

Cross Border Trade in Northeast India: Critical Analysis

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Abstract: The Northeastern part of India is very important as far as the cross-border trade is concerned. Keeping in mind about the importance of Northeastern region vis-a-vis border trade with its neighboring countries, the government of India has taken up some measures to upgrade and facilitate the border trade along this international border and to ensure free exchange of goods and services across the border. However, it is to be noted that the government of India has not taken the Northeastern region seriously, until Narashimha Rao led government came out with the famous India's "Look East Policy" in 1991 which still remains on paper and yet to be fully implemented. Therefore, the Narendra Modi government had renamed and launched "Act East Policy" in 2014 to make "Look East Policy" more practical and action oriented. The paper tries to critically look into the cross-border trade in Northeast India with special reference to Bangladesh and Myanmar (Burma).

Keywords: Act east policy, BIMSTEC, BCIM, Border trade, Border Haats, Integrated check post, Land customs station, Look east policy, MGC, Northeast India.

1. Introduction

Bhattacharjee (2016) In the Event Paper "India's Vision on Act East Policy" at the National Seminar on "India's Act East Policy: Problems and Prospects in North East India" said that The Look East policy stressed on regional integration, reform and liberalization, rapid economic growth and development of the Northeastern region of India, adapting the approach of focusing on geographical proximity of regions, sub-regional cooperation and stress on free trade agreements. This policy has, though, without any doubt, brought India closer to the ASEAN nations, but was not fully able to tap the opportunities that such relations could have born. States falling in the North East remained deprived mostly of the benefits that could have been accrued from the policy being followed in earnest. According to the ministry of DONER, NEC Shillong the concerned state government of Northeastern region who share an international border with neighboring countries has proposed the government of India to set up border haats (twenty-nine proposed Borders Haats) along the International Border. Out of the proposed twenty-nine border Haats, fifteen Border Haats falls under Indo-Myanmar Border and fourteen Border Haats falls under Indo-Bangladesh Border. In spite of knowing the importance of Border Haats, it is surprising to know that only four Border Haats are functional which is officially recognized

by the government of India. These four functional border Haats are: Kalaichar, West Garo hills (Indo-Bangladesh Border), Balat, West Khasi Hills (Indo-Bangladesh Border), Kamalagar, West Tripura (Indo-Bangladesh Border), and Srinagar, South Tripura (Indo-Bangladesh). It is also to be noted that though it is proposed, there is not a single border Haats along the Indo-Myanmar border which is officially declared by the Indian government. The ministry of DONER, NEC Shillong said that one of the principal objectives of Border Management is to secure the country's borders against interest's hostile to the country and putting in place such system that will enable to interdict such elements. In this context, the government of India felt the necessity to undertake integrated development of infrastructure at the entry points on land borders. Existing infrastructure available with customs, immigration and other regulatory agencies at these points on land borders are inadequate. The need to redress this situation is recognized by all agencies concerned. One of the measures that were agreed upon is to set-up Integrated Check Posts (ICPs) at major entry points on land borders. Accordingly, the government of India approved to set up ICPs at thirteen locations along the international borders in phase wise, out of which, five proposed ICPs are in Northeastern region namely: Moreh (Manipur), Dawki (Meghalaya), Akhaura (Tripura), Sutarkhandi (Assam), and Kawarpuchiah (Mizoram). However, till date, only Akhaura (Tripura) Integrated Check Post, which is in Indo-Bangladesh Border is functional and the rest of the proposed ICPs in Northeastern region are still yet to be officially declared, which in fact limits the border trade across these international border (*Ministry of Doner, NEC Shillong, 2011*).

As per the record of customs and central excise (P), shillong, The Indian Northeastern region has thirty-four Land Customs Stations to regulate the cross-border trade along the international border of Myanmar and Bangladesh. Out of thirty-four LCS, twenty-four LCS are functional and ten LCS are non-functional. However, it is learned that the cross-border trade, which are carried out through these International Borders, are very limited because of certain restrictions, in spite of having a diverse scope. (*Central board of excise and customs, customs and central excise, customs (P) NER, Shillong, Annexure- IV*)

