Informal Flow of Merchandise from India: The Case of Pakistan

Sustainable Development Policy Institute

Vaqar Ahmed, Abid Q. Suleri, Muhammed Abdul Wahab, Asif Javed

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Contents

Abstract

This paper aims to update the past estimates on the informal trade between India and Pakistan. We have in this survey-based effort only captured the informal merchandise flowing from India through the various routes identified by Pakistani traders. The quantitative estimates that were provided by the wholesaler and retailer community were validated through clearing agents and custom officials. We find that the key sectors in which informal flow from India is taking place include: fruits and vegetables, textile, automobile parts, jewellery, cosmetics, medicine, tobacco, herbal products, spices and herbs, paper and paper products and crockery. The major routes from where these goods are channelled into Pakistan include Dubai, Kabul, Kandahar, Chaman and Bander Abbas. The minor routes include several places in the adjoining border region. Our estimates show that the value of this informal flow from India to Pakistan is USD 1.79 billion annually. While such flows have narrowed the demand-supply gap in various product categories and created livelihoods for several in the poor regions, we also observe that this expansion in informal trade is hurting the manufacturing community. Pakistani producers end up competing with items that are not duty paid and thus found cheaper in the local market. There is also a loss of revenue to the government as these goods are not subjected to usual custom procedures. In case of food, herbs and pharmaceutical items such merchandise is not checked for health and safety standards posing risk to human health. We argue that given the large volumes of informal trade, it is in the interest of the government to move fast and adopt measures that lead to formalization of trade. The overall process of India-Pakistan trade normalization can certainly help this endeavour.

Keywords: Informal, Trade, India, Pakistan

1. Introduction

Prior to 1947, key South Asian countries including Pakistan, India and Bangladesh constituted a single entity and intraregional trade was substantial in the region. Consequently, even after independence, half of Pakistan's imports continued to come from India and two third exports went to India. Over time, due to the disputes over Kashmir, currency valuation and water distribution, the evolving nature of political relations between India and Pakistan led to declined bilateral trade volumes (USAID 2005). In fact, formal trade between India and Pakistan stood at around USD 1.9 billion in the year 2012 – far below its potential of USD 15 -20 billion (PILDAT 2012, Husain 2011,Qamar 2005). However, trade taking place between families residing on both sides of the border continued and translated into informal channels of exchange. Such informal trade results in revenue losses to the governments on both sides in the form of lost tariff revenues, as well as high transit costs to traders in the form of indirect routes and speed money paid at borders for the clearance of goods.

One observes that while trade restrictions between the two countries have led to curtailing formal trade, rising consumer appetite for the variety of goods available across the border has implied substantial increases in informal mechanisms through which trade is taking place. CUTS (2011) indicates that about 70 per cent of product categories included in the sensitive list of both countries would save about 60 per cent of import expenditure if sourced from each other at preferential rates (instead of importing from distant destinations). The rising consumer demand as well as the economic efficiency of cross border exchanges have both contributed to the large volume of informal trade between India and Pakistan. Such informal exchange between the two countries is not a new phenomenon; Khan et al. (2007) had estimated value of informal trade between India and Pakistan through various routes at USD 545 million (for the year 2005).

However, this estimate of informal trade between India and Pakistan is relatively outdated, and is consequently unable to account for the recent changes in the bilateral relations of the two economies. Therefore the primary aim of this study is to update the estimates of informal trade between India and Pakistan. Secondly, this study examines the routes and modalities for the commodities being exchanged between the two nations via informal mechanisms. Another important aspect of informal exchange analyzed in this paper is the implications of informal trade for the formal sectors of both countries. Our research highlights the concerns of the formal business communities and the challenges they face from informal cross-border flows. Fourth, the paper has delved into the possible reasons for trade of this nature, with special emphasis on the complex structure of duties and customs procedures. Finally, this study examines how the ongoing trade normalization process between India and Pakistan would provide an opportunity to formalize the informal exchanges between the two countries.

The next section provides a brief literature review on this subject covering prior work on informal trade particularly in regions with conflict-ridden borders in Africa and South Asia. Section 3 discusses the methodology used to estimate the informal flow of goods from India to Pakistan, followed by a section that examines the customs procedures and hurdles associated with formal trade between India and Pakistan. Section5 then discusses the sector-wise and product-wise characteristics of informally traded goods. The next 3 sections provide sector-specific characteristics of traded items, transit costs of informal traders and limitations of our methodology. Our policy message in the end calls for measures that can formalize the current informal flows.

2. Literature Review

We observe across the literature that researchers have adopted various techniques to estimate the size of informal trade including border observation, latent structure approach, and physical stock taking (Ogutu C 1996, Lesser C and Leeman E 2009,Minde I and Nakhumwa T 1998), comparison of partner country trade data (Nkendah R 2010) as well as use of secondary data and primary surveys (Macamo J L 1999, Pohit S and Taneja N 2000,Taneja N 2002, Afrika J and Ajumbo G 2012, Taneja N and Pohit S 2005).

The literature on informal trade estimation also reveals that such trade depends upon substantial trust among the dealing parties. Financial transactions for informal trade take place in barter arrangements or through informal ways of money transfers (i.e. Hawala and Hundi). The movement of tradable items usually occurs at the borders in informal ways and even if they come through formally designated routes, under-invoicing is reported to avoid the taxes and custom duties. Above mentioned characteristics of informal trade also make it difficult to quantify the volume and value of such trade.[1]

As regards the motivation for informal trade we know from the relatively large literature on the African case that lack of trade facilities, poor access to financial resources and corruption levels have induced such forms of trade (Nkendah R 2010). In Africa a major part of informal trade comprises of agricultural products such as maize, wheat flour, sugar, and rice (Ogutu C 1996, Lesser C and Leeman E 2009). In many countries such as Kenya, informal trade of food items with Uganda is an important factor for ensuring food security (Ogutu C 1997).[2] Informal trade however involves implicit costs for the entire society via channels of increased corruption and at times dumping of poor quality goods which in turn harm the country's domestic production. (Nkendah R 2010).

It is also observed that unrecorded exchange of goods with neighbouring countries is usually carried out by people living in border areas (see trade between Cameron and CEMAC sub region by Nkendah R 2010; trade between Mozambique and the neighbouring countries by Macamo J L 1999). As far as the economic value of informal trade is concerned, Lesser C and Leeman E (2009) suggest that it contributes 43 percent of the GDP in Africa. Estimating loss to the government due to informal trade Minde I and Nakhumwa T (1998) observe that 81 percent of the formal revenue remains untapped.

