

# **BORDER TRADE**

## **NORTH-EAST INDIA AND NEIGHBOURING COUNTRIES**



*Edited by*  
**GURUDAS DAS**  
**R.K. PURKAYASTHA**

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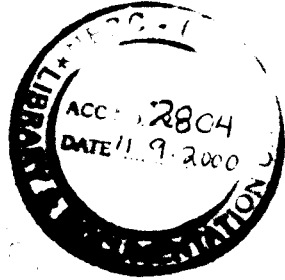
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*Border Trade*

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## Foreword

North East India is surrounded by Bangladesh, Myanmar, China, and Bhutan. It is connected with the mainland through what is known as chickens neck, a very narrow strip of land with the width of 33 km only. Given this peculiar geo-political location, cross-border markets are likely to be more cost-effective for North East India's surplus production than the distant national markets.

Although no reliable estimates are available on border trade, the potential for Indian exports to neighbouring countries is immense and calls for an introspection with regard to trade policies. The official trade statistics seem to reveal a fraction of the actual volume of border trade. It is of utmost interest to map out the traditional trade routes, important trading centres and the nature of trade taking place between us and the neighbours. Our trade with countries is handicapped by the non-existence of infrastructural facilities at different trade routes.

Border trade and economic development in border areas are interdependent, as border trade leads to economic development which through secondary effects increases border trade many folds. The process of Globalisation and Liberalisation has opened up the economy of North East India. As a result, our trade relation with the neighbouring countries will grow and diversify. How to gain from this development without losing control over North East India resources and how to promote reinvestment of profits within the regions for social and economic development will be the challenge facing North East India. A large part of international

border between North East India and the Neighbouring countries is unmanned and badly demarcated. Border trade cannot flourish without good border management.

North East India Council for Social Science Research held on 14-15 December 1998 a seminar on Border Trade in North East India—Prespective, Issues and Problems. It was inaugurated by Mr. S.C. Marak, Chairman, State Planning Board, Meghalaya. The Valedictory address was delivered by Professor B. Pakem, Vide-Chancellor, North Eastern Hill University. The four academic sessions were presided over by Professor Indad Hussain, Mr. Gautam Sen, Professor K.S. Singh and Dr. Archana Sharma.

We take this opportunity to thank North Eastern Council and Indian Council of Social Science Research for their support to NEICSSR for holding this seminar of vital importance to the country. Dr. Gurudas Das and Dr. Rakhal Kumar Purakayastha, editors of the volume deserve special mention. I would like to thank profusely a large number of unnamed scholars and colleagues who provided the infrastructural support and made this seminar a total success.

**B. Datta Ray**  
Secretary, NEICSSR

## Editors' Note

This volume is the outcome of a seminar on "Border Trade in North-East India: Perspective, Issues and problems," held on 14-15 December, 1998, organised by North East India Council for Social Science Research, Shillong.

This issue has recently caught in the imagination of the policy makers of our country as one of the panacea of underdevelopment of the north-eastern region (NER). "Border trade" is now increasingly being viewed as one of the means to generate growth impulse in the stagnant economy of the NER. As the region is surrounded by four neighbouring countries, viz., Bangladesh, Bhutan, China and Myanmar, with whom it shares 98 per cent of its border, it is only natural that closed borders will rob her avenues to grow.

Prior to 90s, political integration and concerns for the security of north-eastern borders had been given more importance in the 'state centric view' adopted by the Centre towards the development of the NER. Neither the role of border trade in easing out the suffocation of the people living in the border areas nor its instrumental value in enhancing production, consumption and industrialisation could be visualised in a hostile political relationship with the neighbouring countries.

It is only after normalisation of India's relationship with the neighbouring Bangladesh and China as well as initiation of the programmes of globalisation of the national economy in the 90s that the idea to situate the NER within the larger context of South Asia has received greater attention. As the main centres of national market are far away, the cross-

border markets are viewed as potential vents for the region's surplus produce and unutilised resources.