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2. Literature Review

According to Das (2000: 23), the trade between North-Eastern Region and the Neighboring Countries particularly, Bangladesh and Myanmar can be classified into two types: Official and unofficial (illegal trade). While the volume of official trade is recorded at different levels, it is almost impossible to quantify the volume of unofficial trade. India enters into Border Trade agreement with Myanmar on 21st January, 1994 and came into effect on 2nd April, 1995 when Border Trade was officially declared open for trade at Moreh in Manipur. However, the export-import data of ministry of commerce, Government of India shows that the Border Trade in Indo-Myanmar Border is not satisfactory and the trade volumes, which are recorded officially, are lower as compared to Indo-Bangladesh Border Trade. Das Bharghav and Bordoloi (2015: 04-11), Though India and Myanmar agreed to allow border trade in 22 commodities in 1994 agreement, which was later expanded to 40 items in 2008, it seems to have lost its relevance particularly since informal or illegal trade has proliferated. He further mentions that the official and unofficial trade between these countries and India go side by side. The study conducted by NCAER and IIFT revealed that the informal trade in these international borders is mainly carried out in Moreh in Manipur and Champhai in Mizoram along the Indo-Myanmar border and the informal trade along Indo-Bangladesh border is mainly carried out in Fakiragram, Mankachar and Karimganj in Assam, Lichubari and Dawki in Meghalaya, Tlangbung in Mizoram, Kailashsahar, Agartala, Sonamora, Bilomia and Sabroom in Tripura state. He concludes that, informal trade across these borders is easily carried out because people living in either side of the borders are ethno-culturally homogeneous. He added that the entanglement of politicians, bureaucrats, security person and people in the enforcement agencies in unofficial trade has virtually blurred the domain of legal and illegal trade along the NER-Myanmar and Bangladesh border. Another reason for encouraging informal trade across these borders is the heavy duties charged by the customs and excise department. Das (ibid, 2000: 38-41).

According to Pohit and Taneja (2002: 122-151), the south Asian countries took a major initiative towards greater regional economic co-operation in 1991, when it decided to establish a Preferential Trading Arrangement (PTA) within the South Asian Association for Regional Cooperation (SAARC). They rightly argued that, however, the trade coverage of these regions remains very low and strong doubts are raised about the progress of trade liberalization in the SAARC region. They further said that, informal trade in the region takes place owing to high tariffs; non-tariffs barriers and domestic policy distortions and they went on to say that, it is reasonable to expect such trade (illegal trade) to shift to legal channels with the removal of trade barriers. However, it is to be noted that, they exclude high value-goods such as gold, silver, diamond, narcotics, arms and ammunition from the purview of study in informal trade which in fact are the most lucrative one. They conclude that, informal trade takes place due to trade and domestic policy distortions. As and when such distortions are corrected, informal trade will shift to the formal trade and the

other related factors which promote informal trade are policy environment, institutional factors and non-economic factors. According to their survey, institutional factors were the most important factors which encourage informal trade between India and Bangladesh and the top four institutional factors are a) quick realizations of payment, b) no paper work, c) no procedural delays and d) lower transportation cost. They also added that low level of education among the informal traders also may be one of the reasons which deter them from using the formal channel.

Das and Bordoloi in their article "*opportunities of border trade in NER India: with special reference to Indo-Myanmar trade*" pointed out that there is significant differences between the official administered rate and unofficial market rate of kyat against US dollars or Indian rupee. This has impeded the growth of normal trade including letter of credit (LCs) transactions. They further said that, since the agreed exchangeable items are very limited, legal trade is carried on small scale. As a result, a large scale of border trade is carried out through informal channels. Moreh (Manipur) handles both export and import cargos however the volume of trade handled is miniscule as compared to the informal trade that takes place through the local trade point, better known as 'Gate no. 2'. This gate has no customs officials, only few security personal were found to be managing the gate. Barter Trade is a common practice among traders engaged in informal trade. According to Reimeingam (2015), Moreh (Manipur) is the main transit point of Drugs and Arms smuggling in Indo-Myanmar border. He added, besides drugs and arms smuggling, endangered wild life species like Tokay Geckos which has a high medicinal value are frequently smuggled through Moreh. Thus, it is difficult to ascertain the volume of informal trade and the only method to estimate informal trade flows is through primary surveys.

3. Findings

Indo-Myanmar (Burma): The main problem face by the people living in Nagaland-Myanmar border is related to Socio-Political issue. Their main concern is the Land and Socio-Cultural relation they have. The Nagas, particularly the Konyak and Khiamniungan living in these areas are divided by the imaginary (for the Nagas) political boundary created by the Indian government and Myanmar government. Their biggest fear is the erection of fence along these borders, which is coming into reality and may affect the socio-cultural relation among the brothers of same blood and divide their land. It is learned from the field study that the socio-cultural relations that they have and maintained is more important to them than the economic relation, as they are economically self-sufficient to certain extent. The Nagas (Konyak and Khiamniungan) from the other side of the border has more business transaction in the Indian side as they could not access to the Burmese market because of the road communication problems. Therefore, we can say that Dependency is one sided in nature as the Nagas (Konyak and Khiamniungan) from Myanmar are mainly dependent on Nagas (Konyak and Khiamniungan) from India. However, they believed that economic relation will certainly fall in line and improve with the improvement of road

communication in both India and Myanmar side which is yet to be taken place and as long as their land is not divided. People living in border areas mind their own business without bothering the rules and regulations which are being set by the customs officials. The same ethnic group lives in both side of the border which makes it difficult to regulate the people's movement across the border.