The dynamics of informal trade in South Asia are slightly different from those in Africa, but one can find certain similarities too (see Sattar and Pursell 2006). A significant difference is that unlike in Africa, agricultural products are not the major commodities under informal trade for the South Asian economies. On the other hand, the primary similarity in both regions is that the cross border trade restrictions among the nation

[1]In this study and as per our definition we have not regarded under invoicing as informal trade.

[2]It is also observed that at least 46 percent of trade was based on informal channels between Uganda and its neighbour countries in 2006. In the same year, the agricultural products worth USD 113 million were informally traded between Uganda and its neighbouring countries. The whole trade process is significant for wholesale retailers and small and medium enterprises.

states have given rise to the substantial volume of informal trade in South Asia as well as in Africa. In South Asia, Pohit S and Taneja N (2000) analysed the informal trade pattern between India, Bangladesh and Nepal. They conducted a survey comprising of 200 traders and their findings show that the informal flow is only originating from India to Bangladesh which consist of food items, textile and machinery, whereas in case of India and Nepal it is a two way flow. It was also observed that the traders from India and Bangladesh accept the currency of each other for ease of financial transactions.

Taneja N (2002) conducted a survey to analyse the informal trade between India-Sri Lanka and India-Nepal. The findings show that the estimated informal trade value between India and Sri Lanka is around USD 208 million. On the other hand, the trade value between India and Nepal is estimated to lie between USD 396 - 408 million.

Despite availability of literature that looks at the various facets of informal trade in South Asia, there is an increasing need to provide empirical evidence to the governments regarding the revenue gains associated with formalizing the current informal trade. There are also high non-tariff barriers that prevent formalizing of informal or quasi-formal flows of merchandise.

A consumer focus is also missing from the informal trade literature. We understand from trade theory that once NTBs are removed and processes allow formalization of trade, there are consumer surplus gains as well as savings to producers who may be able to import raw material and intermediate inputs at lower costs (as rents by middle men involved in informal trade are eliminated). With sophistication taking place in theory as well as computation methods it is likely that these gaps in the literature will soon be addressed.

3. Methodology

Pakistan shares its border in the east with India (2912 km) and due to the volatile situation seen at various border checkpoints, we cannot solely rely on border monitoring techniques (see Lesser C and Leeman E 2009) to estimate informal trade. For example, while such monitoring techniques may be applied with relative ease at the Wagah-Attari border, the case of other points such as Munabao, Ganda sing wala and Chakothi is very different.

The stock taking and its comparison with partner country trade data suggested in the literature is also not a viable option to estimate the magnitude of informal trade in the context of India and Pakistan, because traders in order to avoid taxes and customs duties under invoice the products. Further, part of the trade between India and Pakistan also takes place through a third country, for instance UAE or Singapore – quasi formal trade.

In our study the term *informality* of trade refers to any movement of goods between borders that has no official record (See Taneja 2002).For this study we undertook a structured survey approach (Annexure 1).The survey was designed to capture the modalities, characteristics as well as to estimate the volume of informal trade between India and Pakistan. The enumerators were carefully trained for probing these questions given the nature of activity. In case a respondent was found reluctant to answer a specific question, the enumerators will either infer the response or leave it as missing information if forming a certain judgement is difficult.

In our survey conducted in January 2013 we have targeted importers, exporters, wholesalers, retailers, transporters, custom clearing agents, Khepias[3] and frequent family travellers. The responses by traders regarding the routes, commodities and estimates of informal trade were also validated through our interviews with trade and custom officials. Most of the trade-sector respondents were involved in informal ways of business and while it was not possible for a specific respondent to give an estimate of the overall volume of products imported from India, they did provide estimates about their daily turnover of Indian products inside Pakistan, on the basis of which annual estimates were calculated.

We have taken a number of measures for the selection of sectors taking our lead from Khan *et al.*(2007) which mentions items that were available in Pakistan during an exercise conducted in 2005. Secondly we took into account the now liberalized sensitive list of goods for Pakistan from India. Thirdly we developed a list of informally traded items identified during KIIs conducted by Sustainable Development Policy Institute (SDPI) as part of identification of non-tariff barriers in December 2012. Our Key Informant Interviews (KIIs) with traders and custom clearing agents dealing in Indian tradable items also helped in making this list comprehensive. The key markets where these products are sold were identified and selected for the survey. Table 1 lists these markets. It is important to note that these markets are not dedicatedly dealing with informally traded products. Therefore the proportion of formal and informal stock available with the retailers was determined through the respondents' own judgement.

Table 1: Markets with Presence of Informally Traded Items

Sector	**Primary market**	**City**	**Primary market**	**City**
Textile	Bolten market	Karachi	Eshra, Azam and Shahalam market	Lahore
Tobacco	Nanakwara Kharadar	Karachi	Paanmandi (Anarkali)	Lahore
Livestock	Yazman Rohri	Bahawalpur		
Auto parts	Ranchor line Al-Noor market	Karachi	Badamibagh	Lahore
Auto parts	Peerwadhai	Rawalpindi		
Pharmaceutical	Bara	Peshawar	Shahalam market	Lahore
Pharmaceutical	Bohar bazaar	Rawalpindi		
Cosmetics	Bolten market	Karachi	Anarkali	Lahore
Cosmetics	Karkhano Bazar	Peshawar		
Jewellery	Bolten market	Karachi	Anarkali	Lahore
Spices & Herbs			Shahalam market	Lahore

Source: SDPI Survey Unit 2013

[3]Khepia is a local term used for business persons who buy products in wholesale quantities from a country and sell in their own country. Mostly this happens in gray market products i.e. markets where goods are bought and sold at prices lower than the official price set by regulatory agencies.

A detailed break up of our respondents is given in Table 2.

Table 2: Break up of Survey Respondents

City	No. of Responses	Break-up by Type of Respondent					
		Importer	Exporters	Retailers /Wholesalers	Transporters	Customs/ Clearing Agents	Rangers/ Security Persons
Karachi	47	5	5	35		2	
Lahore	48	10	5	30			3
Rawalpindi	20	5	3	10	2		
Bahawalpur	5	5					
Peshawar	15	5		10			
TOTAL	**135**	30	13	85	2	2	3

Source: SDPI Survey Unit 2013

4. Sectoral Estimates of Informal Trade

In order to estimate the volume of informal trade between India and Pakistan, it is difficult to observe the stock available with the wholesaler and retailers because during the interviews it was observed that they were hesitant to talk about their inventories (owing to fear of confiscation).Therefore we calculated the volume (or quantity) by seeking information regarding daily sales of Indian items not arriving through formal channels and their average prices. The annual quantity of informally traded products was then extrapolated using these estimates of the daily turnover in the various informal markets. The list of items not arriving through formal channels was validated through business associations and customs officials. In order to avoid the ghost figures their sales and business volume is revalidated from the competitors in the same market dealing in same or similar product categories from India. Some of the sector wise assumptions given below were developed by using information from trader associations, clearance agents and published information by the government sources.

