Peer pressure also influences consumer behavior. What our family members, classmates, immediate relatives, neighbors, and acquaintances think or do can play a significant role in our decisions.

4.4.3 Causes of Engaging in Purchasing Goods from Open Border of the Household on the Study Area

In the study area, we can see that the most of the household engage in purchasing goods from cross border. Most of the respondents go to border to purchase vary kind of product in at least once in a week. They have several logics behind going on the cross border purchasing. These facts are found in research process in the targeted study area. In this section, the reasons of purchasing goods from open border of the household in the study area have been presented below:

Table 4.8
Reasons for Purchasing Goods from Open Border

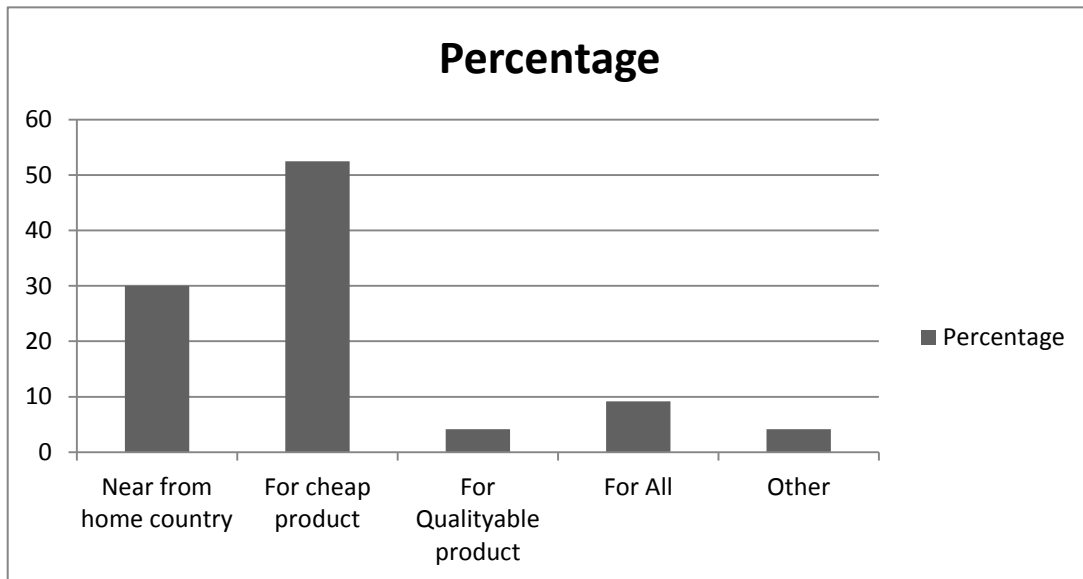
S.N.	Reasons	Frequency	Percentage
1	Near from home country	36	30
2	For cheap product	63	53
3	For Quality able product	5	4
4	For All	11	9
5	Other	5	4
	Total	120	100

Source: *Field Survey, 2020*

Table 4.8 and figure 4.2 clearly reveal that reasons of purchasing goods from open border of the household of the study area where, buying cheap product is the reasons comes from the largest number of household i.e. 63(53 %) number of household . Similarly, second largest household number is 36 (30%) which is the reason of near form home country. Again the number of household is reasons for all are 11(9%) which lie in the third largest number of household. Likewise, the reasons for qualitative product and others (like for visiting purpose, for study purpose, for entertaining purpose etc) come from only 5(4%) number of household. It shows that the most consumer are seeking very cheap product either those are qualified or non-qualified. Because of their poor economic condition and lack of awareness, they obliged to buy goods from open border.

Figure 4.2

Reasons for Engage to Purchasing Goods from Open Border



Source: Based on the table 4.8

4.4.4 Access of Open Border in Purchasing Goods of the Study Area:

In the context of Nepal, most of those people are engaged in purchasing goods from open border who are near of it, because Indo-Nepal has friendlier behavior to all the consumer. Generally, access of open border in purchasing goods is being normal to the consumer whose home town is near from open border. In this section, the access of open border among the age group who are involving in the open border has presented below:

Table 4.9
Access of Open-Border in Purchasing Goods

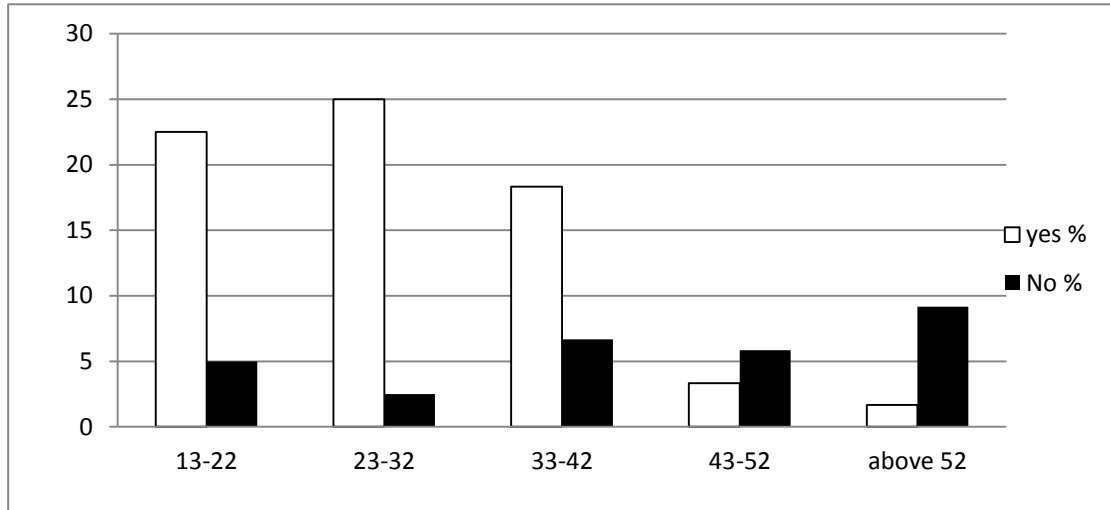
Age group	Respondent	Yes		No	
		Frequency	Yes (Percent)	frequency	Percent
13-22	33	27	22	6	5
23-32	33	30	25	3	2
33-42	30	22	18	8	7
43-52	11	4	3	7	6
above 52	13	2	2	11	9
Total		85	70	35	30

Source: *Field Survey,2020*

Table 4.9 and figure 4.3 show that the number of respondents is 33 which belong to the age group 13-22, among them, the number of 30(25%) household are talking about the easiness in going to open border. These are the largest number and percentage of respondent who have given positive responses. Similarly, 3 (2%) respondents are talking about the difficulties in purchasing goods from open border. This group has the smallest numbers of household who have given negative response in purchasing vary kind of product from open border. Likewise, the age group 13-22 have 33 household, among them 27(22%) number of household which the second largest number who are giving positive response while 6(5%) number of household is proving negative response. In the same way, the age group of households 33-42, 43-52, and above 52; 22, 4 and 2 numbers of respondent are giving positive response and 8(7%), 7(6%) and 11(9%) number of respondent have given negative responses about in purchasing of goods from open border. The total number of positive responses is 85(70%) and the number of negative responses is 35(30%). This shows that the most of the teen aged group and middle aged group are mostly engaged in purchasing vary kind of product from open border and they can easily go to border. Because, teen aged group and middle aged group willing to consume lots of cheap product and try to collect more goods by spending little money. But older age group are not properly engaged in purchasing open border goods because they hardly get easy access in the open border and they also lack custom knowledge which may create difficulties in border.

