



Mizoram

**Border
Trade**

Emerging Trend & Future Prospects

VL. Felfamkima

Border trade leads to economic development which through secondary effects increases border trade manyfolds. The process of globalization 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 the resources and how to promote re-investment of profits within the region for social and economic development will be the challenge facing North East India.

This book is the result of an attempt made to assess the nature of trading activities across the border between Mizoram and Myanmar, and to understand the importance of border trade in North Eastern Region in general and Mizoram in particular, document the status of commodities traded in border trade in Mizoram, identify the possible constraints and obstacles that might come in the way of border trade development for both the states and it also makes important suggestions to overcome the difficulties so as to improve the border trade in Mizoram.



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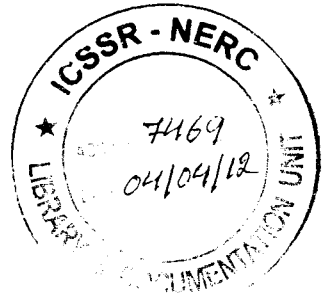
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1

Introduction

Border trade at the present context is a burning topic and a matter of great debate and discussion. Border trade is gaining momentum in North East Indian states particularly after economic liberalization of our country in 1991. Border trade simply we understand that the exchange of goods and services among different countries at border points. In recent past there have been considerable changes in global economy. We are no longer left with the concept nation states in the economic sphere. We have virtually seen the globe been reduced to a large economic global village. The world economy is crucially hinging on trade and commerce which has assumed unique significance in the economic strategies of all countries. The borders have their own natural and human environment, which influences trade. The human groups living in border areas and their economy govern border trade. Economic linkages develop naturally between people on the borders, for they have spatial proximity and are far from mainland of their respective countries.

The border people, owing to difficult terrain, isolation, and lack of infrastructure, face insurmountable problems in selling their products, especially the perishable agricultural product.

The surplus products are bartered with each other for their survival. Such a trade is necessary where borders are in different topographic units or ecosystem, e.g., hills and plains. Borders occupied by more or less similar people, on either side often find people crossing over freely for carrying out trading activity. Sometimes there is no physical barrier on the border, either in the form of border fencing or border roads or stricter vigilance by security forces. A sizable number of individuals on either side of border cross over the border to sell their produce in weekly and daily markets and return home purchasing necessary goods out of their sale proceeds in these markets. These individuals hardly bring back any currency from these markets. There is also an informal trade in the form of services.

Whenever a buyer and seller come together, each expects to gain something from the other. The same expectation applies to nations that trade with each other. It is virtually impossible for a country to be completely self-sufficient without incurring undue costs. Therefore, trade becomes a necessary activity, though in some cases trade does not always work to the advantage of the nations involved.

Virtually all governments feel political pressure when they experience trade deficits. Too much emphasis is often placed on the negative effects of trade, even though it is questionable whether such perceived disadvantages are real or imaginary. The benefits of trade, in contrast, are not often stressed, nor are they well communicated to workers and consumers.

Why do nations trade? A nation trades because it expects to gain something from its trading partner. One may ask whether trade is like zero-sum game, in the sense that one

must lose so that another will gain. The answer is no, because though one does not mind gaining benefits at someone else's expense, no one wants to engage in a transaction that includes a high risk of loss. For trade to take place, both nations must anticipate gain from it. In other words, trade is a positive sum game. (John J. Shaw and Onkvisit, Sak. 1997)

The North East India (NEI) comprises of eight States which include Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim. Focusing on the North East India, it is observed that barring Assam, most of the states are late comers to the process of development as they were created subsequently to the first decade of planning. In the hill states, majority of the population is tribal, ranging from around 70% in Arunachal Pradesh to 94% in Mizoram. In hill areas population density is very low, infrastructure are not developed and production technology is primitive.

Imbalances has been rising despite the treatment of the North Eastern States as special category states for plan finance, launching of the subsidy schemes like capital and transport subsidy, concessional finance etc. The major problem is the problem of infrastructure development due to the typical land structure of this region which is considered as the backbone for any economy and equally important for the development of border trade.

The biggest state of NEI is Assam which is the largest tea producer of the world, and it (Assam) is also one of the biggest supplier of petroleum product in one hand and agricultural products like rice, jute etc. in another hand to the country. After sixty years of Indian independence, NEI is not able to achieve the basic and essential tasks of

development despite a lot of intervention by central and state governments. Where one problem is going to be solved, another problem is coming to the forefront.

The structure of the economy in the region resembles the economy of the least developed parts of the globe, with the primary sector accounting for 55-60% of the income, and underdeveloped secondary and tertiary sectors. The secondary sector constitutes only a meager 11-16% of the total income, making it India's industrially most backward region.