Fruit and Vegetables

- There are four trading days at Chakoti border per week during which around 30 trucks pass through the line of control
- On average a single truck contains 750 cartons of fruit
- At least 15 percent of total cartons have no official record[4]
- Calculation for fruit and vegetables: The price of a single carton upon entry into the first Pakistani market ranges between USD 5.8-9.5. Our calculations reveal that 22500 cartons are traded informally during a single week. Multiplying this

[4]We understand that trading over LoC in barter terms or otherwise should not be categorized under informal trade. Therefore we are taking only that portion of LoC trade which has no record in formally recorded documentation.

by total number of weeks in a year i.e. 52 and with the average cost per carton provides an annual estimate of USD 5.4 million.

Textiles

- In the wholesale market in Karachi, Lahore and Rawalpindi (names of markets mentioned above),there are around 400 shop which are dealing in Indian cloth, fancy suiting and bridal wear. Apart from these shops there are road-side vendors not included in our calculation.
- On average the sale of each retailer ranged from 20-40 dresses depending upon whether the trader is a wholesaler or retailer. The sale also depends upon the season in which turnover is being considered. Each respondent was asked about: various types of dresses sold in quantity terms. The key dresses having value added content included *sari* and fancy suiting including bridal wear.
- The price of a *sari* dress ranged from USD 50-90and for the purpose of our estimation we have considered a value of USD 70per piece.
- The price of an Indian bridal dress ranged from USD 800-1600 and for the purpose of our estimation we have considered a value of USD 1200 per piece.
- Calculation for *saris*: 400 shops on average are selling 20 pieces each on a daily basis. This implies that the annual sale is around 2.92 million pieces. We multiply this with an average price per suit (USD 70) to arrive at the annually informally traded value of USD 204.4 million.
- Calculation for fancy suiting (including bridal wear): Like *saris* it is assumed that 400 shops on average are selling 20 pieces each on a daily basis. The wedding season is assumed for 4 months of spring and winter seasons. This implies that the 4 monthly sale stands at 960000 pieces. If average price per unit is assumed at USD 1200, we have our annual value of informally traded fancy suiting at USD 1152 million.[5]

Pharmaceutical

- The daily turnover in informally exchanged Indian medicine reported in Khyber Pakthunkhawa province and tribal area (specifically bordering region of Afghanistan and Pakistan) is USD 0.15 million.
- The daily turnover in Indian medicine reported in Lahore is USD 15,000.
- Calculation of Pharmaceuticals: We add the turnover of Khyber Pakhtunkhwa and Lahore to arrive at the daily turnover of $ 165000. We multiply this with 360 annual trading days to arrive at USD 59.4 million. In 2012, five trading days were reportedly lost due to stoppages in receipt of informal medicines from Afghanistan route.

Herbs and Spices

- Monthly turnover in spices is reported at USD 0.7 million.

[5] The justification regarding the 4 monthly peak sale during wedding season comes from our discussion with All Pakistan Textile Mills Association (APTMA).

- Monthly turnover in Indian black tea coming through Afghanistan is calculated at USD 0.1 million.
- There are wide variations in the daily values and therefore we have considered a month-on-month average.

Tobacco

- The price of Indian Betel leaf in Pakistani market reporting delivery through informal channel is USD 11 per kilogram
- On average the monthly consumption of betel leaf is reported at 0.3 million kilogram in Lahore only
- Monthly turnover in banned items like Ghutka and pan perag is reported at USD 0.40 million

Automobile

- Calculation for auto parts: There are around 50 shops (Karachi, Lahore and Rawalpindi had 18, 22 and 10 shops respectively) dealing in informally exchanged Indian auto parts throughout Pakistan and their monthly sales in Indian auto part is estimated at USD 0.47 million monthly. This is sum of turnover reported by respondents themselves. The sale takes place throughout the year and therefore monthly sales are multiplied with 365 trading days to arrive at an annual figure of USD 5.64 million.
- Calculation for tyres: The sum of responses received from the above mentioned cities as well as Peshawar in Khyber Pakhtunkhwa province reveal a daily turnover of USD 0.46 million. Assuming 365 trading days the annual figure is USD 170 million.

Cosmetics

- Cosmetics of Indian make were found in most of the markets mentioned in the methodology section
- Calculation for Cosmetics: A total daily turnover value of USD 0.15 million was seen in Karachi, Peshawar and Lahore (from where it is also distributed to some other parts of Central Punjab). Assuming that this supply is available for 365 trading days, the annual value of informally traded cosmetics stands at USD 48 million.

Jewellery

- There are in total150 shops in Karachi, Lahore and Rawalpindi which dealt in Indian Jewellery
- The daily sale on average is 2 bridal sets, 15-20 bangle packs and 60 lockets
- These items are priced very near to the locally made items in order to remain competitive in the market
- There was no evidence of seasonal variation in the turnover reported above

- Calculation for bridal sets: There are 150 shops on average selling 2 sets each per day. Average unit price of bridal set is USD 250 in the Pakistani market. This implies a daily sale of USD 75000. Assuming 365 trading days the annual value stands at USD 27.4 million.
- Calculation for Bangles: There are 150 shops on average selling 15 bangle sets each per day. Average unit price of bangles is USD 20 in the Pakistani market. This implies a daily sale of USD 45000. Assuming 365 trading days the annual value stands at USD 16.4 million.
- Calculation for lockets: There are 150 shops on average selling 60 sets each per day. Average unit price of lockets is USD 10 in the Pakistani market. This implies a daily sale of USD 90000. Assuming 365 trading days the annual value stands at USD 32.9 million.

Herbal products

- The average price of key items varied across markets. In our calculations the average unit price of black Asphaltum is USD 2.5, Isapghool USD 3.5, Chamanprasht USD 4.5, Feminine creams USD 2.2, hair oil USD1.8, beauty creams USD2.2 and herbal soaps at USD 0.7.
- Calculation for herbal products: There are around 41 Shops which deal in Indian cosmetic products. The sum of daily reported turnover stands at USD 4164. Assuming 365 days the annual turnover stands at 1.52 million.