Figure 4.3

Access of Open-Border in Purchasing Goods



Source: Based on the table 4.9

4.4.5 Dependency on Foreign Product:

In the context of consuming behavior of the consumer, most of the consumer want to fulfill their utility with constant budget and they want to consume more product at low cost. So that, they think that in the open border, they will get excessive goods with spending minimum cost. In the context of Nepal, border sided people are mostly engaged in purchasing goods from open border to fulfill their utility. In this section, the dependency on foreign product of the household in the study area can be presented as follow:

Table 4.10

Dependency on Foreign Product

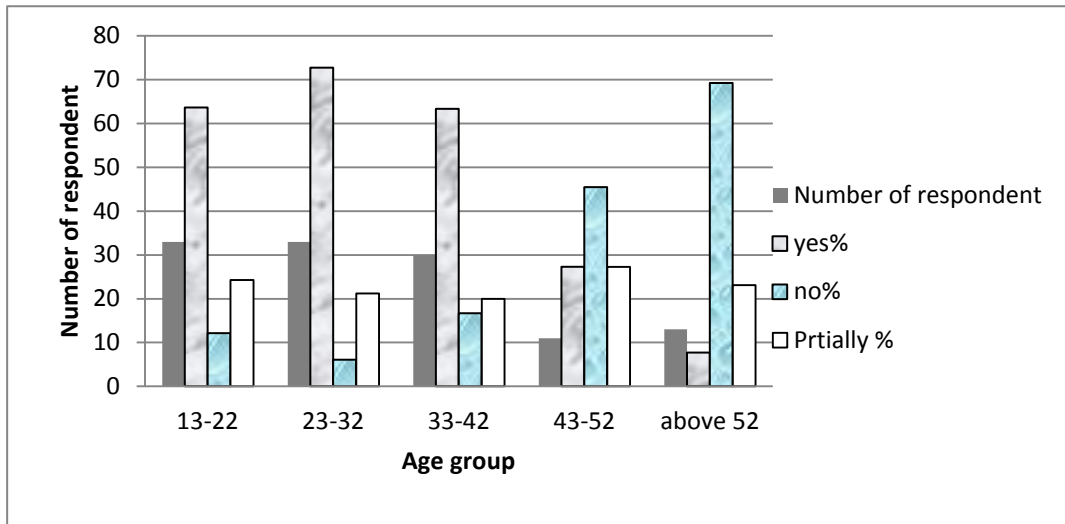
S.N	Age Group	N.O.H	Dependency		
			Yes	No	Partially
1	13-22	33	21	4	8
2	23-32	33	24	2	7
3	33-42	30	19	5	6
4	43-52	11	3	5	3
5	above 52	13	1	9	3
	Total	120	68	25	27
	Percentage	100	57	21	22

Source: *Field Survey, 2020*

Table 4.10 and figure 4.6 reveal that the age group 23-32 of respondent has 33 members, among them the number of 24 respondents is mostly dependent on foreign product, 2 members are independent and 7 members are partially dependent on purchasing activities on the open border. This group shows that the large numbers of members are active in purchasing activities on the open border. Similarly, the age group above 52 has only 13 members of the respondent, among them only 1 member is dependent, 9 members are independent and 3 members are partially dependent. This group shows that the less number of members are engaged in purchasing activities on the open border. Likewise in the age group of 13-22, 33-42, and 43-52 have total numbers of members are 33, 30, and 11 among them the dependent members are 21, 19 and 1 respectively whereas independent members are 4, 5 and 5. The number of partially dependent members is 8, 6 and 3 respectively. This shows that the, among 120 respondent the total number of respondent who are dependent on foreign product is 68(57%), independent number of respondent is 25(21%) and partially dependent number of respondent is 27(22%) This indicate that the middle age group(23-32) and teenage group(13-22) are mostly engage in purchasing activities on the open border so that their dependency rank is high than other and oldies group are not properly engage on the open border market so that their dependency rank is low than other. Through

all these information the age factor determine consuming behavior of the consumer in the open border.

Figure 4.4
Dependency on Foreign Products



Source: Based on the table 4.10

4.4.6 Duration of Experience of Shopping on Open Border:

Most of the border sided household are involving in cross border shopping from ages. Such involvement is happening because border is near from their home town. In the research area, there are many household who are migrated from different places and engaging in shopping from cross border in different period of time. In this section, the duration of experience of shopping on the open border of the respondent of the study area is presented below:

Table 4.11

Duration of Experience of Shopping on Open Border

S.N.	Time of resident in years	time in experience (In years)	Frequen cy	Percent
1	5	1	7	6
2	7	1 – 5	49	41
3	12	5 – 10	31	26
4	16	10-15	23	19
5	25	20	10	8
Total			120	100

Source: *Field Survey, 2020*

Table 4.11 shows the starting time period of shopping on open border. Here, out of total sample of 120 household, most of the respondents (49 in numbers and 41%) have started shopping on open border less than 5 years and were recently migrated from hilly area. Similarly, 31 numbers (26 %) of household have less than 10 years of experience whereas 23 numbers (19%) of respondents have less than 15 years of experience. In the same way, 10 numbers or 8 percent of household claim to have 20 years of experience in purchasing from cross border. The initial residential respondents are only 7 in number covering the 6 percentage of total sample. This table demonstrates that who are permanent resident or who are living from long time in the town have long term experience in purchasing from cross border. This also shows that in the research area, there are large numbers of respondents who have short term experience and only few respondents have long term experience in purchasing from open border.

4.4.7 Level of Satisfaction of the Respondent of the Study Area:

Satisfaction is a major factor in consuming behavior of the consumer. It can also determine the various levels of consumers. A consumer always purchases those types of goods which are optimum choice of his/her and which can give higher level of satisfaction to the consumers. In this section, satisfaction response of household with foreign product can be illustrated as follow:

Table 4.12
Level of Satisfaction of the Household from Foreign Product

SN	Satisfaction	Frequency	Percent	Causes
1	Yes	75	62.5	Get cheap product, Near from home, saving, get all kinds of product etc
2	No	45	37.5	cheating, not easy for traveling, unknown about very kind of rule, not quality on goods etc
Total		120	100	

Source: *Field Survey, 2020*

Table 4.12 and figure 4.5 depict the satisfaction responses of sample household with foreign products. In this table, out of total 120 samples of households, 75(62.5%) numbers of households are satisfied and remained 45(37.5%) number of household are not satisfied with foreign product. This means the majority of household are satisfied with foreign products and they are enjoying in purchasing foreign goods.

In the study area, large numbers of households (62.5%) are satisfied with foreign goods. For this, they have given several reasons like:

- a) They can easily get products in cheap price as well as they can purchase more goods on less spending.
- b) They can easily reach there because their home town is near from open border.
- c) Without any burden they can collect various kind of product.

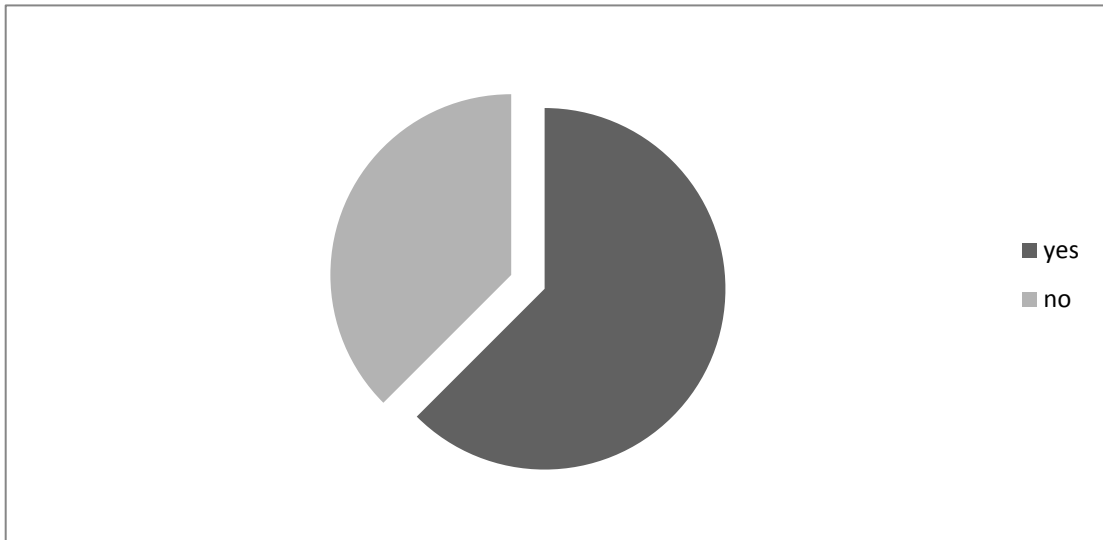
Aforementioned causes lead them to be happy and they seem satisfied from foreign product.