Sanjoy Hazarika pointed out that the Northeast India is closer to Hanoi than New Delhi and therefore, remote in our collective sensitivities in New Delhi? Or is it because the entire North-East constitutes only 4% of the country's population and so, matters little on the political map? So, there is an urgent need to overcome such problem and bring closer. The region has a total population of about 40 million, of which Assam accounts for about 70 percent. One-fifth of this population in Assam is of recent Bangladesh origin. Nearly half of India's tribes belong to the Northeast and 140 of India's 415 living languages are spoken here. (Sood, Vikram 2007).

Table-1 shows the length of border land share between NEI and neighboring countries.

Review of Literature

Going through the various literatures on the topic shows that not much works have been done on Border trade involving Mizoram and literature on the subject was limited. But the topic at the present juncture is very important and great matter of debate and discussion. The study of border

**Table-1: Length of the Border Land share between
NEI and Neighbouring Countries**

	Total
NEI-Myanmar Border	
With Mizoram	368 kms
With Manipur	352 kms
With Nagaland	280 kms
With Arunachal	450 kms
With Arunachal	1000 kms
With Sikkim	—
With Arunachal	200 kms
With Assam	450 kms
With Sikkim	—
With Assam	350 kms
With Meghalaya	400 kms
With Tripura	400 kms
With Mizoram	350 kms
With Sikkim	—
NEI- China Border	1450 kms
NEI- Bhutan	* 1000 kms
NEI- Bangladesh	* 650 kms
NEI- Nepal	1500 kms
Grand Total	* — kms
	* 4600 kms

Source: Komol Singha, 2008.

* The area in kms is excluding Sikkim's share. Including Sikkim, total boundary share with five foreign countries is approximately 5000 kms.

trade is need of the hour. Few studies which have been carried out or discussed include:

Singh, Rajmani (2001) in his paper *Indo-Myanmar Cross Border Trade* discussed on various problem area relating to border trade and suggested some plan of action to improve trade with Myanmar.

G.P. Prasain (2005). in his paper *Indo-Myanmar border trade: resource based and potential areas of Export from North eastern region to Myanmar*, emphasized the areas like Fruits and vegetables, tea, rubber, medicinal plants and herbs, drugs and pharmaceutical, handloom product, silk, teak processing, power generation, cutting and polishing precious stone, aluminums utensils, polishing and milling of pulses and oilseeds.

Kumar, Sunil (2005) in his paper highlighted on export potential and promotion of trade between India's Northeast and Neighboring countries. He emphasized on development of agro-horticulture based products, animal husbandry and meat processing industries, bamboo based industries, handloom & handicraft etc which can have potential for border trade.

Lallura Sailo (2005) in his paper discussed about the prospects of border trade with Myanmar and the development of road connectivity between rihzokhawthar to falam, and kalemeo on the one side and tiddim-kalemeo in the other side will lead to more and more economic contract between India and Myanmar and will lead to economic prosperity of the people living on both sides.

Das, Gurudas (2006) in his paper *Border Trade in India's North-East* highlighted the various theoretical aspects of Border trade such as border trade, border area

trade, basic causes of border trade, border trade and economic development relating to international experience, national experience and regional experience. The author also emphasized on border trade as vehicle for development for the border provinces.

Kabra, K.C. & Singha, R.K.P.G. (2006) in their paper *Border Trade in Mizoram* have highlighted on the present status of border trade with the neighboring countries and found that the trade is basically done on informal basis and most of the goods are third country origin coming into Mizoram. On the export side also local goods are not traded but the commodities are from mainland India.

In another paper by Singha, R.K.P.G. and Kabra, K.C. (2006) on *Indo-Bangla Border trade* have attempted to study on border trade between Mizoram and Bangladesh and also found that trade is mostly on illegal manner, many commodities are also traded which are Non-timber forest products(NTFP) and are highly demanded in Bangladesh.

Bezbaruah, M.P. (2007) discussed on problems and prospects of Indo-Myanmar border trade and discussed on the socio economic consequences for the north east. He highlighted on various constraints regarding cross border trade, volume and composition of both legal and illegal trade and potential economic benefits for the north region.

The above mentioned review of literature highlighted that the data relating to various issues on border trades is few and far between the north eastern states and even in mizoram states. Therefore, the present study on the border trade between Mizoram and Myanmar seeks to unveil not only various issues that concern its improvement

but also conforms to few measures which, if adopted by the policy makers can bring some visible economic improvement in this part of the country which is also need of the hour at present economic liberalized era.

Objectives of the Study

The present study seeks to:

- (i) Understand the importance of border trade in North Eastern Region in general and in Mizoram in particular.
- (ii) Document the status of commodities traded in border trade in Mizoram
- (iii) Identify the possible constraints and obstacles that might come in the way of border trade development for both the States.
- (iv) Make important suggestions to overcome the difficulties so as to improve the border trade in Mizoram.