The overall estimates of Indian goods flowing into Pakistan through informal channels are given in Table 3. We understand that these estimations are only based on the markets visited by our Survey team. A further limitation is that despite of the subjective validation of our qualitative responses, these estimates remain respondent's own judgement.

Table 3: Informal Flow of Goods from India to Pakistan

Items	Total USD million
Fruit and Vegetables	5.40
Textile	
Sari	204.40
Fancy dresses (incl. bridal wear)	1152.00
Pharmaceutical	59.40
Spices and Herbs	
Spices(Cardamom,Cinnamon, Jaiphal and Javitri)	8.40
Tea	1.20
Tobacco items	
Ghutka	4.80
Betel leaves	39.60
Autimobile sector	
Spare parts	5.70
Tyres	170.0
Cosmetics	
Soap, cream, shampoo, hair oil etc	48.0
Jewelry items	
Bridal sets	27.38
Bangles	16.43
Lockets	32.85
Low grade artificial Jewelry	
Lockets	2.19
Bangles	9.13
Herbal products	
Black Asphaltum	0.22
Ispghool	0.31
Chavanprashad	0.39
Feminine creams	0.19
Hair oil	0.16
Herbal beauty creams	0.19
Herbal soaps	0.06
Others	
Paper	0.30
Crockery	0.20
Total	**1788.89**

Source: SDPI Survey Unit 2013

5. Reasons for Informal Trade

A variety of factors have given rise to informal trade between India and Pakistan. The high tariffs on certain commodities, non-tariff barriers to trade as well as the inadequacies of transportation and infrastructure for formal trade – all encourage traders to find informal routes of bilateral exchange. Both policy and institutional factors give impetus to informal trade between India and Pakistan. This section brings forth the significant transaction costs associated with the customs procedures and clearances associated with formal trade, as well as the structure of duties on certain commonly traded items between India and Pakistan.

We understand that out of the entire list of items traded informally some are banned while others either face higher duty or transactions cost. Table 4 shows the existing customs duties and taxes on the goods coming to Pakistan from India if they were coming through formal channels. The structure of customs duty is diverse according to nature of the commodity, while the sales tax and withholding tax are fixed for each good at 16 and 5 percent respectively. The customs duty on cosmetics items is 30 percent whereas 5-10 percent duty is levied on jewellery.[6]

Goods included in fruits and vegetable sector have custom duties in the range of 0-30 percent, with most fruits having a duty of 30 percent. The wholesalers in *Sabzi Mandi* Rawalpindi indicate that majority of fruits and vegetable goods coming from India is through Chakoti border (Kashmir) where majority transaction takes place in barter arrangements.

As far as medicines are concerned, drugs such as Aspirin, eye drops and Paracetamol are included in the negative list with a custom duty range of 20-25 percent; however, a custom duty of 10 percent is charged on homeopathic products. In the textile sector, a custom duty of 25 percent is levied on apparel and clothing, whereas duty on carpets also stands at 25 percent. As far as tobacco items are concerned, ghutka is banned for import in Pakistan, while the tax rate on betel leaves is Rs. 200 per kg.

Applicable custom duty on black tea is 10 percent and a 5 percent duty is levied on cardamom and cinnamon. However, other spices such as red chillies and crushed/ground pepper have a duty of 15 percent. The auto sector bears the highest custom duty among the sectors that we have studied. Auto gears, windscreens and pumps are included in the negative list along with imposition of custom duty of 35 percent. Used tyres fall under three categories of custom duties; there is a duty of 25 percent on motor car tyres, 5 percent on bus/truck tyres, whereas for tractors the duty is 20 percent. A substantial level of indirect trade in the auto sector is also quasi-formal i.e. via Dubai.

Traders claim that there are unnecessary delays in the customs process, involving clearance in shipment and documentation process. Currently, a trader has to file an entry for clearance and after that he/she is solely dependent on the customs collector for further procedure. The customs collector creates hurdles for traders and their decision is not challengeable. On this basis, a customs collector always raises needless points in the clearing process so that traders are forced to pay some form of gift money. This turns informal trade a cheaper option even for the items formally allowed to be imported in Pakistan from India under the negative list based trading regime.

In addition to this, the lengthy procedure of clearance (through product standards and safety checks) is also troublesome for traders, as the increase in time duration also increases the transactions cost for the forward supply chain. The significant discretionary powers with the officials have resulted in instances of illegal payments for clearance processes. It is identified that while examination, goods may get damaged or

[6]This published rates are prior to Pakistan's Federal Budget 2013-14.

lost. In this situation, custom officials do not take responsibility and insurance companies do not provide comprehensive cover, which creates problems for traders at the final point. According to some traders, the 'informal insurance' and strong trust factor with Khepias results in greater certainty of consignments reaching safely and in a timely manner.

Table4: Duty Structure on Key Informally Traded Items if they were to be traded formally[7]

Items	Duty (%)	Sales Tax (%)	Withholding Tax (%)
Fruits and Vegetables	0-30	16	5
Textiles			
Sari	25	16	5
Fancy Dresses (incl. bridal wear)	25	16	5
Pharmaceuticals	5-25	16	5
Spices and Herbs			
Spices	5-15	16	5
Tea	10	16	5
Tobacco Items			
Ghutka	Banned	Banned	Banned
Betel Leaves	200/kg	16	5
Auto Parts (Gears, Windscreens, Pumps)	Banned	Banned	Banned
Tyres	5-25	16	5
Cosmetics	30	16	5
Jewellery Items			
Bridal sets	5	16	5
Bangles	5	16	5
Lockets	5	16	5
Low Grade Artificial Jewellery			
Lockets	10	16	5
Bangles	10	16	5
Herbal Products			
Ispghool	5	16	5
Chavanprashad	10	16	5
Feminine Creams	30	16	5
Hair oil	30	16	5
Herbal beauty creams	10	16	5
Herbal soaps	30	16	5
Others			
Paper	5-25	16	5
Crockery	30	16	5

Source: Federal Board of Revenue 2013

[7]From India to Pakistan.

6. Limitations of the Study

There are certain research limitations due to which several items could not be included in this study. During the survey it was identified that livestock from India is also coming to Pakistan. It is reported that in the past the cattle entered from the border areas near Bahawalpur (Rohi). Nowadays due to the fencing of the border the movement is restricted to some extent but smuggling of livestock is still reported. It remains difficult for the respondents to estimate the value of informal trade in livestock.

During the survey it was also observed that Indian made alcoholic products are coming to Pakistan through informal channels and are available in Karachi and Lahore. Respondents were unable to identify the quantity and routes through which they are coming to Pakistan. There were some reports that such alcoholic products could also be found entering from Gwadar, however this information could not be verified.