Similarly, 37.5 percent of respondents are not satisfied from given causes:

- a) They are often cheated by shopkeepers in the matter of measurement of goods.
- b) Troubles which are made by customs to the customer.
- c) Difficulties in traveling.
- d) Often expired goods are sold to illiterate customers and they easily purchase it.
- e) More chances to get disqualified Product etc.

Aforementioned causes are responsible for making customers unsatisfied from foreign products. It is also illustrated with the help of given figure:

Figure 4.5
Level of Satisfaction from Foreign Product



Source: Based on the table 4.12

4.4.8 Varieties of Product which are Purchasing in Large Quantity from Open Border in the Study Area:

Different people have different ideas and different choices. These ideas and choices are always come from different economic conditions. The varieties of products which are purchased by the respondent are determined by their class of the household in the study area. This can be presented below:

Table 4.13
Types of Purchasing Goods from Open Border

			Number of Respondent			
S.n.	Purchase Item	Level			Total	Percentage
		Lower	Middle	Upper		
	Frequency	13	87	20	120	
1	Daily uses goods	4	10	2	16	13
2	Cosmetics goods	2	21	11	34	28
3	Wearing clothes	4	37	3	44	37
4	Electronic Goods	1	13	2	16	13
5	All of the above	2	6	2	10	9
		Total = 120				100

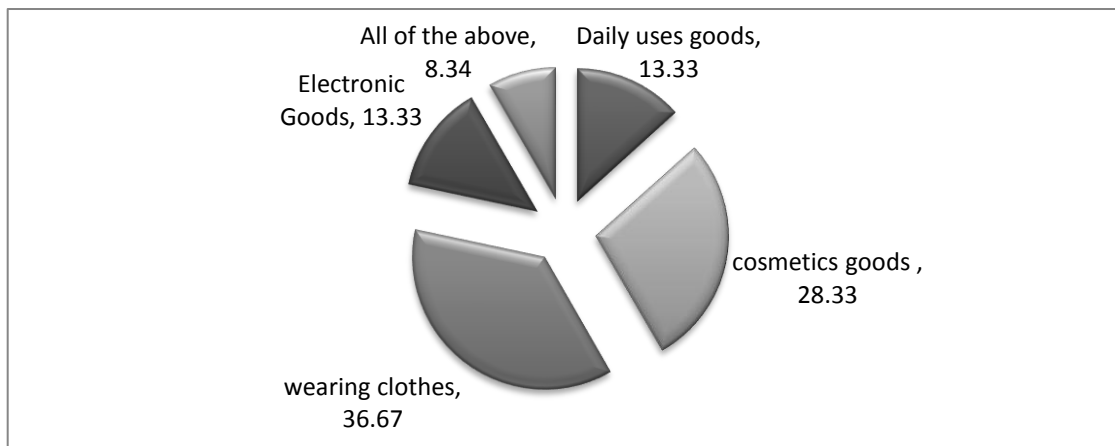
Source : *Field Survey, 2020*

Table 4.13 and figure 4.6 explain the class of respondents and the varieties of products which are purchased in a larger quantity by the respondents in the study area. In this figure, out of 120 sample of household, 13 number of household are from lower class family, 87 are from middle class family and 20 numbers of households are from upper class family. This figure clearly shows that upper class family give first priority for purchasing cosmetic goods, second priority is to purchase wearing clothes and lastly, they purchase daily uses goods, electronic goods etc. Similarly, middle class families firstly, choose wearing clothes; secondly, their choices move around cosmetic products; third choices are electronic goods and lastly, they choose daily uses goods (like meal product). Likewise, daily uses goods and wearing clothes are fall under the first priority of lower class family then after they choose cosmetic goods and electronic goods. In whole given details, there are 44(37%) households who are most active in purchasing wearing clothes; other 34(28%) households seem mostly active to purchase cosmetic goods. Similarly, 16(13%) household are most engaged in purchasing daily uses goods and electronics goods. Finally, remained 10(9%) households seem activated in purchasing of all kinds of goods. Hence, this shows that upper class families are more active to purchase cosmetic products than middle and

lower class family. Middle class family mostly preferred to purchase wearing clothes in contrast to upper and lower class family. On the other hand, lower class family chooses to purchase daily uses goods most often than upper and middle class family purchase on the open border. This information can be clearly illustrated through the given figure:

Figure 4.6

Types of Goods Purchasing from Open Border



Source: Based on the table 4.13

4.4.9 Income and Expenditure of the Household of the Study Area:

Expenditure is always depends upon the income of the consumer. People with high level of income have high level of expenditure too. When income level of consumer is in increasing stage, their desires are also seem increasing. Therefore, every consumer determines his/her expenditure being based on their income. In this section, the income and expenditure of the households and portion of expenditure which is spending on the open/ cross border and home country can be presented below:

Table 4.14

Annual Households Income

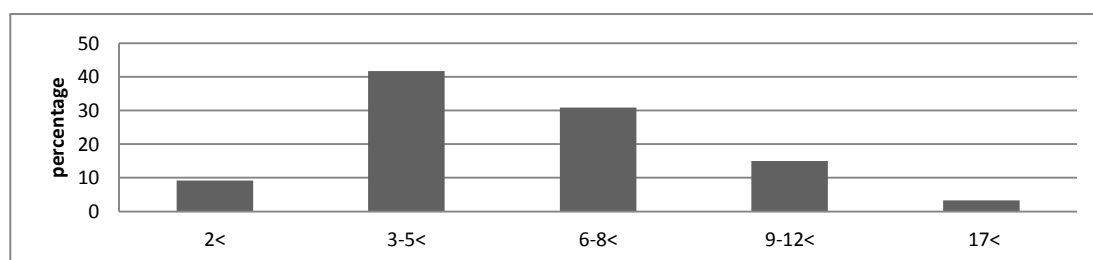
S.N.	Income of Household (In Lakhs)	Frequency	Percentage
1	2<	11	9
2	3-5<	50	42
3	6-8<	37	31
4	9-12<	18	15
5	17<	4	3
Total		120	100

Source: *Field Survey, 2020*

Table 4.14 and figure 4.7 clarify the income of households from different sectors (in lakhs) where only 4 (3%) numbers of household have best income i.e. more than 17 lakhs annually who are involved in their own business out of total 120 sample households. Here, majority of household who earn more than 3 to 5 lakhs seem engaging in agriculture specially. Second largest number of households is 37(31%) and third is 18(15%) with having income of more than 6 to 8 lakhs and more than 9 to 12 lakhs respectively. They are especially involved in industry, tailoring and shop keeping. This shows that there are few numbers of household who have low income profile and high income profile. This clearly demonstrates that there is majority of household who have medium and low level of income than high level of income of the study area. It is also explained with the help of given figure.

Figure 4.7

Annual Household Income



Source: Based on the table 4.14

Households Income (In average/ per capita)

The table 4.15 shows the average annual income of household from their occupation.

