

Prospects of Border Trade for North East Region of India with South Asian Countries

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Abstract

The North East Region (NER) of India comprises of seven states namely – Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, and Tripura. The region is located in the remote eastern corner of Indian union. The total geographical area of the region is about 2.62 lakh sq km, which covers 7.9 percent of the country's total area. The region has some peculiar characteristics which are different from other regions of the country. Only 27% percent area of the region is plain and the remaining 73% is hill areas. Moreover the region shares only about 2% of it's border with the main land of the country and the remaining 98% connected with international border of neighboring countries like China, Bhutan, Myanmar and Bangladesh.

Border Trade refers the exchange of local products across the border between the inhabitants living near the international boundary. Border trade becomes an engine of growth in developing border area. Since the 98 percent border of the north east region is international border with neighboring countries like China, Bhutan, Myanmar and Bangladesh. It is becoming much more significant and relevant in present day context in respect of areas like North East India. Owing to comfortable isolation from the mainland due to its geographical location and proximity to the neighboring countries of South Asia, the region has a natural trading advantage. The present paper makes an attempt to assess the prospects of border trade for North East India with the South Asian countries.

1.0 Introduction:

The North East India (NEI) comprises of seven states namely – Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, and Tripura. The region is located in the remote eastern corner of Indian union. The total geographical area of the region is about 2.62 lakh sq km, which covers 7.9 percent of the country's total area. The population of the region occupies 3.7% of the country's total population. But more than 71% of the region's population lives in Assam. Originally the entire region was in Assam. But latter on new six states have been created in different time after independence. Therefore the seven states of the region is popularly known as the seven sisters. The region has some peculiar characteristics which are different from other regions of the country as-

- 27 percent area of the region is plain area and the remaining 73% is hills.
- The region is connected with the rest of the country through a narrow strip of land in West Bengal having an approximate width of only 22 km only.
- The region shares only 2% of its border with the main land of the country and the remaining 98% connected with international border.
- The region is the home of extraordinarily diverse mosaic of ethnic groups having distinctive social, cultural and ethnic identity. 70 major population groups speaking nearly 400 different languages and dialects.
- Although the potentiality of resources is very high, the region is still lagging behind in respect of economic development.
- Assam is the only state in Indian Union who has given birth of new six states after independence.

Border Trade refers the exchange of local products across the border between the inhabitants living near the international boundary. Border trade in contrast is “over-land trade” by way of “exchange of commodities” from a bi-laterally agreed list by people living along both sides of the international border. It is a part of normal legal trade that flows through standard export/import frameworks of the nations. Border trade becomes an engine of growth in developing border area. Since the 98 percent border of the north east region is international border with neighboring countries like China, Bhutan, Myanmar and Bangladesh. It is becoming much more significant and relevant in present day context in respect of areas like North East India. Owing to comfortable isolation from the mainland due to its geographical location and proximity to the neighboring countries of South Asia, the region has a natural trading advantage. The present paper makes an attempt to assess the prospects of border trade for North East India.

1.1 Steps taken by Indian Government :

The Government of India has taken some measures to improve our cross-border trade with Myanmar, China, Bhutan, Bangladesh etc. such as declaration of 'Free Trade Zone' and constitution of the Association of the South East Asian Nations(ASEAN). India became a spectral dialogue partner of ASEAN in 1992 and become the full dialogue partner in the fifth ASEAN Summit in Bangkok. It's to be hoped such a free trade agreement will open the door to new opportunities for the development of NER of India which have been stagnating due to lack of economic development for the last six decades. India sees an opportunity to address the lack of opportunities for the people of the region and convert the region from being a security problem into a land of economic opportunity. In this respect one North East India Investment Opportunities Week was held at Bangkok in October 2007 at the initiative of the Ministry of DONER. Apart from this, as a part of Look East diplomatic initiative there were many exchanges between India and the south Asian Countries. The India- ASEAN car rally held in November 2004 was also a conscious effort to strengthen the road linkages the south Asian nations and the NER of India. Infrastructure, road connectivity of the north east with the South East Asian countries is a vital requirement for operating the Look East Policy. A sub regional economic cooperation had been signed on June 6, 1997 in Bangkok named as Bay of Bengal Initiative for Multi Sectoral Technical Cooperation (BISTEC) followed by the countries Bay of Bengal namely- Bangladesh, India Sri Lanka and Thailand. Nepal. Bhutan joined the group in 2003. Another important initiative undertaken by the Indian state with the other trading partners was the Kunming initiative held on August 17, 1999. This conference resulted into an agreement which was mostly aimed towards improving communication links among the states. As a part of India's response to the process of Globalization