Methodology

The research work is based on the data collected from both primary as well as secondary sources. The primary data was collected from personal communication (with traders, researchers and other stakeholders) and from market surveys of Mizoram.

A few traders of Mizoram were contacted directly to share the factual information pertaining to border trades and the products. Samples of 50 traders were selected who are involved in border trade in and around the city of Aizawl and data were collected through structured questionnaire for this study.

The secondary data was collected mostly from the published literature (journals, books, reports, newspapers and research articles). In Mizoram border trade is informally going on in both the borders i.e. Myanmar border and Bangladesh border but the author has restricted study on Champhai sector i.e. Myanmar side only due to certain constraints.

Significance of the Study

Trade and industry form an important part of an economy. Most importantly border trade is gaining momentum in north east India in the recent past as there are many foreign countries bordering with this region. The north eastern states including Mizoram though late comers and undeveloped are also now trying to develop trade with neighboring countries such as Myanmar and Bangladesh to take the advantage from trade in the era of globalization.

Identification of potential items for increased border trade with Myanmar may be done with reference to the strengths and weaknesses of Mizoram in terms of its location, resource-base and status of infrastructure on the one hand, and demand for various items in Myanmar on the other. Mizoram depends heavily on trade through Champhai for a number of agricultural products. Considering the high volume of imports of gems, precious and semi-precious stones into India through the border, cutting and polishing of gems and manufacture of jewellery for export could be undertaken in the State. The required skill for manufacture of gold jewellery and diamond-studded jewellery is available in Champhai and Aizawl.

The products that have been identified for export promotion from the State include processed fruits, medicinal plants and herbs, handloom products, silk, etc. Border Trade is very important for the people living in both areas. Opening up of border trade through in trade, transportation, tourism and related services for the youth which may reduce the tendencies of militancy and other anti-social activities in both the countries and which may also increase the earning of both the countries. And it is also very important for the economic development of both the border areas including for the whole states.

The present study will highlight on various trade related issues, the policies, programme, the resource base, the infrastructure etc. with a view to identify the present trend of border trade, composition of products, impact on socio economic life of the people due to the expansion of trade, the problem faced and suggest a systematic for development of border trade in Mizoram. The findings of the study are expected to be of great significance for the planners and policy makers in the state. This may provide source for further research in this field.

Mizoram is predominantly an agricultural economy with rich forest resources including cane and bamboo. Teak plantations have come up in the forests, which may be commercially used after 5 -10 years. The State government provides cotton and woolen yarn to artisans engaged in production of handloom products.

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Potential areas for investment on Indo-Myanmar (Mizoram) border are: teak processing, handicrafts, cutting and polishing of precious and semi-precious stones, stainless steel and aluminium utensils, cutting and polishing of granites, distillery, safety matches, polishing and milling of oil seeds, food processing, etc.

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The people living in Mizoram and the people living in the areas of Myanmar adjacent to Mizoram will benefit from the border trade between Indo-Myanmar from Zokhawthar-Rih sector.

Development of Rih Lake to tourist centre will enable the people of from both the countries to visit the legendary Rih Lake. This will greatly boost tourism in this sector and that will be good source of revenue.

Limitations of the Study

Border trade in northeast as well as in Mizoram is still at an infant stage. The whole region being an industrially undeveloped area the scenario of business and industry is yet to take momentum. Most of the commodities are coming from mainland India as well through borders of neighbouring countries.

Studies in this field are also very scanty for which data regarding trade or border trades are not available for further study. There has been always great limitation in getting information relating to the study in the field of border trade as trades are basically done on informal basis due to various reasons. So, while doing this study, getting data for the purpose always has been a problem. Most of the information is based on direct interview with the traders trading in Aizawl city as well as from the secondary sources such as books, journal, reports, etc. which are also available in a limited way. Getting reliable data from the trader is also not an easy task as they do not want to disclose properly for various reasons. Another limitation is that the informal border trade is going on two sides of the border, one is on the Myanmar side and the other is Bangladesh side, but so far with Bangladesh there is no any formal agreement for border trade. So, the researcher has selected the Champhai sector i.e. Myanmar side for the study. Above factors are the great limitations of the present study on border trade in Mizoram.

The present study is divided into five chapters. Chapter one discussed about statement of problem, review of literature, objective of the study, methodology, significance of the study and limitation of the study.

Second chapter highlighted about Socio-Economic Profile of Mizoram. In this chapter it also depicted the aspects relating to introduction about Mizoram, the land, agriculture, and related aspects. Again chapter three discussed relating to border trade in Mizoram which also highlighted about nature of border trade, historical perspective of border trade, border trade in Mizoram relating to Champhai sector, foreign markets in Mizoram and so on. Chapter four highlighted the problems of border trade in Mizoram and the chapter five highlighted about the conclusion and suggestion.