Future exercises that aim to refine this work should move away from perception based responses. More discrete methods may be adopted to reach data regarding daily product-wise transactions, frequency with which a market operates in a month or week, subsidiary markets if any for products that have greater demand at household level and trader's characteristics involved in the informal trade of various products.

Equally important for any future study will be to provide a cost and price build-up that then allows government officials to see the loss being incurred by distortive trade policies, gaps in border related trade infrastructure and lack of accountability in institutions responsible for trade promotion. Such a build-up analysis should specifically identify for each product the origin price in India, transport costs, payments towards bribes or in-kind, mark-up added at various stages in Pakistan and final price of the product charged to the consumer.

7. Sector-specific Characteristics of Informal Trade

Automobile Sector

In order to assess the informal trade between India and Pakistan in the automobile sectors, auto markets situated in Karachi, Rawalpindi and Lahore were visited. It was found that the Dubai channel and the Afghan Transit Trade (ATT) are the main sources of supply to the domestic market. Leakages from the transit containers also play a role in informal trade - as these containers sometimes go up to Afghanistan and come back to Pakistan, or commodities are leaked at Karachi en route to Afghanistan. Indian tyres are primarily supplied via the ATT route.

According to respondents, informal trade with India in the automobile sector is a recent phenomenon and has only started about a year ago. The majority of vehicle engine parts in Pakistan are imported from China, whereas from India, traders mainly import gear boxes. Most of these parts are channelled through the Wagah-Attari border. In Lahore, traders reported that they are shifting from Chinese to Indian parts because of higher cost effectiveness, better quality and ease of networking with Indian suppliers.

For some other items, the demand for Indian auto parts is low as compared to parts from Japan, Malaysia and Taiwan. However, even for these, Indian auto parts are considered as the major source to bridge the gap between demand and supply in the local market. It is observed that almost 30 percent of the deficiency in the Pakistani market is covered by Indian auto parts, especially in the case of gears, differentials, tyres and windscreens. Some traders were reported to say that after 10 months of active informal trading, their retail clients were ready to submit orders in advance for procuring Indian auto parts.

The demand for Indian tyres in the local market has surged and they cover significant market share. Both new and refurbish tyres are available in the market. Apollo, MRF and JK tyres are the key Indian brands available. There is also evidence of wrong declaration as the actual import value is more than the declared value.

Traders have expanded their businesses by diversifying the product range, as they now have Chinese, Indian and other brands to sell in the market as per the demand of customers. Small scale traders were found to be now able to scale up operations by stocking relatively low cost Indian parts. On average 3-4 workers were found employed in such shops, who frequently visit India and Dubai to establish networks which are now running the whole chain at ease. These traders suggested that formalizing this trade by removing some distorting barriers can further increase flow of Indian auto parts into Pakistan.

Tobacco Products

In order to estimate the informal trade in tobacco and its allied items, we visited the PanMandi– Nanakwara in Karachi and Anarkali in Lahore. The major items identified included betel leaves, areca nuts, tobacco, and ghutka. One of the routes identified for trade in betel leaves is the Mumbai-Dubai-Lahore route. Areca nuts and other pan ingredients are imported from Bangladesh and Sri Lanka.

In the southern region of Pakistan, betel leaves are mainly imported from Sri Lanka and Bangladesh whereas 60 percent of the market demand is fulfilled by the locally produced betel leaves in coastal areas of Sindh including Babio, Keti Bander, Sakro, Somara Dan, Gujjo MorChanddi and Sakhrand areas. Due to the popularity of the Indian betel leaf, even the local leaves are sold at some places under the tags of Indian variety. In case of ghutka, there are 5-7 types of Indian varieties available in the market. Ghutka is a banned item and it arrives in Pakistan through Mumbai-based sea route ferries and Khepias. Despite the adverse effects of ghutka on human health and its ban in India and Pakistan, traders claim that there is a substantial demand for Indian ghutka in local markets.

Most of the sales in tobacco items take place in the grey market, comprising of small hawkers and khokhas, who are not registered with any government authority. Their stock depends on the supply of products coming in through informal channels.

Textiles

To estimate the volume of informal trade between India and Pakistan in textile items, various markets were visited, including Ranchore line and Eidgah market at Karachi, Eshara, Azam market, Shahalam market, Anarkali at Lahore and Bara market and China market at Rawalpindi. It was found that the supplies of Indian textile items come to Pakistan through the Afghan Transit Trade (ATT) channel. There were cases where containers coming to the Karachi port under the ATT are unloaded without crossing the Afghan border. In several cases goods are smuggled back to Pakistan after reaching Afghanistan. This can be clearly observed in several markets across Khyber Pakhtunkhwa province. Some vendors also import Indian cloth through Dubai and Singapore. In this case the Indian cloth that goes to Dubai or Singapore is not stamped for its origin.

The main textile items found in the informal markets include Indian raw silk, cotton, Banarsi saris, muslin and readymade bridal dresses. The increase in demand for ethnic Indian garments is mainly attributed to media influence. The demand for ethnic ladies' suits increases significantly during the peak wedding season (post-August).

Table 5: Average Price Comparison of Indian Cloth in Pakistani Market

Items	Wholesale Price in India[8] USD	Price Upon Reaching Pakistan USD
Sari (per unit)	14.1	60.6
Bridal suits (per unit)	323.2	808.1

Source: SDPI Survey Unit 2013

Table 5 shows the prices of Indian clothes available in the Pakistani market. As can be seen, the cost of informally imported saris in Pakistan is more than 4 times the price in India, while the price of bridal suits is more than twice that at origin. The substantial price difference is partly due to the high transit cost and related barriers.

It is identified that these products are coming through people who visit India in their personal and family capacities. This is a regular practice for people who have relatives in India and it is much easier for them to arrange bulk quantities. On the other hand, it is observed that several frequent travellers have personalized clients to whom they cater on demand. The product is sold without having to go through any formal or informal market setting. The Khepias are also involved in facilitating this process; however they only sell the product to the wholesalers. Gurdaspur (India) and Ajmer (India) are the major supply points for Indian textiles to Pakistan.

[8]These are market averages as quoted by our respondents.

Cosmetics

Informal trade in cosmetics was estimated by collecting data from Bolton market in Karachi, Paan mandi in Lahore and Bara market in Rawalpindi. Indian cosmetics are smuggled into Pakistan through Afghanistan, as Afghan traders have established networks for this supply. An important channel for the informal imports of cosmetics into Pakistan is the Khepias, who are responsible for the bulk of supply. People visiting India on family visas also carry cosmetic items with them.