the Central Government has adopted the 'Look East Policy' (LEP) in 1994 at the time of Narashimha Rao Government to develop economic relationship with the South East Asian Nations. It has opened the door of many new opportunities as well as formidable challenges. With the increasing concern of widening of inter-state disparities and lack of development, it is highly imperative to assess the effects of globalization on North East India- one of the most backward regions of the country during the globalization period. With the release of the document "North Eastern Region Vision 2020" by the Prime Minister in July 2008 a serious effort has been made for socio-economic development of this region to match with the objectives of the LEP.

1.2 Border Trade and North East India :

It is said that South East Asia begins where North East India ends. About 98% of the region is connected with international border of neighboring countries like China, Bhutan, Myanmar and Bangladesh. Therefore, border trade has special significance for the economics of northeastern states. The rapid growth of development in the neighboring countries and the process of growing regional cooperation, the prospects of north east region emerging as an exporter of several indigenous and local products at foreign market to derive benefits from the enhancing trade activities. The following table depicts the main potential items from the NER for Border Trade

Table-1
Potential items from the NER states for Border Trade

Sl No	States	Items
	Arunachal	Handmade carpet, handmade paper, citrus, fruits, processed fruits, ginger, herbal products etc.
	Assam	Handloom & handicrafts, chilly, ginger, processed fruits, handmade paper, tea, jute products and floriculture items, essential oil, minerals like coal & limestone etc.
	Monipur	Handloom & handicrafts products, horticultural product, and products that are procured from outside the state and are being exported to Myanmar.
	Meghalaya	Ginger, orange, turmeric, potato, betel vine, areca-nut, broom stick, coal limestone etc.
	Mizoram	Passion fruit, raw cotton, tung seeds, citrus fruits, tapioca, ginger, processed fruits, processed spices, tung oil, Handloom & handicrafts etc.
	Nagaland	Chopsticks, horticulture products, handloom & handicrafts etc.
	Tripura	Fresh fruits, processed fruits, raw & processed rubber, Handloom & handicrafts etc.

Source: Sing and Singh (2010)

1.3 Prospects of border trade :

The Prospects of border trade for north east region of India can be realized on the following points-

- The NER of India is a treasure house of various recourses. With the establishment of India ASEAN free trade area the region will no longer be handicapped by physical inaccessibility from the rest of India. It is to be hoped that such free trade will open the door of new

opportunities for the development of NER, which has been stagnating due to lack of economic development for the last six decades.