Table 4.15
Households Income (Average / Per capita)

S.N.	No. of HHs	Annual Income (in Rs)
1	120	9020000
<p>- Average Annual Income of HHs = Total Income ÷ No. of HHs</p> <p style="text-align: right;">= Rs 9020000 ÷ 120</p> <p style="text-align: right;">= Rs 75166.66</p> <p>- Average Per-Capita Annual Income of HH = Total Income ÷ Total Population</p> <p style="text-align: right;">= Rs 9020000 ÷ 563</p> <p style="text-align: right;">= Rs 16,021.31</p>		

Source: *Field Survey, 2020*

Table 4.16
Annual Expenditure of Household (in Lakhs)

S.N	Expenditure of Household(In Lakh)	Frequency	Percentage
1	1<	13	11
2	2-4<	85	71
3	5-7<	15	12
4	8-9<	7	6
Total		120	100

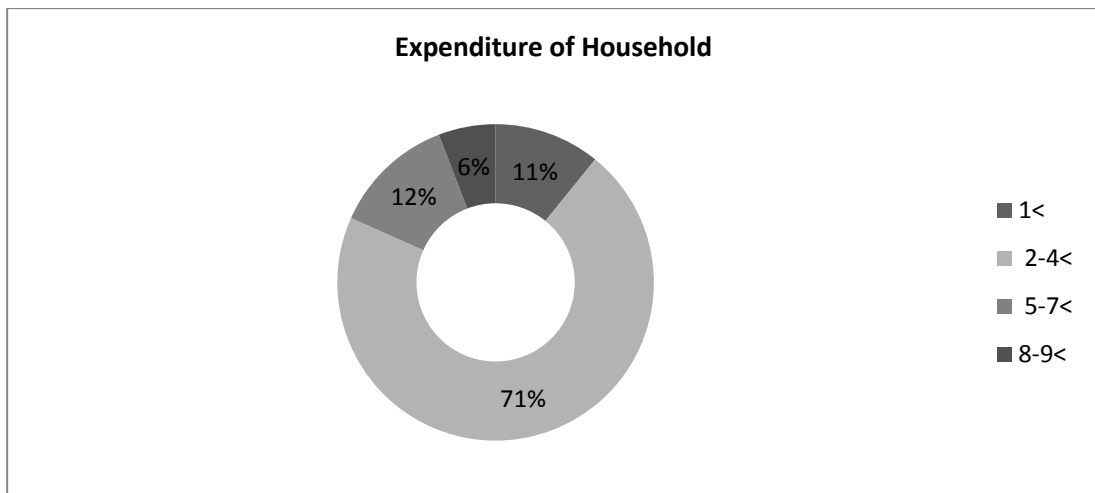
Source: *Field Survey, 2020*

Table 4.16 and figure 4.8 show the annual expenditure of household in different sectors of the study area. Here, 13 numbers of household (11%) spend more than one lakhs being based on their income which is more than 2 lakhs. Similarly, 85(71%) numbers of household spend more than 2 to 4 lakhs whereas their income is more

than 3-5 lakhs. In the same way, 15 numbers of households (12%) spend more than 5 to 7 lakhs as per their income which seem more than 6-8 lakhs and lastly, 7 numbers of household (6%) spend more than 8 to 9 lakhs being based on their income which is more than 9 to 17 lakhs in the study area. This shows that people having high level of income have high spending capacity in contrast to those who have low and medium level of income. Here, few numbers of household have high level of income. In this way, few numbers of household have more spending capacity on purchasing on the study area. This is also illustrated in given figure:

Figure 4.8

Annual Expenditure of Household



Source: Based on the table 4.16

Households Expenditure

The table 4.17 shows the average expenditure of household from their occupation as presented below.

Table – 4.17
Households Expenditure (in average/per capita)

S.N.	No. of HHs	Annual Income (in Rs)
1	120	9020000
<p>- Average Annual expenditure of HHs = Total Expenditure ÷ No. of HHs</p> <p style="text-align: right;">= Rs 43,70,000 ÷ 120</p> <p style="text-align: right;">= Rs 36416.66</p> <p>- Average Per-Capita Annual expenditure of HH = Total expenditure ÷ Total Population</p> <p style="text-align: right;">= Rs 43,70,000 ÷ 563</p> <p style="text-align: right;">= Rs 7761.98</p>		

Source: *Field Survey, 2020*

4.4.10 Households Spending in Purchasing of Goods from Home Country and Open Border of the Study Area:

Spending capacity of consumer always depends upon the income of the consumer and income always determines the class of people in the society. In this section, according to the of class of households, spending capacity of households on open border (India) and home country (Nepal) can be presented as follow:

Table 4.18

Consumer Spending on Open Border and Home Country (Nepal)

Class of Household	Frequency	Number of Respondent	Nepal (spending percent)	Across Border (Spending percent)	Total Percentage
Upper	20	10	70	30	100
		7	55	45	100
		3	60	40	100
Medium	87	43	25	75	100
		37	30	70	100
		7	40	60	100
Lower	13	12	25	75	100
		1	30	70	100
Total		120			

Source: *Field Survey, 2020*

Table 4.18 reveals the spending percentage of household on the open border and home country of the study area where out of 120 samples of households, there are classified in upper, medium and lower class status. According to classification of class, here are 20 household in upper class, 87 households are in medium class and 13 households are in lower class in the study area. This figure clearly shows in the study area, middle class family and lower class family are spending more on open border than home country, and upper class family is more active in spending on home country market than open border market. In upper class family, 10 numbers of household spend 70 percent, 7 numbers of household spend 55 percent and 3 numbers of households spend 60 percent on home country (Nepal). In middle class family, 43 numbers of household spend 25 percent, and 37 numbers of household spend 30 percent and 7 numbers of household spend 40 percent on home country (Nepal). Likewise, In case of lower class family, out of them, 12 numbers of household spend 25 percent and 1 numbers of household spend 30 percent on home country (Nepal) in the study area.

4.4.11 Most Preferred and Expensive Product among others on the Open Border of the Study Area:

Consumers always seek new varieties of products in the market and they most have to choose these products according to their budget because consumers try to maximize their utility with their budget constraint. Everyone wants to purchase best goods with less spending, but in some cases consumer prefer high priced goods and ultimately that goods become optimum choice of the consumer and finally they purchase such goods at high cost. In this section, the optimum choices of the household and expensiveness of this product in the study area are presented below:

Table 4.19
Optimum Choices and Cheapest of Price of Cross Border

SN	Types of goods	Frequency	Cheapest percent(in open border)
1	Daily uses goods(like, rice, sugar, oil, surf, soap, daal, green vegetables etc)	10	50 percent
2	wearing clothes(saadi, kurta suruwal, shirt, pant etc)	13	50 percent
3	electronic goods(TV, freeze, fan etc)	55	20 percent
4	cosmetics goods (lipstick, cream, powder etc)	45	30 percent
Total		120	

Source: *Field Survey, 2020*

Table 4.19 justifies the most chosen product form household on the open border and measuring the cheapest and expensiveness between home market product and open border market product. Here, out of 120 sample household, 10 numbers of household says that daily uses goods are cheapest than domestic product i.e. 50 percent cheapest

on open border market. Similarly, 13 numbers of household says that wearing clothes are getting on cheapest price than domestic market i.e. 50 percent. Among 120 household, 55 and 45 numbers of household say that electronic goods and cosmetic goods are no cheapest than other product on the open border i.e. these goods can be purchased only 20 percent and 30 percent at cheapest price than home country market. In the study area, most of the household are engaging to purchase wearing clothes and daily uses product which are cheapest than home country product. Some of the households purchase cosmetic and electronic goods, these are also cheapest on open border but in comparison to daily use product and wearing clothes, such goods seem to be expensive. Here, price difference of goods between Nepal and India has also collected.

Table 4.20

Price Different Between Home Country and Open Border Market of Goods

Goods	Verities	Qty	Nepal(NRs)	India(NRs Equivalent)	Percent(NRs)
daily uses product	Mustered oil	1 ltr	250	125	50
	Jeera masino rice	1 kg	30	60	50
	Sugar	1kg	45	90	50
	Oulse	1 kg	170	90	47.05
wearing clothes	Sadi	1pcs	5000	2500	50
	Kurta				
	Suruwal	1 pcs	4500	2500	44.44
Electronic	Shirt Pant	1 pcs	3000	1500	50
	TV	1 pcs	30000	24000	20
	Refrigerator	1pcs	45000	36000	20
cosmetic goods	Fan	1pcs	4000	3200	20
	Lipstick	1 pcs	500	350	30
	Powder	1 pcs	300	210	30
	Cream	1 pcs	2500	1750	30

Source: *Field Survey, 2020*

Table 4.20 clearly shows that daily use and wearing clothes are cheapest than electronic and cosmetic good i.e. 30 percent and 20 percent cheapest than others in the study area.