Indian soap, shampoo, beauty cream, hair gel, face wash, hand wash and makeup kits are in great demand in the Pakistani market. Although their market share is small as compared to that of Pakistani products, their demand has shown an increasing trend - mainly due to the influence of electronic and print media. There is wide variation in the quality of Indian cosmetics available in Pakistan. Low quality products are mainly traded in the small stores and hawkers stalls. Although the prices of these items are higher than local Pakistani products, there is demand for foreign products mainly due to the perception that they are of better quality.

Table 6: Average Price of Indian Cosmetics in Pakistani Markets

Items	Wholesale Price in India (USD)	Price Upon Reaching Pakistan (USD)
Soap	0.25	0.45
Shampoo	1.31	2.32
Hair oil	0.71	1.82
Beauty cream	1.21	2.22

Source: SDPI Survey Unit 2013

Table 6 indicates the price difference of cosmetics items of Indian origin in Pakistani markets. See Annex-II for sector-wise product description. The brands available in the Pakistani market are international but are manufactured in India. These include Ponds, Johnson, Godrej, Dauber and Vatika.

The restricted movement of Khepias directly affects the supply line of local traders. Any tension or delay in the visa process makes it difficult for traders to fulfil the demand in the local market. Time delays and various restrictions also occur during conflicts at the line of control. At Lahore and Rawalpindi most of the vendors reported that they are unaware of the channels through which Indian cosmetic products are coming into the market, but whenever there is demand, it is fulfilled by the Afghan traders who are accessible even on short notice.

Jewellery

The major selling points of jewellery items of Indian origin are Bolton market and Ranchor line in Karachi; Shahalam and Anarkali markets in Lahore; and Bara and China markets in Rawalpindi. According to our respondents, Indian jewellery items are coming to Pakistan through the sea route (sea area of Mumbai), Khepias, frequent family travellers and under the ATT.

The most demanded Indian artificial jewellery in Pakistan includes bridal jewellery sets, lockets, bracelets and earrings. The demand for Indian jewellery has increased because of the increase in gold prices in the international market. Customers prefer Indian artificial jewellery because of its relatively finer finish, giving it a closer resemblance to original gold items.

Table 7: Average Price of Indian Jewellery in Pakistani Markets[9]

Items	Wholesale Price in India (USD)	Price Upon Reaching Pakistan (USD)
High grade artificial Jewellery		
Bridal sets	121.2	252.5
Bangles	12.1	20.2
Lockets	6.06	10.1
Low grade artificial Jewellery		
Lockets	0.08	0.2
Bengals	0.2	1.01

Source: SDPI Survey Unit 2013

Table 6 shows the prices of Indian artificial jewellery available in the Pakistani market. Apart from the mark-up, the major cost is that of transit.

Whenever, the movement of Khepiasis disturbed, the supply to the local market is affected and some price increase is also observed. This factor disturbs the business relatively more in larger markets such as those in Karachi. Most of the customers were found well aware that these products are coming to Pakistan through informal channels.

Pharmaceutical

Pharmaceutical products of Indian origin were seen in the Shahalam market in Lahore and Bohar Bazar in Rawalpindi. It is identified that Indian medicine products are easily accessible in the Khyber Pakhtunkhwa province, especially near the Afghanistan border. In Peshawar several patients were reported to have doctors' prescriptions of medicines from India which enter tribal areas of Pakistan from Afghanistan.

Medicines such as Aspirin, Amoxilin, Ampicillin, Cemetidine, Famotidine, Co-trimaxazole, Ciprofloxine, Laxotanil and Rentidin manufactured by Indian companies (Liv 52, Serpina, Mentat, Herbdax) are available in the local Pakistani market. Even though drugs such as Aspirin and Paracetamol are included in the negative list and

[9]These are rates of comparable make and brand as reported by the retailers.

cannot be traded, they are available in local markets with ease, and there is a substantial demand for medicines of Indian origin due to their cheap prices. Pain killers such as Vasograin and Pramipexole Dihydrochloride were in high demand and are usually brought by frequent travellers in their personal baggage. In some cases, doctors in Lahore prescribe Indian medicines, informing patients of their better quality and lower costs. It was also found that Chinese buyers in Pakistan purchase Indian medicines in bulk, and that these demands are met by local chemist shops. These medicine are then taken to China in personal baggage.

The Indian lifesaving drugs were termed substantially cheaper than the lifesaving drugs in Pakistani markets. In Pakistan, Multinational companies (MNCs) are importing raw material from their country of origin (usually the Western countries), whereas in India, MNCs are bound to use the local inputs in the production process. This practice has increased the cost of final product in Pakistan.

As per the law, medicines are required to be registered with the Health Department before they can be sold in Pakistan. However, unregistered Indian medicines are being sold in Pakistan. Indian medicines available in Pakistan are not tested in any laboratory and medicines are not packed properly. Some of them do not contain any drug information literature. Our respondents from the chemist-trader community were of the view that the best possible way to deal with this grey market is to allow pharmaceutical items from India to enter Pakistan through the formal channels. In this manner the drugs entering Pakistan are more likely to be examined by concerned authorities. To facilitate the patients, especially users of life saving drugs, the government can encourage the import of raw material and related inputs of these drugs from India.

Herbal Products

There is no specific market for Indian herbal products in Pakistan as the trading activity is taking place at a micro-level. Dabur Hajmola, famine products, Chyawanprash, dabar salajet, and Dabur Vatika hair oil are the main products of Indian origin available in the smaller retail stores.

It is observed that these products come via both formal and informal routes. The sea route via Dubai is the major channel adopted for supply of these products. The Khepias and some of the frequent family travellers are also supplier of herbal products to the market. These Khepias and family travellers carrying products in their personal luggage thereby escaping customs duty. The occasional vigilance at custom ports was reported to disturb the supply for traders in Pakistan as they are unable to obtain their stock in time. Underinvoicing is also observed for trade of herbal products as actual value of imported stock is more than the value and volume officially declared.

The Pakistani Herbal products remain dominant in the market and have the maximum market share. Shops dealing in herbal products prefer Pakistani inputs for their final product and expressed the view that ingredients of Indian products are unknown to them. However, Indian herbal products are also available in their shops.

Advertisements of Indian herbal products on Pakistani cable channels encourage customers to demand these products without prior consultation with any herbal practitioner or traditional medicine expert. Traders dealing in Indian products indicated that the informal imports are expected to increase, as the credibility of the products is increasing and *word of mouth* has helped to increase demand. They also said that some items produced by traditional healers in India were unregistered even in India and could be harmful for the users if they are not inspected at entry point in Pakistan.

