



Research Paper

Enhancing Indo-Myanmar Border Trade Through Connectivity

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ABSTRACT: India is building very good trade relations with Myanmar after restoration of democracy in Myanmar. In the Indo-Myanmar trade relations, the border trade plays an important role. In this Indo Myanmar border trade, the connectivity could be a crucial component. The connectivity's not only increase the trade volume, but could create a healthy environment by increasing people to people contact. This good connectivity is vital in trade development and an important instrument for accelerated the trade relation between India and Myanmar.

KEYWORDS: Indo-Myanmar trade, Border trade, Connectivity

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In Indo-Myanmar relations, the geographical proximity has given advantages. Since the two nations are under British colonies, both countries have deep rooted relationship. The bilateral trade relationship had improved in 1970s and slight decline in the 1980's. However, after India's adopted the 'Look East Policy' in 1990s, the trade relationship has prospered again. After restoration of democracy in Myanmar, Indo-Myanmar bilateral trade is flourishing. India was the fourth largest trade partner of Myanmar, the 3rd largest export destination for Myanmar and 5th largest source of imports into Myanmarⁱ.

India's major exports to Myanmar are cotton yarn, auto parts, soya bean meal and pharmaceuticals while the chief imports from Myanmar are betel nut, dried ginger, green mung beans, black matpe, turmeric roots, resin and medicinal herbs. The proposed potential areas of trade are pharmaceuticals, agricultural machinery, agrochemicals, electrical goods, iron and steel, pulses and beans, investment in plantations, ICT and IT-related products and servicesⁱⁱ.

India-Myanmar Bilateral Trade (in million US\$)

Year	2012-13	2013-14	2014- 15	2015-16	2016-17	2017-18
India's exports	544.66 (-0.13%)	787.01 (44.5%)	773.74 (-1.69%)	1070.65 (38.46%)	1,107.89 (3.48%)	966.19 (-12.79%)
India's imports	1,412.69 (2.28%)	1395.67 (-1.20%)	1231.54 (- 11.76%)	984.27 (-20.08%)	1067.25 (8.43%)	639.64 (-40.07%)
TOTAL TRADE	1,957.35 (1.6%)	2182.68 (11.51%)	2005.28 (-8.13%)	2054.92 (2.5%)	2178.44 (5.85%)	1605.84 (-26.17%)

(Sources: Director General of Foreign Trade, Ministry of Commerce, India)

In bilateral trade, the preferential trade would be agriculture and food processing, forestry, mini-hydel power plant, garments and textiles, gems & jewellery, metallurgical industries, pharmaceuticals and medical equipment, transport equipment, construction material, light engineering products/electrical equipment, oil and gas exploration, fertilizers, automobile and two wheeler industry, especially bicycle and bicycle parts, spare

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parts and machinery for small industry, infrastructure, computers, IT and education & health care, hotel industry and tourism etc.

India's Prime Minister, Manmohan Singh has visited Myanmar in 2012. During the Prime Minister visit, both countries have arranged to enhance bilateral relationship including trade and commerce. The two countries have signed an important Memorandum of Understandings (MoUs) on trade including border development and border trade and improving connectivity. In order to facilitate trade between the two countries after India's Prime Minister visit, India's business delegations have been visiting Myanmar regularly and number of business events are taking place in Myanmar.

The Prime Minister visit has accelerated the bilateral trade. India involvement in Myanmar has been increasing. In a recent development, many major contracts in Myanmar won by Indian companies, Jubilant Energy has a sharing contract with Myanmar Oil and Gas Enterprise for the PSC-1 Ayeyarwady Region, JK Paper signed Memorandum of Understanding (MoU) with the Myanmar restructuring the state owned, Thar Paung Paper and Pulp Mill, Tata Motors made an agreement with Apex Greatest Industrial Co. Ltd (AGI) for supplying passenger commercial vehicles in Myanmar. The Myanmar Airways International (MAI) started direct service Mandalay to Gaya. The Apollo hospitals launched telemedicine services in Myanmar. India allowed overland import of rice from Myanmar; this relaxation could be benefited by North East states. India bank entered in Myanmar for the first time in Myanmar. The United Bank of India has commenced operations in Yangon. India extended to Myanmar a grant of \$ 1 million for building infrastructure, including schools, in the violence-hit Rakhine State.ⁱⁱⁱ

The new Myanmar investment law has attracted many foreign investors. Among these, India companies lo taking a new step and strengthen their position to take hold of opportunities in Myanmar. The recent development had revealed that the trade between India and Myanmar has flourish and increasing year by year. It is hope that this would be continuing and moving in a positive ways. The present trend of Indo-Myanmar bilateral trade is optimistic, and increasing the intensity of trade in many ways. However, it seems that the border crossing trade is neglected by both countries. So, both countries need to paid more attention to enhancing border trade.