Already the demand for coal and limestone in Bangladesh has led to hectic mining activities in the southern belt of Meghalaya. Similarly, the demand for ginger and other horticultural products in markets of Bangladesh has led to their extensive cultivation in the hills of north-east. As the resource base particularly of the hills of NER is complementary to that of the adjacent plains of Bangladesh, there exists a tremendous scope for cross-border trade between these two regions.

In contrast to NER-Bangladesh trade, the resource base of NER and Myanmar largely appears to be competitive. As a result, a kind of transit trade particularly in manufactures produced outside NER as well as Myanmar has developed along NER-Myanmar border.

Although the size of the market in Bhutan is quite small, a significant part of it is supplied from India through NER-Bhutan border. Like NER-Myanmar trade, NER-Bhutan border is also basically used as transit route for exporting goods produced elsewhere in India.

The volume of informal/unofficial trade carried out through all the transit points along NER-Bangladesh as well as NER-Myanmar borders is far more higher than that of their formal/official counterparts. There is an urgent need to direct this trade through legal channel. This calls for an intensive study of the commodity structure of this trade for further trade liberalisation between the bordering countries.

The seminar, that has produced this volume, has perhaps been the first attempt to look into the various facets of the border trade between NER and the neighbouring countries directly. As the authors were handicapped by non-availability of reliable data, emphasis was given on the generation of

primary data—both quantitative and factual—so that at least the composition and direction of border trade can be analysed. A few scholars have taken the trouble of visiting the different transit points in order to report the ground realities of our borders and border trade. Most of the papers, as a result, are narratives as not much theorisation is possible at this stage. It is quite perplexing to note that even uniform official data is not available on the length of our borders with the neighbouring countries. The data on border length vary with their sources. Obviously this is reflected in this volume too.

We are grateful to NEICSSR and its secretary Dr. B. Datta Ray for giving us the opportunity to associate ourselves with this volume. Our thanks to Dr. H. Srikanth, Dr. C.J. Thomas and Dr. Uday Chand Das for helping us in various ways while editing this volume. Finally, we are grateful to Mr. M.P. Misra for taking up the responsibility of publication of this volume.

St. Anthony's College  
Shillong

**Gurudas Das**  
**R.K. Purkayastha**

# Inaugural Address

S.C. Marka

At the outset, let me compliment the North East India Council for Social Science Research for organising this seminar on Perspective Issues and Problems of Border Trade in the North East India. It is only through such positive initiatives and constructive deliberations that not only awareness is created about the potential of the region in such a crucial sector but also provides a forum for knowledgeable people to discuss on the issues and problems facing this sector which despite its immense potential has not actualised to the desired level in view of various handicaps and constraints. I am certain that such deliberations would throw up specific solutions as also evolve strategy /action plan which will not only help the State Governments of this region in evolving suitable policies but also guide the private sector.

In recent years there have been remarkable changes in the international economy. We are no longer left with the concept of nation states in the economic sphere. In the recent decade the world has been increasingly shrinking; international borders are losing their rigidity, where there is an interplay of global forces through the dynamics brought about through transport, trade and communications. We have virtually seen the world been reduced to a large economic global village. We are witnessing the emergence of a free market scenario and globalisation of economic zones. The world economy is crucially hinging on trade and commerce which has assumed unique significance in the economic strategies of all countries. This is all the more relevant in the North Eastern Region which is bound on virtually all sides with international borders.

Often, we have talked of the isolation of the North Eastern Region which has resulted in its economic backwardness and its alienation from the mainstream. Time has come for us to convert this geographical handicap into an opportunity. Such can only take place if the North Eastern Region takes the conscious policy to improve and augment border trade and above all to look outwards. Our strength lies in the international borders and beyond; we should look outward towards neighbouring countries rather than only viewing inwards to marketing with the rest of the country. This is so because of our unique geographical location.