4.4.12 Views from Household about Like or Dislike of Foreign Goods:

In this section, the opinion and views of household about open border markets (India) goods are presented below:

Table 4.21
Views About Like or Dislike Foreign Goods(Indian Product)

S.N	Like or Dislike	Frequency	Percent	Causes
1	Like	97	81	Get cheap product, Near from home country, saving, get all kinds of product; it maintains both quality and cost.
2	dislike	23	19	not easy for traveling, unqualified product, cheating by custom, cheating by shopkeepers by selling expired goods
Total		120	100	

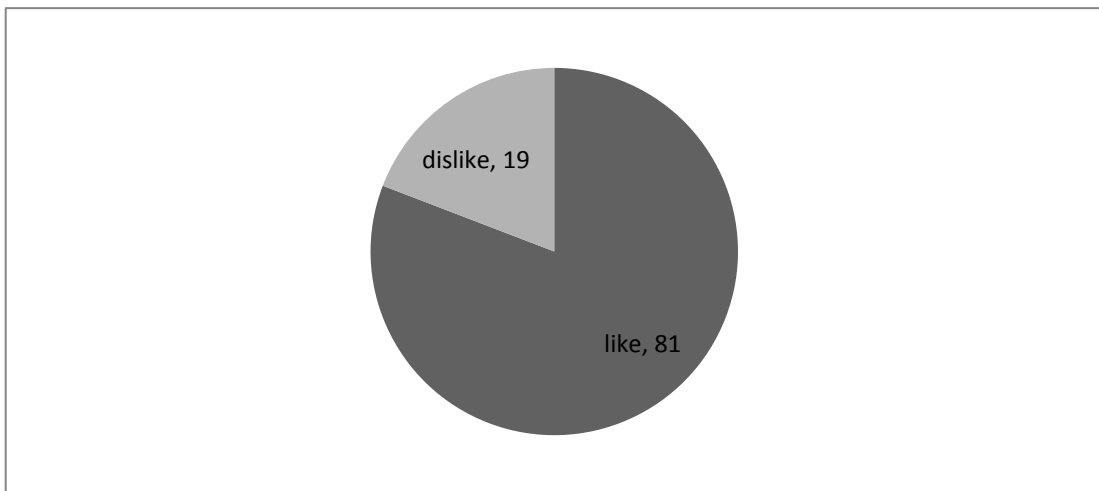
Source: *Field Survey, 2020*

Table 4.21 and figure 4.9 assert the views of household about the goods of open border market of the targeted study area. Here, out of 120 samples of household, 97(81%) household has given positive response about foreign goods and they said that these goods are mostly preferred by them because they can get varieties of the goods in cheap price. They also say that large quantity of various goods can be collected at low cost and easily money can be saved. In this way, they have good preferences over the products of open border market and they like such goods most. Respectively, they are enjoying in purchasing goods form open border market. Likewise, out of 120 samples of household, 23(19%) numbers of household have disliked to buy goods on

the open border market. Several seen and unseen reasons cause them become unsatisfied as a result, they dislike these goods. Such reasons are: trouble made by custom, uneasy to go open border market, more time consuming, unqualified goods, cheating by shopkeepers by selling product without expiry date. These several reasons make them unsatisfied from foreign goods (India) so they have expressed their disliking upon these goods which are imported from open border. This is also shown on the given figure:

Figure 4.9

Percentage of Like or Dislike from Household



Source: Based on the table 4.21

4.5 About Problems of Purchasing Activities on Open Border.

Final objective of this study is to analyze the problems of purchasing activities on open border in the study area. In this section, problem in purchasing activities on open border has included which helps to get information about the problems often arise in open border while purchasing goods. Similarly, it seeks about the easy access or difficulties while importing goods from custom and likely to get views about open border trade based on the study area. Based on this objective, some views raised by the households on the study area are mentioned below:

4.5.1 Problems on Purchasing Activities which are Faced by Households on the Open Border Market of the Study Area.

In the market, varieties of products can generate different ideas and convincing power of selling person. Every seller wants to sell their product with high profit and every buyer wants to purchase goods at minimum price being based on their budget. In this sense, there is possibility of emerging various problems between sellers and buyers in the market. Similarly, in the study area, most of the household are engaged in purchasing goods from open border. Among them, some of the households are more satisfied and some are not satisfied because of problems they face in the market. In this section, the problems which are faced by household on the open border market in purchasing goods can be illustrated below:

Table 4.22
Problems Faced by Consumer on Open Border Market

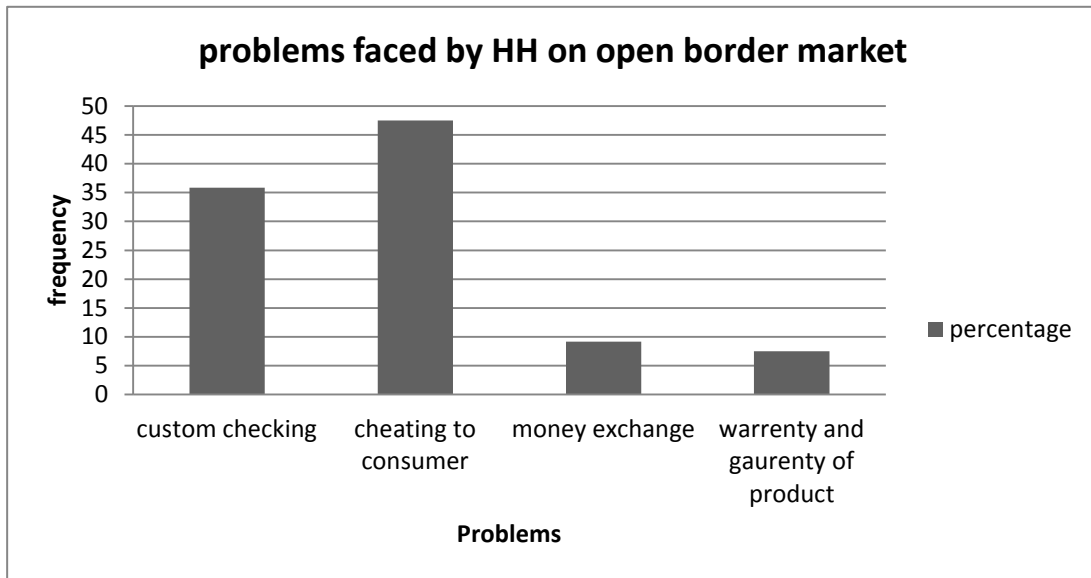
Problems	Frequency	Percentage
custom checking	43	36
cheating to consumer	57	47
money exchange	11	10
warranty and guarantee of product	9	7
Total	120	100

Source: *Field Survey, 2020*

Table 4.22 and figure 4.10 present the problems which are faced by household on the open border market of the study area. Out of the 120 samples of household in the targeted study area, large number i.e. 57(47%) of households is troubled by cheating from shopkeepers on the open border market. According to them, when they go to open border market for purchasing goods, they collect initial information from other consumers about quality and price of goods before going to market. But when they reach in market to buy goods, they get surprised by seeing the market activities between buyers and sellers. Most of the buyers are cheated by sellers there by selling unqualified goods at higher price. Similarly, 43(36%) numbers of household are troubled by unnecessary custom checking, 11(10%) numbers of household get

troubled in money exchange and 9(7%) numbers of households are troubled by warranty and guarantee of products. This has shown on the figure:

Figure 4.10
Problems Faced by HH on Open Border Market



Source: Based on the table 4.22

4.5.2 Access to Import Goods from Custom on the Study Area:

Indo-Nepal trade market has a very long and ancient history. It has been established for the consumers of both countries. Nepal is in front stage in imports activities than India. Most of the goods are imports from India because India- Nepal has open borders. In the context of study area, most of the people especially who are near from open border are engaging in purchasing goods from it (Open border). It is happening because Indo-Nepal has friendlier behavior to the entire consumer. Generally, accesses of open border in purchasing goods are being normal activities to the consumer whose home town is near from open border. In this section, the access to import goods from custom on the study area is presented below