The business affairs and social interaction in Champhai District, Mizoram, which share an international border with Myanmar, is very different from that of Garo Hills in Meghalaya, which also share an international boundary with Bangladesh. Same ethnic group i.e., Lushai, Paite and Zo who are staying both in Mizoram (India) and Myanmar runs the whole business in border area of Mizoram and Myanmar. There is an easy exchange of people from both the side as there is no strict rule on it, considering their same ethnic identity. Almost all the business in Champhai district of Mizoram is run in Informal form. However, people never consider it as illegal. Goods from Myanmar and the goods from third countries, which are brought through Myanmar, dominate the market in Champhai District. It is observed that goods from third countries are mostly Second-hand clothing and edibles, which they get in cheap rate. It is also observed that most of the business in Champhai District is run by same ethnic group (i.e., Lushai, Zo and Paite) from Myanmar, which actually generates the felling of insecurity among the local people of Champhai District, though they are from same ethnic group. Zokhawthar LCS, though consider as one of the important trade point in Indo-Myanmar border next to Moreh LCS, is not up to the standard to regulate the large volume of trade because of lack of infrastructure and service facilities like banking service, warehouse, lab testing centre etc. Traders have to depend on the banks located in Champhai town, which is around 42 kms from Zokhawthar LCS. Most of the goods which are brought through this point are sent to Imphal for Lab testing which is time consuming as it takes two to three weeks to clear the lab test and which directly affected the trade and discouraged the traders to do trade in formal form. Though there are proposal to set up border haats in several places like Vaphai and Hnahlan in Mizoram along the Indo-Myanmar border, it may not necessarily lead to the improvement in cross border trade unless the communication infrastructure of these area is improved and reduce the lengthy paper work which at present is a big hindrance for the traders.

Indo-Bangladesh: Fencing along the Indo-Bangladesh International border in South Garo Hills, West Garo Hills and Southwest Garo Hills district of Meghalaya has both positive and negative impact. Prior to the fencing of this international border there was frequent smuggling of cattle's, drugs, and other goods and countless cases of theft with easy transit of people from the other side of the border, which after the fencing, has reduce and check by the concerned authority. However, after the fencing, many Indians land went to Bangladesh side and some communities were also divided. People could not cross the fence and cultivate their land which lies in Bangladesh side and they could not meet their relatives who lives across the border. Smuggling is mainly carried out by

the people from the other side of the border and the smugglers from the Indian side are mostly non-locals. There are some cases where local people involved in smuggling but they do so not to make profit but to meet their necessity which can be reduced by generating employment opportunities for the people. The NGT ban on coal mining, extraction of boulder stone and exporting those items has a negative impact for the people living in border areas. Since majority of the people living along this border are daily wage earner, most of them are engage in coal mining and extracting boulder stone as laborers which is now totally ban by NGT and rendered jobless to many people and limits the scope to earn their livelihood. People living along this international border have lost their faith in Government. In many cases, the government schemes which are meant for developing the border areas do not reach the target areas and many people living in different areas along the border have not even received their compensation for the land which they had lost after fencing. There is no proper medical centre, educational institutions and government establishment which may promote the welfare of these people.

Srimantapur Land and Customs Station located at Srimantapur village under Sonamura RD Block in Sepahijala District of Tripura is considered as an important location bordering with Bangladesh. The Srimantapur Land and Customs Station are attached with Integrated Development Complex, which was newly constructed by Tripura Industrial Development agency. The complex has to be maintained by Land Port Authority of India. Bank and Immigration office is still yet to shift to the complex. The nearest town of Bangladesh from Srimantapur is Comilla, which is approximately 5 to 6 km from the border. Imports of goods by India from Bangladesh through this point dominate the business transaction. Pillar Number 2083/10S stand between India and Bangladesh on this border point. Cement is the dominant import item from Bangladesh to India. Crown, Seven Rings, Aramit cement etc. are some of the common brands of cement which are imported to Tripura through this border point. The local people of Srimantapur (especially the Men folks) engage themselves as a laborer in this business. Approximately, 95% of the population living in Srimantapur belongs to Muslim community. Through the interaction with laborers who are engage in this business; it is learned that there are more than 90 laborers and increasing year by year, who are directly dependent on this labor for their livelihood. They do the unloading and loading of cement bag from one vehicle to another vehicle manually on the road side, as the facility for the same is still under construction and yet to open which is next to the border gate. The laborers are paid Rs. 3/- per one cement bag for unloading and loading and they earn Rs. 200/- to Rs. 250/- per day. It is learned that more than 200 heavy vehicles from Bangladesh cross over to India through this border point in a day, mainly carrying cement which has the capacity to carry 250 to 400 cement bag per vehicle. Considering the transportation cost, people living in Srimantapur in particular and Tripura in general wholly depend on Bangladesh cement, as the transportation cost is cheaper to bring the cement from Bangladesh than from other parts of India. Cement imported from this point is distributed across