Unemployment is a burning problem in the North Eastern Region. We are faced not only with increasing number of unemployment but also lack of adequate opportunities to remedy the same. Such an unemployment can only be solved through economic development of the Region. Economic development will necessarily imply a flow of investment which can be made viable through border trade with neighbouring countries. The market for our products lies in that direction and hence, we should exploit this to the maximum extent possible. At present, the goods which we have been exporting are mainly primary minerals like coal, limestone etc. as well as some horticultural products like oranges, etc. Our efforts should be to diversify the export basket of foodgrains and other horticultural products specially in processed form so as to realise higher per unit value and consequently enable the farmers of the region, specially in the border areas, to earn better prices for their products.

We are having marketable surplus in various agricultural/ horticultural products like potato, ginger, turmeric, oranges etc. If even a part of this surplus of agricultural/ horticultural sector could be exported specially in processed forms it would boost our economy tremendously. Herein, I would like to make a few specific suggestions. There is need for greater collaboration with our neighbouring countries so as to accelerate the momentum in this direction. We can consider

setting up joint ventures in processing vegetables, fruits with our neighbouring countries which would benefit all of us. We should also try to set up processing units for oranges, pineapples, ginger dehydration etc. as also cement projects in the joint sector.

There is another unique institution of this region which needs to be revived for promotion of better economic relations with neighbouring countries and that is the concept of border Hats. Since the days of pre-Independent India, when Meghalaya was under the composite state of Assam and Bangladesh was then known as East Pakistan, people used to exchange different products ranging from rice, fish, limestone to miscellaneous materials like spices, fruits etc. Both these regions even had free access of trade to Burma now known as Myanmar. In view of these facilities of free access the farmers on both sides had ready market for their produce. But after India attained Independence those facilities were withdrawn and this led to the discontentment of the people living in the border areas, discouraging them from increasing and expanding their trade operations. Under these circumstances some people also resorted to smuggling activities in the area. Therefore, in order to safeguard the border people from perpetual disillusionment and vicious circle of poverty; to reap fruits of economic development and to provide both physical and emotional security to them, there is a need to allow and strengthen border trade.

Promotion of Border Trade through local Markets (Haats) with Bangladesh is of importance to improve the economic conditions of the people of this region living in the areas adjoining Bangladesh. The sudden closure of local and traditional markets with the people across the border has caused great economic hardships especially for those people who have been mostly dependent on trade.

Trade on some items like limestone, timber and wood,

# 1

## The Border Trade in North-East India: The Historical Perspective

—B.B. Kumar

The North-East India was a very important part of the country as far as the border trade is concerned. The region had many important trade centres. The articles produced in the region were in great demand elsewhere. Many items were imported through North-East India and were exported through our ports to other countries.

The North-East India had trade links with Tibet and Burma through land routes. There was an ancient land route from Peshwar to Parvatipur (now in Bangladesh) passing through Vazirabad, Lahour, Jalandhar, Saharanpur, Lucknow, Tirhut and Katihar. It extended further to Assam<sup>1</sup> from Parvatipur.<sup>2</sup> It mostly passed keeping Ganges to the south. A southern route from Lahour to Bhagalpur through Raivind, Firozpur, Bhatinda, Delhi, Allahabad, Varanasi, and Patna, branched off to Ganga Sagar (Calcutta) from Patna. The route extended from Bhagalpur to Kajangal in Rajmahal and then to Calcutta.<sup>3</sup> Another route branched off from this southern route to Kamarupa from Kajangal by crossing Ganges at that point. It may be mentioned that Bhaskara Varman, the king of Kamarupa and Chinese traveller, Yuan Chuang met the emperor, Harsha Vardhana at Kajangala<sup>4</sup>, and they must have used the same route for travelling to that place from the Kamarupa. The two monarchs marched towards Kanauj with

#### 4 *Border Trade*

their armies from that place. Harsha Vardhana proceeded along the southern route and Bhaskara Varman followed the northern one.<sup>5</sup> The route to Kamarupa extended upto the Yunnan province of China.<sup>6</sup> Kamarupa formed an important part of this trade route. An alternative trade route from India to China passed through Chumbi valley in Sikkim and Tibet. The ancient silk route passed through the north and the north-west.