Table 4.23

Access to Import from Custom on the Study Area

Age group	NOR(number of respondent)	Easiness		Difficult	
		Freq	Percentage	Freq	Percentage
13-22	33	13	11	20	15
23-32	33	17	15	16	13
33-42	30	19	16	11	10
43-52	11	3	2	8	7
above 52	13	0	0	13	11
Total	120	52	44	68	56

Source: *Field Survey,2020*

Table 4.23 demonstrates the easiness or difficulties in importing goods from custom in the study area based on the age group classification of respondents. Here, 120 samples of households are classified into five numbers of age group where the age group of 13-22 and 23-32 has equal numbers of household i.e. 33. Among them 13 and 17 numbers of respondent have said about the easiness to import and 20 and 16 numbers of respondent have expressed about the difficulties they face in importing goods. Similarly, age group of 33-42 have 30 numbers of households, among them 19 numbers of respondent talking about easiness and 11 numbers of respondent said about difficulties to import. Likewise, the age groups of 43-52 have 11 numbers of households and age group above 52 have 13 numbers of household, among them 3 numbers of respondent talk about easiness and 8 and 13 numbers of respondent have said about difficulties in importing from custom. Here, in a total number of respondents, 52 numbers of respondents have talked about the easy access in importing and 66 numbers of respondents have said about the difficulties to import from custom. This shows that a large number of respondents have not good experience in custom. They have faced several problems on the custom while importing the goods and less numbers of respondent have not faced such problems in the custom.

Here, respondents have given causes about the easiness or difficulties in importing goods from custom:

Table 4.24
Easiness or Difficulties for Imports of Goods

	Frequency	Percentage	Reasons
Easy	52	43	they release to the consumer who were purchase few goods to the market ,no apply extra charge to knowing consumer
Difficulties	68	57	custom cheated consumer by affix high charge rate to import large amount of goods to unknowing consumer
Total	120	100	

Source: *Field Survey, 2020*

Table 4.24 clearly shows that why respondents said about easiness or difficulties in importing goods from custom. Out of 120 samples of households, 68(57 %) numbers of respondents have faced problem in custom while importing goods. They said that there is high affix charge rate in custom office to import large amount of goods even in a case of unaware of custom rules. But 52 (43%) numbers of respondents have said that custom office easily release to the consumer who purchase few goods from open border without taking high affix rate. And they have talked about the people who knows about the custom rules hardly get cheated by them. In this way, this shows that the large numbers of respondent have faced the problems in importing goods from custom in the study area.

4.6 Concept about Open Border Trade in the Study Area

Focus Group Discussion

Focus group discussion program is conducted for understanding existing problems on the open border market, environment of open border trade, consuming behavior of the consumer on the open border, satisfaction and dissatisfaction of consumer, interested of consumer related to the open border market trade in the study area. The participants in the discussion were shopkeepers, individuals, students, sellers and buyers etc. Focus group discussion found that open border market is being essential area for most of the consumer for purchasing who are near from open border area. But there are

some major problems faced by consumers like: trouble make by custom, cheated by sellers through sells non-qualified goods and without expiry date of goods, money exchange problem, there are high possibility of theft of goods and cash because of crowded area on the open border market.

Key Informants Consultation

Key informants consultation is also conducted for duration of two hours in the study area. The participants in the consultation program were Deputy Mayor Mr. Dadhiram Aryal, Chairperson of Sunwal municipality Mr. Bhimbahadur Thapa Chettri, information officer Mr. Mohanraj Gyawali, businessman Mr. Bhagawan Shrestha, Principal devkota multiple campus bhumahi, district level political leaders, and social workers in the study area. The consultation program found that open border market is being easy in some area and it is being crucial parts for the consumer for the purchasing of goods. Besides this, open border market gives opportunity to get lots of goods by spending less especially those people who have limited income. In this way, domestic market will be in shadow zone. To attract consumer and increasing export and decreasing import on domestic market, producers should have produce lots of product and sells them in cheap price. To reduce lack of knowledge about quality of product,, there needs a proper policy of local government to launch a awareness program on local area to show the importance of using local product to expand the domestic market in the study area. When export increase and import is decreased, then the GDP of the country is likely to be grown. So that, according to consumer behavior on the open border market of the study area, to promote domestic market, marketers must sell their product on cheap price to the consumer. In this way they would be attracted and use almost domestic products.

Participatory Observation

The researcher is also involved in participatory observation activities in consumer behavior on the open border market and domestic market, problems on the open border for purchasing goods, rules of custom, price of goods on the open border market, which product is highly sold by the sellers on the open border market and domestic market etc. The participatory observation found that the open border market is being essential place for the consumers who are near from border. Most of the

consumers go to the open border market in search of the cheapest product without having the knowledge about the quality of product. Most of the consumers are habitual to go to on open border market and they all are enjoying by collecting vary kinds of product with spending less. According to such type of consumer behavior, domestic market will be going down because most of the consumers seek cheap products which only can be found on the open border market in contrast to domestic market in the study area.

CHAPTER – V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary:

Indo-Nepal trade relation has become vary friendlier from many years ago. As close neighbors, India and Nepal share a unique relationship of friendship and cooperation characterized by open borders and deep-rooted people-to-people contacts of kinship and culture. There has been a long tradition of free movement of people across the borders. India is Nepal's largest trade partner and the largest source of foreign investments, besides providing transit for almost entire third country trade of Nepal. India accounts for over two-third of Nepal's merchandise trade, about one-third of trade in services, one-third of foreign direct investments, almost 100percent of petroleum supplies, and a significant share of inward remittances on account of pensioners, professionals and workers working in India. Through the open border Nepal's also dependent on daily life activities.

Nepal's trade deficit with India has been increasing with each passing year. In the fiscal year 2018/19 Nepal's trade was hit by highest trade deficit with India where imported worth Rs. 1481.5 billion and exported only worth Rs 97.1 billion and trade deficit were worth Rs. 1321.4 billion which is the large amount of trade deficit in the fiscal year 2019/2020. According to data from ministry of finance of economic survey 2019/20 Nepal suffered total trade deficit of Rs 7990.5 billion in the FY 2009/10 to 2019/20. Nepal imports of products like petroleum products, iron, steel, automobiles and machinery items. In the fiscal year 2018/19 Nepal's exported capacity is increased from worth Rs 81.4 to worth Rs.97.1 billion and imported goods that fiscal year were worth Rs 1418.5 billion that is the highest export and import goods of Nepal , till the fiscal year 2019/20.

In the fiscal year 2013/14 export capacity of Nepal had been increased from worth Rs 76.9 billion to worth Rs .92 billion. In that fiscal year Nepal exported massive of goods like mushroom, saffron and floriculture products. Vegetable seeds, orthodox and CTC tea, Niger seeds, essential oils from medicinal and aromatic plants, leather goods, woolen goods, silver jewelers and silverware, gold jewelers than others fiscal

years. Again Nepal export capacity is slowly decrease through the fiscal years were 2014/15, 2015/16, 2016/17, 2017/18 where worth Rs 85.3 billion, 70.1 billion, 73 billion, and 81.4 billion.

On the basis of Impact of Indo-Nepal Border on Consumer Purchasing behavior, this study has found that most of the consumers are deeply impressed with open border market. According to consumers, they get positive impact on their consuming activities from cross border market because they can consume lots of goods as per their level of income with less spending and they can save some money through cross border marketing. Through their purchasing experience and opinion, we have found that in the study area, there is positive impact on the consumer purchasing activities on the open border market.

Likewise, several components are studied in this study which seems helpful to find the impact of Indo-Nepal Border on Consumer Purchases behavior.