Spices and Herbs

The Jodiah Bazar in Karachi, Shahalam market in Lahore and Bohar bazaar in Rawalpindi were visited for assessing the volume and value of informal imports of Indian spices and herbs into Pakistan. The markets represent the wholesalers catering for bulk supply. It was observed that the informal channel for imports of spices and herbs in Pakistan is through the India-Kandhar (Afghanistan) route - entering Pakistan at Chamman border, finally reaching Karachi. Another route is the India-Kabul (Afghanistan) channel, from where it is forwarded to Peshawar and later distributed to Lahore and Rawalpindi.

Black tea, cardamom, cinnamon, jaiphal and javitri are the products identified during the visit which are coming informally from India and being traded in the local market. Most of this business is running at the small scale level. Pakistan currently imports black tea primarily from Sri Lanka and Kenya, whereas the corresponding Indian product is creating its market gradually. Indian tea is now starting to cover a significant portion of the total market share of black tea in the domestic market. Indian black tea comes into the Pakistani market through the Afghan Transit Trade route. There were also complaints by some Sri Lankan traders that tea of Sri Lankan origin, available in India, makes its way into Pakistan through informal routes in Kashmir. This to them was a violation of terms of trade under Pakistan – Sri Lanka free trade agreement (FTA).

Traders identified that due to the substantial import-stage taxes in Pakistan (customs duty and general sales tax), informal means of supply continue to flourish. The consumption of tea is rising with the increase in population and majority of the demand is fulfilled through imports. In this scenario, trade with India can significantly increase supply of tea and possibly bring down prices in local markets. However, some traders also reported that Indian tea is adulterated when it enters into Afghanistan. As a result, they often get tea of poor quality.

Fruits and Vegetable

The *Sabzi Mandi*(fruits and vegetable market) in Rawalpindi was visited for the assessment of informal trade in Indian fruits and vegetable items. This *Mandi* is the hub for distribution of fruits and vegetables to the twin cities -Rawalpindi and Islamabad. As per wholesalers, the main informal activity through barter takes place at the Chakoti border. Kashmir based traders are involved in this informal trade as they have networks on both sides of border.

Wholesalers claim that the quality of Indian fruit is better than that of local production and has a greater shelf life. Even in formal trade one observes that for the past few months, the supply of Indian bananas has reduced the market share of local bananas. Trade through the Kashmir border is badly affected when tension between India and Pakistan escalates. The bad weather also creates hurdles as snowfall occasionally closes the road channels. Due to perishable nature of items, it is not practical to store the goods for longer periods and there is no cold storage facility with the informal sector which ultimately makes it difficult to preserve the stock.

It was suggested by the traders that trade in these items should be expanded through the Wagha and Chakoti borders. Existing formal trade flow at the Wagha border is surely below the potential, forcing traders to resort to informal channels. Pakistan offers the best quality of mangoes, whereas the production time of oranges is less than that in India giving Pakistan an edge. The same is true for India's Bananas and Tomatoes. If border related infrastructure is expanded and standards-related non-tariff barriers are brought down, Pakistan and India can boost their bilateral trade in fruits and vegetables. The items such as onions, tomatoes and bananas can be made available in a timely manner to the market when there is a shortage of supply in Pakistan.

8. Transit Routes, Costs and Informal Transactions

In case of goods coming through informal channels, it has been observed that they are substantially expensive as compared to the same items in the Indian market. In case of cosmetics, jewellery and bridal suits retailers are charging 60-100 percent more in prices as compared to prices at origin in India. The respondents revealed that in case of jewellery and cloth items prices surge because of high transit cost (via informal routes) of the products whereas in case of cosmetics they related the increase in prices with the falling value of Pakistani Rupee vis-à-vis Indian Rupee. Table 8 and 9 below provide transit costs for Khepias and Pilgrims going from Karachi and Lahore respectively.

Table 8: Transit Cost for Khepias from Karachi

Type of Cost	Long Term Visa Holder (USD)	Short Term Visa Holder (USD)
Taxi charges in Karachi (up to 10 Km)	5	5
Taxi charges in Dubai (up to 10 Km)	5.5	5.5
Return ticket	365	290
Visa fee	300(90 days)	100 (30days)
Hotel charges	50/day	50/day
Food	30/day	30/day

Source:SDPI Survey Unit 2013. Average rates were obtained from travel and tour agents and by requesting actual quotations

Table 9: Transit cost of Pilgrims from Lahore

Departure	Arrival destination	Approximate cost ($)	Mode of traveling
Lahore	Delhi	140 (including Hotel charges)	By Train
Lahore	Ajmer	72	By Train
Lahore	Delhi	20	By Bus

Source:Ministry of Religious Affairs 2012

The Samjhota Express train service is used to take passengers from Lahore to Attari (India). Once a train from Pakistan enters India, the passengers are shifted into Indian Railway. The cost of religious trips mentioned in table 9 does not include passenger documentation charges of USD10. Charges of Bus service from Lahore to Delhi is around USD20.

It is observed that the travellers travelling through Samjotha Express can easily avoid the custom officials through petty bribes. According to the travellers, on an average a trip costs them around USD950 per family member. The items they bring from India are sold to known clients, friends and wholesalers.

9. Conclusion and Policy Recommendations

Based on our survey of informally traded goods in key Pakistani cities, the inflow of such goods from India to Pakistan has been estimated at USD 1.79 billion in 2012-13 – very near to the USD 1.9 billion of formal trade between the two countries in the same year. While informally traded items bring several benefits of lower costs and higher quality to consumers and traders, these exchanges impact the government revenues of both countries adversely as a direct result of bypassing customs. Moreover, producers represented by the Pakistan Business Council felt that this informal trade, particularly in case of sectors such as auto parts, was crippling the local industry, and therefore lowering the capacity of local producers to pay their taxes. Consequently, the government is suffering a double loss of revenue. Formalization of even part of the trade discussed in this paper could hold tremendous benefits for national revenue, and in that context, this section brings forth the policy implications of the findings discussed in our paper.

Textiles emerge as the single largest commodity being informally imported into Pakistan from India – constituting 75 percent of the total estimates of informal inflows. This is followed by imports of auto parts and tyres (9.8 percent), jewellery items (4.9 percent) and pharmaceuticals (3.3 percent). This composition of informal trade is readily explained by the high custom duties/bans on Indian commodities in Pakistan. Wearing apparel is levied a customs duty of 25 percent in addition to the 16 percent sales tax and 5 percent withholding tax imposed on all items. Given the consumer demand in Pakistan for Indian ethnic-wear, these excessive duties encourage traders and consumers to bypass official channels. Similarly, popular auto parts such as gears, pumps and differentials are on Pakistan's negative list, while tyres are levied duties as high as 25 percent. Most fruits, cosmetics, crockery and herbal products carry very high duties in the range of 20-30 percent, and many commonly imported pharmaceutical commodities are also on the negative list. Other than the high tariff costs, the complicated customs procedures also induce traders to use informal channels of exchange for commodities such as spices and jewellery.