A proposal was made in the early part of the last century to open up Patkai trade route.<sup>7</sup> That, however, could not materialise due to various reasons. That was, perhaps, to follow the ancient route linking Brahmaputra valley to the South-East Asia and Yunnan province of China. One of the reasons of not restoring the ancient trade routes through Brahmaputra Valley towards the east was the higher cost of road construction. The interests of the British owned Steam-Navigation Companies operating in the rivers of Burma were supposed to be adversely effected by such land routes and their opposition certainly played crucial role in this case.

The Brahmaputra valley was linked up with Burma through Manipur also. But, one or two routes linking the valley with Manipur were most difficult.<sup>8</sup> This route was not an important one for border trade between Assam and Burma due to difficult terrain.

The human movement between India and Burma through Surma valley and Manipur started in the remote past. According to Sir A. Phayre, "The route by which Kahatriya princes arrived (in Burma) is indicated in the traditions as being through Manipur..."<sup>9</sup> According to Capt. Dun, "There can be no reasonable doubt that a great Aryan wave of very pure blood passed through Manipur into Burma in pre-historic times."<sup>10</sup> Johnstone has mentioned:

"In the days when the Indian branch of the Aryan race was still in its progressive and colonising

stage, this district (Manipur) was repeatedly passed over by one wave after another of invaders intent on penetrating into the remotest part of Burma."<sup>11</sup>

It may be mentioned that there were regular routes between Burma and India which were used by the traders, colonisers and the Buddhist Missionaries. D.G.E. Hall mentions about one such road linking Lower Burma and India via the bank of the Irrawady, the bank of the Chindwin and the Manipur.<sup>12</sup> K.M. Pannikar has mentioned about another route through these hills to China.<sup>13</sup> It is obvious that the existence of such land routes facilitated the trade between North-East India with Tibet and Burma on one hand and Bangladesh on the other. The land routes through Manipur continued to operate upto the present day. There were atleast three routes connecting Surma valley with the Manipur Valley and two connecting the latter with the Kabaw Valley in the Chindwin river valley in the present day Burma.<sup>14</sup> There were many minor routes connecting Brahmaputra valley with Tibet which were used for the trade.

North-East India produced many items which were marketed outside the region. *Mahabharata*,<sup>15</sup> *Harshacharit*,<sup>16</sup> etc., mention about the products of Kamarupa. Silk clothes, ivory products, etc. from Kamarupa continued to be appreciated outside the region. Many items were imported from China, Tibet and Burma through this region and exported outside India from this country. One of the routes of the import of Chinese clothes was through Yunnan and Assam;<sup>17</sup> and the same was sent to the Bay of Bengal through Brahmaputra. It may be mentioned here that Brahmaputra was navigable from Gwalando in Bangladesh (the confluence of the Ganges and Brahmaputra) to Dibrugarh, and upto Sadiya during the floods.<sup>18</sup> Cinnamon was exported from China, Tibet and Burma. The route of its import and of many other products was through Assam.

There were many minor trade-route linking the region

with the foreign countries through which considerable trade was carried. Considerable trade was also carried between the villagers of both sides of the international border. Such trade, though illegal and called smuggling, still continues. The tribes inhabiting Indo-Tibet and Indo-Burma border had trade links with their neighbours across the border. Some of the tribes of Arunachal Pradesh used to be expert traders. The Monpas, the Sherdukpens, the Boris, the Ramos, the Bokars, the Pailibos continued to have trade links with the Tibetans. The Boris used to visit Nayi Lube market in Tibet and barter their raw hides, and chillies for rock salt, woolen clothes, raw wool, Tibetan swords, Tibetan vessels, ear-rings and brass bangles. They used to barter salt, iron and utensils brought from Tibet with the other groups of the Adis.<sup>19</sup> The bokars exchanged their surplus chillies, butter, hides, tamen (a creeper used for dyeing) for the cattle, sheep and goats, swords and woolen goods in the Tibetan markets.<sup>20</sup> The Shimongs and Ashings used to carry their clothes to the Tibetan markets and exchanged them for salt, beads, etc.<sup>21</sup>