On the basis of consumer behavior on the open border market, this study has found that 63 percent of households to open border market to get products in cheap price and 30 percent of households have gone to open border market with the reason of being near from home country and less number of households went to open border market because of quality of products. It is found that most of the consumers were gone to open border market for seeking cheap products than purchasing in home country market. In fact, they were not aware about either those were qualified or not qualified products because of their poor economic condition and lack of awareness about the quality of products.

Out of 120 numbers of households, 71 percent of households can easily go to the open border market for purchasing goods but 29 percent households cannot go to easily on the open border market for purchasing goods . It is found that more than half of the respondent have easy access on the open border and less number of respondent cannot go to easily on the open border for purchasing vary kind of goods in the study area. It is also found that the teen aged group and middle aged group are mostly engaged in purchasing vary kind of product from open border because they seemed desirous in collecting of large quantity of goods by spending less amount of money. But older aged group is not properly engaged in purchasing goods from open border because they cannot go too easily on the open border and they are also deprived from

getting custom knowledge, poor health condition and likely to get cheated by sellers etc.

Similarly, 72 percent of households are dependent on foreign product which is the largest number of members who are from teen aged group (13-22) and middle aged group (23-32) than other age group involved in shopping on cross border. It is found that teenager and middle Ages are more active on open border than old group members because 72 percentages of households can easily go to border and they have strong capacity to deal with custom that's why they are mostly dependent on foreign product. But oldies members are not active on cross border due to their inability to deal with customs and also their health problem, economic problem and mass of traveling; therefore they are not dependent on foreign product.

Out of 120 samples of household, 41 percent of respondents started shopping on open border less than 5 years, who were recently migrated from hilly area. Similarly, 26 percent of household have less than 10 years of experience, 19 percent of respondents have less than 15 years experience, and 8 percent of households have 20 years of experience and 6 percent respondents have only one year experience. This shows that people having long term of experiences seem permanent resident of the town where as respondents with less experiences on the purchasing from cross border seem migrated and have come from different places. It is found that there are large numbers of respondents who have short term experience and few numbers of respondents have long term experience in the study area.

Likewise, 62.5 percent are satisfied from foreign product (Indian) and less number of respondents i.e. 37.5 percent is unsatisfied from same product. Large number of respondents is found to be satisfied with these reasons:

- They easily get cheap products and can purchase more goods with less spending.
- They can easily reach to the open border because being near from home town.
- Without any burden, they can collect various kinds of product.

These several causes make them happy and they are satisfied from foreign product.

Similarly, 37.5 percent of respondents are found to be dissatisfied from these causes:

- They are cheated by shopkeepers in the matter of measurement of goods.
- Trouble made by customs to the customer.
- Difficulties in traveling.
- Often expired goods are sold to the illiterate and unaware customers.
- Disqualified Product etc.

In the study area, out of 120 samples of households, 17 percent households are found to be from upper class family. Among them, 10 percent of households are active in purchasing cosmetic goods. Similarly, it is also found that 72 percent of households are from middle class family, out of them, 31 percent of households are more active in purchasing wearing clothes. In the same way, 11 percent of households belongs to lower class family, out of them, 6 percent of households seem more active in purchasing daily uses goods and wearing clothes. It is found that upper class families seem more engaged in purchasing cosmetic product than to middle and lower class families. On the other hand, middle class family are more active to purchase wearing clothes than upper and lower class family and lower class family are more active to purchase daily uses goods and wearing clothes than upper and middle class family on the open border of the study area.

On the basis of income of respondent 3 percent of households have high level of income i.e. more than 17 lakhs and 10 percent of household have low level of income i.e. more than 2 lakhs. Most of the households have medium level of income i.e. 87 percent. It is found that 71 percent of household spend more than 2 to 4 lakhs and 6 percent of household spend more than 8 to 9 lakhs. It is also found that large number of household spending more than 2 to 4 lakhs and few numbers of household spend more than 17 lakhs because there are few numbers of household have high level of income who are spending more in comparison with low and middle class of households. Similarly, households with high level of income spend more but their percentage is less than other (low and middle class) household. There is the majority of the households having middle and low level of income in the study area. It is also found that households with high level of income have high level of spending too in contrast to low and medium level of income. Therefore, few numbers of household

have high level of income, although these few numbers of household have more spending capacity on purchasing on the study area.

Middle class family and lower class family are more active on open border market than home country market for purchasing goods whereas upper class family are highly engaged in spending on home country market than open border market in the study area. It is also found that in upper class family most of the households are spending 70 percent on home country market and from middle and lower class family; most of the households are spend only 25 percent on home country (Nepal) market in the study area. In comparison to home country market and open border (India) market, large number of households seems to be engaged in spending more on the open border (India) market than home country market because in the study area, most of the household were from middle class family.

In the open border market get 50 percent difference on daily uses goods and wearing clothes in comparison to home country market and get only 20 percent and 30 percent difference on electronic and cosmetic goods. It is also found that only daily uses goods and wearing clothes are cheaper than other goods on the open border market in the study area.

Out of 120 samples of household, 81 percent of households like foreign goods and 19 percent of household dislike these goods. It is also found that large number of the households are enjoying with open border market by purchasing vary kind of product and less percent of households dislike open border market because of several reasons which make them unhappy. Those reasons are like: trouble making by custom, uneasy to go open border market, more time consuming, unqualified goods, got cheated by sellers who sell the goods without having expiry date.

Among 120 samples of households, 47 percent of household are cheated by sellers, 36 percent of households are troubled by custom checking, 9 percent of households have faced money exchange problem and 7 percent of households are troubled by warrantee and guarantee of products. This shows that large numbers of households are cheated by sellers on quality and price of product.

Out of 120 samples of households, 57 percent households are facing problem on custom to import goods. They say that in a custom office there are high affix charge rate to import large amount of goods and 43 percent of households said that custom office release to the consumer without high affix rate who purchase few goods from open border. And they are also talking about that who have knowledge about the rules of custom cannot get cheated by them. In this way, it is found that the large numbers of respondent have faced the problems in importing goods from custom in the study area.

5.2 Conclusion:

Nepal and India has bilateral trade relation from ages. As a result, it has deep rooted relationship between them. Nepal and India share unique relationship of friendship and cooperation characterized by open border and deep rooted people-to-people contact of kinship and culture from the distant past. Most of the area of Nepal is near from the open border. Nepal-India has 22 main open border (i.e. Banbasa, Rupaidiha, sunauli, Raksual, Birtamod, Jogbani, Panitanki, Jhulaghat, Gauriphanta, Murtiha, Tal baghaura, Tulsipur, Barahani, Abzar, Bhikhanathori, Papraun, Bhimnagar, Amgaachhi, Baria, Bairgania, Sonbarsa, Jaynagar and Mirik) among them, Thutibaari is also one of the open border which are also destination place for those consumer who are enjoying on open border market for purchasing vary kind of product.

In the study area, 87 percent households have medium level of income where their income is 2 to 6 lakhs and their spending capacity is more than 2 to 4 lakhs. There are the majority of middle and low levels of income of the household in the study area and they are mostly engaged in purchasing wearing clothes and daily use goods from open border market because they want to fulfill their desire by collecting large quantity of goods with spending less money. But in the home country market, they did not get large amount of goods through less spending. That's why they go to open border market being based on their budget. Similarly, there are 63 percent of households who are enjoying with open border market by purchasing vary kind of products and they go to open border market to seek cheap product either those are qualified or non qualified. They are engaged on such activities because of their poor economic condition and lack of awareness about quality and non quality of product.

Similarly, 70.83 percent of households can easily go to open border market for purchasing goods but 29.17 percent of households cannot go to easily on the open border market for purchasing goods because teenager and middle Aged are more active on open border than old group members. Teenagers have strong capacity to deal with custom that's why they are mostly dependent on foreign product. But oldies members are not active on cross border due to their inability to deal with customs and also their health problem, economic problem and mass of traveling that's why they are not dependent on foreign product.