With the rising demand for Indian goods in Pakistan, the flow of informal imports from India is set to increase in the coming months - especially if the Federal Board of Revenue (FBR) and Ministry of Commerce do not move towards formalizing these exchanges. This process of trade normalization must start with Pakistan granting India the MFN status, and ensuring that the tariff and non-tariff barriers on both sides fall to a level where formal trade becomes more attractive. It is important to understand that there are safeguards which can be used even if MFN is granted to India.

Further, the analysis of informal flows of merchandise should be discussed at the government level. A joint working group comprising officials of the Ministry of Finance, FBR, Ministry of Commerce and the central bank should discuss policy measures that could incentivize formalizing the current informal inflows from India to Pakistan in a way that does not prohibit economic growth or hamper formal trade between countries. Since the causes for informal trade do not remain stagnant, it would be useful for the proposed working group to report regularly on the causes of informal trade with neighbouring countries to the National Economic Council. The FBR should also report annual revenue losses due to informal trade to the government, as part of the Economic Survey of Pakistan published by the Ministry of Finance.

Important steps towards trade expansion with India would also include increasing the number of items allowed through the Wagah-Attari border, opening up the remaining nine land routes between India and Pakistan, allowing containerization via railways given that current trucking facility is unable to fulfil the demand on both sides, increasing the presence of plant department officials (for agricultural and related items), and signing the still pending trucking agreement between the two countries. Another extremely important aspect of the normalization process is the absence of essential cellular facilities and courier services between India and Pakistan. This peer-to-peer connectivity is important for the facilitation of both trade and investment between the two countries. It is worth mentioning here that both countries had announced a relatively liberal bilateral visa policy in 2012. However this policy has not been implemented on either side.

While these policy measures are imperative for the reduction of transaction costs and procedural difficulties of formal trade between India and Pakistan, addressing the high tariff rates and the banned items on Pakistan's negative list are also equally important in bringing about the formalization of imports from India to Pakistan. A combined effort towards removing the high tariffs on imports, as well as tackling the procedural difficulties of formal trade would result in substantial benefits to the farming and manufacturing community, consumers, traders as well as to the government revenue.

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Annexure 1

Estimating Informal Trade between India and Pakistan

Questionnaire (Quantitative)

Section I

1. Type of Respondent

1.	Importer	4.	Transporter
2.	Exporter	5.	Custom clearing agent
3.	Retail /wholesalers	6.	Rangers/security agent
7.	Others (please specify)		

2. Sector of respondent

1.	Fruit and Vegetables	6.	Automobile
2.	Pharmaceutical	7.	Cosmetic items
3.	Textile	8.	Herbal medicine
4.	Spices	9.	Herbal Medicines
5.	Tobacco items	10.	Other(please specify) _____

3. Specific products in which the respondent is trading

____

4. Volume of product imported from India

____

5. Value in local market

____

6. Demand of product in Pakistan market

1.	Low	2.	Medium	3.	High

7. Which localities are having high demand?

____

8. What are the factors that affect the change in demand?

____

Section II

BUSINESS CHARACTERISTICS

1. Are the consumers aware of the informality of the product?

1.	Yes	2.	No

2. How far is the formal market of the product?

1.	Low	2.	Medium	3.	High

3. Does informal product contribute to expansion of your business?

1.	Yes	2.	No

4. Is your Business registered with the Tax authorities?

1.	Yes	2.	No

5. Are wages of employees lower than the formal sector.

1.	Yes	2.	No
Guestimate in percentage			

6. What is the size of business enterprise?

1.	Small (less than 5 employees)	2.	Medium (5 to 15 employees)	3.	Large (more than 15 employees)

7. How many times government authorities have approached so far to check the nature of products/informality?

8. Are the prices of your product rising or declining over the time period?

1.	Rise	2.	Decline	3.	Don't know

9. Are traders happy with the informal manner of trading?

1.	Yes	2.	No	3.	Don't know

Section III

TRADE FEATURES

1. What is the trade route of this item?

   ____

2. What is the transit cost in Pakistan?

   ____

3. What is the transit cost in India?

   ____

4. Are the traded items totally banned or smuggled for avoiding tax net?

   ____

5. What is quality level of the product?

1.	Equal to formal sector	2.	Less than formal sector
3.	Better than formal sector		

Section IV

CUSTOM PROCESS

1. How much time is required in custom procedure if the product is brought formally?

   ____

2. Is there any documentation of the whole process of informal exchange?

1.	Yes	2.	No

3. If yes, what are the documents and what is the procedure to obtain them.

   ____

4. What is the extent of bribes or in-kind payments for facilitating informal exchange?

   ____

Section V

TRANSACTION PROCEDURE

5. What is the procedure of transactions?

   ____

6. Is there any credit lending?

1.	Yes	2.	No

7. If yes, how does the settlement takes place.

____

8. Are there any family visits that involve trade?

1.	Yes	2.	No

- If Yes, what commodities do they carry

  ____

- What is the travel route of them

  ____

9. Do local people cross the border?

1.	Yes	2.	No

- Ifyes, are they helpful in informal movement of goods?

  ____

Annexure-II

Sector-wise Product Description

Sector	Product	Indian Brands in Pakistani Markets
Auto parts	Wind screen Gear parts Differential parts Pumps Nozzles Tyres	Apollo, JK, MRF
Jewelry	Artificial jewelry Bridal sets Bangles Lockets	
Cosmetics	Make up kits Beauty creams Soaps	Ponds, Johansan Garnier Liril, Goorej
Medicines	Aspirin Amoxilin Ampicillin Cemetidine Laxotanil Co-trimaxazole, famotidine Ciprofloxine Rentidin	Liv 52, Serpina, Mentat, Herbdax
Tobacco	Betel leaf Ghutka Areca nuts Beri	Raj Guru
Herbal Products	Isphagol Chamman prast Feminine creams Hair oils	Dabur Vaitika
Spices & Herbs	Black tea Cardamom Cinnamon Jaiphal Javitri	
Textile	Sarees Bridal dress Fancy suits	Banarsi Sari, Rao silk, Muslin

Source: SDPI Survey Unit 2013