It may be pointed out that two principal trade routes out of the several important ones in the Siang district pass through the Bori and the Bokar countries to the Tibetan plateau.<sup>23</sup> The Tibetans used to come down through the Kepung La Pass to the Ashing area of Arunachal Pradesh and further down upto Pasighat for exchanging the rock-salt, iron, hand-woven clothes, swords, musk, imitation turquoise necklaces, blue porcelain beads, yarn of different colours, snuff, china silver and wooden bowls and metal pots for mithuns, raw hides, deer horns, and white and red rice.<sup>24</sup> These trading activities reportedly continued in large scale upto the sixth decade of this country, as reported by Sachin Roy.

Gait has reported about the hectic trade between the Assam and Bengal.<sup>25</sup> and also between Assam and Tibet.<sup>26</sup> According to Gait, Rudra Singh "is said to have received the submission of all the hill tribes, and to have established an extensive trade with Tibet."<sup>27</sup> This clearly indicates that the

border trade also depended on the law and order situation of the country concerned. The quantum of trade might have varied from time to time, but it continued uninterrupted on our northern border in the past. Mackenzie has also reported about the border trade with Tibet. He quote from Hamilton's description of the trade between Assam and Tibet based on the Pemberton's Report.

"Tibetan caravans conducted by 20 persons used to come down annually to a mart of Chouna on the Assam border after two months journey from Lassa and conveyed silver bullion to the amount of about one lakh of rupees, and a considerable quantity of rock salt for sale to the Assam merchants at Geegunshur four miles away. The large quantities of rice brought by the merchants at the latter place were purchased and imported into Tibet from Assam by the Tibetan merchants. Tussa silk cloth, iron and lac found in Assam, skins, buffalo horns, pearls, and corals, first imported from Bengal were traded by the Assamese merchants. The Tibetan merchants brought woolens, gold dust, salt, musk, horses, Chinese silk, etc. The annual fair was temporarily stopped due to Burmese occupation. Attempt was made to revive it in 1833. The fair was started at Udalguri later on."<sup>28</sup>

Marts are regularly held (daily, biweekly, weekly or annual) at the foot-hills-of the Himalayas throughout the country and also at the foot-hills bordering Bangladesh, Burma and Tibet. The border trade of Assam, Meghalay, Mizoram and Tripura was mostly carried through such marts. R.M. Nath has written about the trade of the Garos with Bangladesh:

"The Garos living in the areas bordering Goalpara, Mymensing and Rangpur districts as also the Garos of the interior came down to the plains to sell their

cotton and chillies and purchase paddy, salt, cloth and other necessities; and rulers of the states exacted taxes from them. To deal with the Garos, each ruler used to appoint a Laskar—at every pass of duar. Often times the fraudulent tactics of the merchants and the officers of the states, were retaliated by the Garos by chopping off their head which were sold at high premium in the hills—the price varying according to the wealth and position of the merchant or the officer.”<sup>29</sup>

The Khasis and the Jaintiyas used to visit the marts of Bangladesh in the south and that of the Assam in the north. The Khasis used to visit the marts upto the central part of the Nowgong. Iron was manufactured in the hills and exported in the shape of hoes to the Assam valley and in lumps of pig iron to the Surma valley, where it was used for clamps by the boatbuilders. An estimated 20,000 maunds of iron were exported from the hills in 1853.<sup>30</sup>

The ancient trade routes and the marts played important roles in the internal and border trade in the North-East region. The discussion about them provides insights in the historical perspective. The importance of the trade routes and the marts for the people may be understood from the fact that the British authorities used to close down the trade routes and prevent the marauding tribes from attending the marts to force them to behave. Mackenzie has described such closures and the impacts of the same. He wrote:

“In April 1861 the dwars were closed to Naga traders by order of the Commissioner of Assam, in consequence of the murder of one Tonoo Cachari in the Geleki Dwar, used by the Namsang and the neighbouring clans. In the February following, the Nangota Abor Nagas, who were not known to us to be the guilty tribe, surrendered five of their number as those who had committed the murder.