Similarly, in the study area, 62.5 percent respondents are satisfied from foreign product (Indian) and less number of respondents i.e. 35.5 percent is unsatisfied from foreign product. In the open border market 50 percent of difference can found on daily uses goods and wearing clothes in comparison to home country market where only 20 percent and 30 percent of difference can get on electronic and cosmetic goods. In the study area, only daily uses goods and wearing clothes are cheaper than other goods on the open border market. Therefore, most of the respondents are from middle class family in the study area who are more active in purchasing wearing and daily uses goods because of their weak economic status.

Similarly, in the study area, 81 percent of households have liked foreign goods and are enjoying with open border market in purchasing vary kind of product because their home country is near from open border and they can easily get varieties of goods by less spending. Similarly, 29 percent of household's dislike going on open border market because of several reasons which make them unhappy. Such reasons are: trouble made by custom, difficulties in reaching to open border market, more time consuming, unqualified goods, cheating by sellers by selling product without expiry date. In this way, 47 percent of household are cheated by sellers, 36 percent of households are trouble by custom checking, 9 percent of households have faced money exchange problem and 7 percent of households are troubled by warrantee and guarantee of product.

This shows that large numbers of households are cheated by sellers in the matter of quality and price of product. Likewise, 57 percent households are facing problem on custom to import goods. They say that in a custom office there are high affix charge rate to import large amount of goods and 43 percent households have said that custom

office release to the consumer without high affix rate who purchase few goods from open border. And they also talking about that people who have knowledge about the rules of custom, they cannot get cheated by them. In the study area, there are the large numbers of respondent who have faced the problems in importing goods from custom in the study area.

Finally, it is concluded that in the study area there is the majority of the those respondents whose home country is near from open border market and are also from middle class family. According to their budget, they try to purchase large amount of goods with less spending. But in home country market they didn't get more goods through less spending that's why they go to open border market to purchase lots of goods by less spending. Most of the respondents have purchased in wearing clothes and daily uses goods on the open border market. Large number of the respondents are enjoying in open border market although having lots of trouble made by customs, cheated by sellers on quality of goods and price. It is also concluded that in the study area large number of respondents didn't have custom knowledge and they cannot distinguish between qualified and non qualified product so that they are eager to collect lots of cheap product without checking quality of goods. In this way, by consuming these non qualities goods, they suffered from lots of disease. Open border market is being most essential area for those consumers who do not have well income status. In the study area, large number of respondents goes to open border market because they are obliged to fulfill their desires by getting lots of goods with less spending. To get cheap product and being near from home country are the main reasons to go on open border market in the study area.

5.3 Recommendations

The major recommendations of the study are as given:

- a) According to consumer behavior, consumer must to be rational in purchasing activities.
- b) Provide knowledge to consumer about importance of domestic market promotion for those consumer who are mostly engaged on open border market
- c) To attract consumer on domestic market and provide lots of goods with less spending.

- d) Make aware about qualified and non qualified product to the consumer.
- e) Provide knowledge to the consumer about customs issues and problems and tackle with those obstacles.
- f) Home country (Nepal) government should pay attention in enhancing domestic product and minimizing imports from open-border to increase GDP of the country.
- g) Marketers should win the trust of the consumer by providing qualitative goods in affordable price.
- h) The government should address other existing problems like manage taxes, price of domestic product, rules and regulation for swindlers, promoting domestic market etc.

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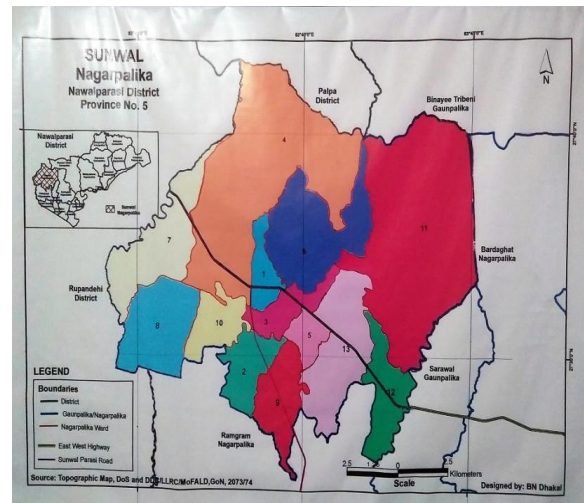
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Appendix I

Map of Study Area



Map of Nepal



Map of Border



Appendix-II

Household Questionnaire

Impact of open Border on Consumer Purchases

Behavior of Thutibaari Nawalparasi District.

General Information

Name of Respondent:M/F.....Age:

Address: Ward.No..... Tole:.....

Household Head: Male / Female

Caste/Ethnic: a) Brahmin b) Chhetri c) Rai d) Gurung e) Tamang f) Newar
g) Others

Class:- a) Upper b) Middle c) Lower

Marital Status:- a) Single b) Married c) Divorce d)

Widow

Education:- a) Below SLC b) SLC c) +2 d) Bachelors e) Masters f)

Above Master

Occupation:- a) Self Employed b) Private c) Govt. d) Semi Govt.

e) NGOs

Religion:- a) Hindu b) Buddhist c) Christian d)

Others.

Language:- a) Nepali c) Hindi d)

Others.

Major Occupation:- a) Agri. b) Livestock Keeping c) Industry d) Business e)

Service f) Others

Household Size: Total.....Male:Female:

Demographic Information

S. N.	Household Members	Sex		Age (years)	Occupation (code)	Education (code)
		M	F			
1						
2.						
3.						
4.						
5.						
6.						

B. About purchasing behavior of consumer on open border.

1) Why you are mostly engage to purchasing goods from cross border

- a) Near from home country b) For cheap product c) For quality product d)

Other

2) Is it easy to go border for purchases vary kind of product?

- a) Yes it is easy b) It is not easy c) d) Complicated e)

Normal

3) Are u totally dependent on foreign product?

- a) Yes b) No c) Partially dependent d) Other

4) When did you start to go border side for shopping?

- a) About 20 years b) about 15 years c) about 10 d) about 5 years

5) Are you satisfied from foreign product?

- a) If yes, why? b) If no, why c) Little bit satisfies d) Other

6) Which types of product you must purchase from open border

- a) Daily uses goods b) Cosmetics goods c) Wearing clothes
d) Electronic goods e) all of the above

7) How much is your monthly salary)

8) How much is your monthly expenditure?

9) How much percentage do you spend on purchases of goods from India?

10) How much percentage do you spend on purchases of goods from home country (Nepal)?

11) Which product is much better than other?

12) Which product is much expensive than other?

13) Why do u like or dislike foreign goods?

C) About problems of purchasing activities on open border.

1) What types of problem do u face when you go to border for purchasing goods?

2) Which type of problem is always come?

a) Custom checking..... b) Cheating to consumer

c) Money exchange.....d) warranty and guarantee of product

3) Is it easy to import goods from custom?

a) If yes, why? b) If no, why?

4) Is there any things to say about open border trade based on the study area?

Thank you for Cooperation

Appendix – III

Check list for Focus Group Discussion

1. Problems on the open border market
2. Excess of open border market.
3. Role of consumer on the open border.
4. Problems and challenges of on the open border market
5. Suggestions for expansion and improvements domestic market in the study area.

Appendix-IV

Check list for Key-Informants Survey

1. Role of open border market on the local area.
2. Participation of consumer on open border market
3. Trend of domestic market and open border market
4. Co-operation between consumers, sellers and customs.
5. Co-operation between local government and domestic market
6. Behavior of consumer
7. Concept about open border of the consumer

Appendix-V

Observation Check List

Socio-Economic Infrastructure.

- a. Ethnic / Caste Composition.
- b. Class composition.
- c. Condition of domestic market.
- d. Consuming behavior of consumer
- e. Participation of consumer on the open border market
- f. Interesting of consumer on the product

Behavior of Consumer

- a. Spending capacity of consumer on the open border market and domestic market
- b. Most chosen goods from the consumer on the open border market
- c. Spending capacity of the consumer

Appendix-Vi
Pictures of data collecting