Agartala. The records of the last five year (2012-2016) maintained by the Immigration office in Srimantapur shows that, people crossing the border to India from Bangladesh has increased from 729 to 7595, which has increased more than ten folds. Majority of the people who cross over to India are mainly for medical purpose. Any Indian who wants to cross over to Bangladesh side has to deposit a sum of Rs. 500/- Indian Currency, in the Bangladeshi Bank as Travel Allowance. One of the item which are frequently smuggled to Bangladesh from India is Phensedyl (Cough Linctus), which cost Rs. 127.50/- in Indian currency and sold with higher rate in Bangladesh taka. There is a high demand for Phensedyl (Cough Linctus) in Bangladesh, as alcohol is ban in Bangladesh; people substitute alcohol by consuming Phensedyl (Cough Linctus).

Though the infrastructure has developed and the Land and Customs Station has facilitated all the business transaction, all these development in this border area does not have a direct benefit or future prospect for the local people. The only direct benefit which the local people got through this facility was to engage themselves as a laborers in unloading and loading the cement bag from one vehicle to another vehicle manually through which they earn a mere sum of Rs. 200/- to Rs. 250/- in a day. There are around 04 to 05 small shops in and around the Land and Customs Station which is run by local people. Therefore, it can be assumed that there is no direct benefit for the local people as a whole, in spite of all these infrastructure developments rather it has benefited and facilitated the businessmen from other parts of the state like Agartala. It is learned that there is only one Cement importer from Srimantapur and the rest are from other parts of the state. It has also come to light that the Central Warehousing Corporation is planning to bring the entire laborer of Srimantapur village under its agency and placed them under a labor tendering system for the reason best known to them. However, it can be presumed that if the laborers are brought under the tendering system, the laborers will not be able to control their labor force and their wages will be decided wholly by the Central Warehousing Corporation and the laborers will be compel to work over whatever the wages fixed by this agency.

4. Conclusion

The Look East Policy that came into being in 1991 during the Narasimha Rao government was renamed as Act East Policy in 2014 by Narendra Modi government to make more action oriented and connect with the south East Asian countries. However, since its inception the policy could not make a remarkable breakthrough as it is supposed to be. Considering all the above facts, it is safe to say that the attempts to connect with the south East Asian countries through Northeastern states of India will not benefit the Northeastern region as hyped by policy makers unless the people who are living in the periphery are taken into consideration economically, socially and politically. Look (Act) East Policy is conceived more as a national Policy for promoting trade, technology and investment opportunities and development of Northeastern states was not its primary concern. It is after the initiation of sub regional forums like the Bay of Bengal initiative for Multi-Sectoral

Technical and Economic Cooperation (BIMSTEC), Bangladesh-China-India-Myanmar forum for regional cooperation (BCIM), Mekong-Ganga Cooperation (MGC), etc., that the Northeast is being projected as a Gateway to East and South East Asia. However, all the above mentioned interregional and sub regional connectivity projects are yet to take off. Looking to the East through Northeast is only one of the several options that the Indian state exercises and the assumption that the Northeast is indispensable for Look (Act) East Policy because the northeastern states bordering the East and South East Asian Countries have racial and cultural similarities with these countries is faulty. Geographical proximity and cultural similarities do not mean much in the age of globalization. Better road connectivity need not lead to improve the trade unless there is a demand for goods and services. Trade and business, which does not connect to the lives and to the day-to-day needs of the people, may prove to be counterproductive.

All the sub regional initiatives, like the BCIM corridor, BIMSTEC corridor or MGC, are basically conceived from the viewpoint of the big industrialist, businessmen, and contractors and not for the needs of the poor peasants, tribal people, small entrepreneurs, and semi-skilled laborers who constitute the majority of the peoples of these countries. Thus, one may ask, as to how such ambitious projects would benefit the people in the peripheral regions like the Northeast. Physical connectivity through better roads, railways and waterways no doubt helps in speedy movement of goods and services across the countries. However, these are not adequate for the development of trade and business between nations. In the absence of effective physical connectivity linking the village, towns and cities within the peripheral regions, their impact on local economies remains limited. Heavy investments in building economic corridors with international standards may not be of much benefit to the region and its people, if other parts of Northeast are left unconnected and underdeveloped. As long as the peripheral economies remain underdeveloped and the purchasing power of the local people remains stagnant, the proposed transnational connectivity projects only act as corridors for transport of goods and services of big business groups of the member's countries. Although policymakers pay lip services to the idea of people-to-people unity, very often economic and political considerations overrule human concerns.

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