- The opening up of trade of South East Asian countries as visualized in the India's Look East Policy could certainly add some vigor to the land locked and lean economy of NER. Giving the geo-political situation of the NER cross-border markets are likely to be most cost effective business for surplus production of the region and also for imports of some consumable items in comparison of dealing in far-away main-land markets. From the border point of Arunachal Pradesh, export of India could reach by the Stil- well road to Kunming in South China nearly thousand miles within two days, Yangon in Myanmar within two and half days, Bangkok in four days and Singapore in five/ six days.
 - The NER, with its locational advantage could emerge as a business transit center for both the SAARC and ASEAN countries. In this regard the region will have the potential to become the hub of future growth engine of Asia. In certain places of the NE, large warehouse with business offices of exporters and importers from both sides would be built-up. Such places would emerge commercial hub of the region bustled by business executives, hotels, clubs, departmental stores etc.
 - The NE India is well known for its bio-diversities and heritage sites. Tawang in Arunachal Pradesh, Mazuli, Kaziranga, Pabitora, Manas, Halflong and Jatinga etc. in Assam can be developed further as tourist spots attracting more tourists from Europe, America and other parts of the world. In 1996, an internationally reputed consultancy firm 'Coopers & Lybrand' submitted a report to the Govt. of Assam, which states that if the vast tourism potentials of NE India are fully developed within twenty years, the region will receive more tourist than Singapore and Bangkok. Because almost all the western and Japanese tourists visiting South East Asian region would drive a few hundred kilometers more to enjoy the scenic and cultural beauties of the NER. This alone can boost the economy of entire NER.
 - NER of India is famous for its exotic flora and fauna. Out of the 925 varieties of orchids available in India, as many as over 600 can be grown in the region due to its favorable climatic conditions. It is also ideally situated to produce spices, fruits, vegetables, flowers and herbs. Therefore the region can emerge as an exporter of orchids, flowers, apples, pine apples, oranges, spices hubs, etc.
 - Several rivers big and small having high gradients are flowing across the region, which are suitable to construct hydro-projects to generate electricity. The National Hydro-Electric Power Corporation(NHPC) has been constructing several mega multi purpose hydro-electrical power projects in upper reaches of Brahmaputra River in Arunachal Pradesh, estimated to generate thousands MW of power. The projects include Subansiri upper, lower and middle, Dihing, Dibang and Siang hydro-projects, If it is built up properly, a major part of the generated power can be exported to neighboring countries.
 - Tea industry, being a leading industry of Assam encourages the growth of several ancillary industries as like Plywood, Saw-Mills, Coal, Mining, General Engineering works etc. Moreover Assam alone produces about 50% percent of the country's tea and the tea industry needs new international markets. Thus tea industry can find new outlets for exporting its products to the South East Asian countries, if such regional economic cooperation is built up as visualized in the LEP.
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- Another emerging potentiality of NE is the plantation of Jatropha, from which bio-diesel can be produced. This plant is grown widely in the entire NE. If its scientific cultivation can be undertaken in large scale, the region can save lot of foreign exchange in terms of reduced import of crud-oil, the price of which is increasing sharply. The plant produces seeds with an oil content of 37% and the oil can be used as fertilizer as well. It has marketing importance too.
- Moreover the NE is believed to be very rich in some other medicinal plants. If large scale cultivation of these plantation crops is undertaken in the region, it will not only protect region's environment but also save the region from encroachment upon its territory by illegal immigrants from neighboring countries, which is at present taking place in alarming manner.
- In case of cane and Bamboo products too NE has vast potential. Considerable works have been done on this industry and the demand has been evidenced in various national and international exhibition and expositions. Another area with great possibilities is handloom and handicraft. Assam's silk and particularly Muga can earn mega bucks abroad,

Thus border trade seems to offer huge potential and development scope for India's North Eastern region. But to achieve its objectives, the states of the region must develop the agriculture and industry to such a status that their products can compete in international market. Processing industries have to be set up, manufacture quality goods which can be offered in international market at acceptable process. The entire infrastructure of road, rail ways, communications and other facilities will have to be completely revamped. Similarly hotels, restaurants and resorts will have to be built for sophisticated tourists. If that can not be achieved, border trade will not benefit NE India, in that case it will only provide bridge between the rest of India and South East Asia of which NE will for ever remain an under belly.

1.4 Conclusion:

India has already taken several road projects through Myanmar at its cost, besides initiating discussion for a rail connection and road connection between India and its South East Asian countries through the North East Region. The important ongoing and potential infrastructure projects in this regards are, Moreh- Tamu – Kalewa road, India – Myanmar – Thailand Trilateral highway, Trans Asian highway, India – Myanmar rail linkages, Kaladan Multimodal project, the Stilwell road etc. It is heartening note that China has taken active steps to launch the historic Stil-Well Road project. The Indian government too promptly reciprocated its keen interest in rebuilding the road. Though the road was built during Second World War to help transport of war related man and materials, its importance got reduced after 1945 when the war ended. But it is encouraging now that Indian government is considering of reopening the historic road. The reopening of the 1736 kms road at Lido in Assam leading to Kunming in the Yunan Province of China via Myanmar, will go a long way in boosting up the volume of cross-border trade between the North Eastern states and South East Asian Countries such as China, Myanmar, Thailand and Singapore. Thus, if the Stil-Well road is reopened, in near future North East India would have direct access by both road and railway not only to Myanmar and South Chinese trading centers, but also the entire South Asian region of the world. However, there is an absence of sincere dialogue between the North Eastern states and the centre. In practice little has been done during the last 20 years to make the LEP vision bring closer to reality. The LEP seems to have remained paper only. In matter of LEP, the centre and the DoNER have adopted a stereotype method of raising a hue and cry once or twice a

year about the advent and implementation of the policy. There is an obvious gap between policy and implementation.

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