This surrender, it appeared, they made under pressure brought to bear on them by the Boree Nagas of Tabloong, Jaktoong, Kamsang, and Namsang, who being such distressed by the closure of the Dwars threatened to attack the Nangotas if they did not give up the offenders."<sup>31</sup>

Mackenzie further observed:

"In November 1867 the Geleki guard-house was again attacked at night..... The Dwars were at any rate closed to trade; the out-posts strengthened; and neglected stockades hastily repaired. The stoppage of trade again proved a successful policy. The Tabloong, Namsang, and other Nagas who were carrying on a most profitable traffic with the tea gardens, which they could not afford to lose, speedily combined, and in a few months' time they succeeded in tracing out the raiders, and arresting by force or strategy two of their leaders, who were delivered over to the British authorities for punishment. These men proved to belong to the Yungia Abor Nagas, a remote clan in the upper hills, who actuated by a love of plunder and a craving for skulls had led a stealthy war party through the trackless jungles to the plains below; and had, as they said attacked the police-station under the notion that it was a settlement of ryots — a mistake not very creditable to the discipline of the post."<sup>32</sup>

The remarks made above underline the importance of trade including the border trade, for the people of this region. Some points emerging from the above-mentioned facts need to be kept in mind, which are:

- i) The North-East India was not the closed corner of the country; it has wider trade links. The region

was linked up across the border through major and minor trade routes.

- ii) The region continued to have flourishing trade with the neighbouring countries.
- iii) The trade flourished whenever the law and order situation was sound and suffered at the time of anarchy.
- iv) The quantum of illegal border trade is almost the same as that of the actual trade with its neighbours; the border trade potential is really very high.

The partition of India created unnatural border and the age-old trade ties with the part of Bengal called East Pakistan (now Bangladesh) were snapped. The trade with Tibet received severe jolt after the occupation of Tibet by China, and specially after the Indo-Chinese border conflict in 1962. Situation on both sides of the Indo-Myanmar border remained fluid. This, border trade highly decreased after independence of India, and specially after the sixth decade of the century. The situation further aggravated due to the lack of roads and the speedier modes of communication. The costs of bringing in the locally needed items, and that of exporting the local produce became prohibitively high. The production of many agricultural and horticultural items, such as, potato, orange, pineapple, ginger, and other perishable products in the southern border areas of Meghalaya, became non-economic. The people suffered. In this background, the steps envisaged by the Central Government to facilitate trade with Bangladesh and Bhutan generate optimism. The border trade with Tibet and Myanmar should also be encouraged.

The economy of the border areas is always of supplementary and complementary nature and this aspect of economy should always be kept in mind while promoting the border trade. Only such border trade shall make the economy healthy. Appropriate steps should, however, be taken to prevent the flow of narcotics and the arms between

the neighbours. The trade of the items produced in the third country, such as, the Korea and Japan, should also be discouraged in this case.

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27. *Ibid.*
28. Mackenzie, *op. cit.*, p. 15.
29. Nath, R.M., *The Background of Assamese Culture*, p. 111.
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Land borders across the countries facilitate trans-border trade. India's North-East is having land borders with China, Myanmar, Bangladesh and Bhutan. While the national market is far away, the markets of the neighbouring countries may act as the vent for surplus, produced in the region.

This book is the result of an attempt made to assess the nature of trading activities across the borders between India's North-East and neighbouring countries. Attempts have been made to understand as to whether there exists any basis for trade in terms of compatibility between the resource/production structure of the the north-eastern region and the demand structure of the neighbouring countries, particularly Bangladesh and Myanmar, with whom India is having significant trade relations.

Besides analysing the nature and trends of formal/official/legal trade, observations have been made for qualitative study of the informal/unofficial/illegal trade (smuggling). The implications of border trade for the economy of the north-eastern region have been marked and growth/development potentials have been identified.

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