Indo-Myanmar Border Trade:

India and Myanmar have 1643 kms long international border. In 1994, India and Myanmar had signed border trade agreement. As of now, both countries have two border trade points in Moreh (India)-Tamu (Myanmar) and Zokhawthar(India)-Rih (Myanmar). As per the agreement, both countries simultaneous to conduct of border trade and MFN Trade (Normal Trade) at Moreh and Zokhawthar. The concessional duty of 5% on these 40 identified items is permitted. However, the border trade has not contributed on bilateral trade, even if the trade volume has been increasing, border trade is gain only a small section of people.

Indo Myanmar Border Trade (in million US\$)

Year	Myanmar exports	Myanmar Imports	Total trade	Balance of Trade
2005-2006	11.28	4.13	15.41	-7.14
2006-2007	11.02	4.75	15.77	-6.27
2007-2008	10.91	3.92	14.83	-6.99
2008-2009	5.49	4.43	9.82	-1.05
2009-2010	7.79	5.95	13.73	-1.84
2010-2011	8.30	4.50	12.80	-3.80
2011-2012	8.87	6.54	15.41	-2.33
2012-2013	26.96	11.67	38.63	-15.20
2013-2014	16.46	26.12	42.58	9.66
2014-2015	17.03	39.86	56.89	22.83
2015-2016	53.027	18.617	71.644	-34.41
2016-2017	63.461	24.435	87.896	-39.026
2017-2018	68.774	21.791	90.565	46.983

(Source: Ministry of Commerce, Myanmar)

Thiyam Bharat Singh has said how trade has carries out in Moreh. He said that ‘three-tier system of trade’ is used at Moreh trade point. The local products items were traditionally exchanged between the indigenous people residing within 40 km on either side of the border. Both traders also carried out the bilateral border trade with simplified documents up to a maximum value of US \$ 1000. Another method is ‘barter trade’ in 22 items agreed upon exchangeable items up to a maximum value of US \$ 20,000. Besides that, they are also using normal or regular trade, both trader are doing business under the letter of credit system as per Export Import Policy guidelines^{iv}.

In Mizoram side, Zokhawthar is the trade point; the trade was carried with minimal transaction. All the main exported items are soya beans products, pharmaceuticals, fertilizers and human hair^v, and illegally some smuggling of arms and prohibited items. No local product is exported, while the chief import is mainly a cheap Chinese made kitchen ware, garment, and other low quality goods with cheap prices. The state government is also not showing any interest on border trade. No proper tax was levied on import and export items. The custom department has freely taken the taxes from the traders with their own convenience.

In a recent development, India and Myanmar have prioritised the expansion and progress of border trade. In the Joint Statement on India’s Prime Minister visit Myanmar, it is clearly mention that, “the two leaders directed that a bilateral Border Trade Committee should be set up to implement the earlier decision that meetings would be held regularly between the border trade officials and businesspersons in Tamu-Moreh and Rhi-Zokhawthar^{vii}”.

In the Indo-Myanmar border trade, there are many obstacles and challenges. In the Zokhawthar trade point alone, the connectivity network the main challenge. The road connection in Mizoram is very poor. Zokhawthar is 189 kms far away from capital city of Aizawl. The connectivity from Aizawl to Zokhawthar is pitiable. Even if a large quantity of exported or imported needs to be carried under the permitted items, transportation would be the main difficulties. In Mizoram. the road is constructed on a hilly region with narrow, rugged, and not properly maintained.

It seems that India is not interest to operated border trade in Zokhawthar. Even if the construction of building for land custom station in Zokhawthar is completed, normal trade is not operated. It was not sure whether the operation of land custom station is delayed due to poor connectivity in Mizoram. During India’s Prime Minister visit Myanmar, the development of Rih-Zokhawthar trade points is put in a top priority. It was paradoxically move that the Indian government has proposed the new road constructed for Aizawl to Zokhawthar is for the purpose of General Security¹ instead of trade and commerce.

Even if the trade was normally permitted and concessional rate was allowed in different items, the progress in border trade is very slow. It was not properly operationalised the normal trade. Most of the transaction was done in a barter system or illegal. It is indeed India and Myanmar needed to paid more attention to border trade. The prevailing trade system in border trade is required to refurbish or improvement.

How could the connectivity enhance border trade?

India and Myanmar have realised better connectivity is needed for strengthening ties between them. So, both countries have emphasised to gives effort on building transport and communication system. Myanmar had given efforts to develop the border area. In 1989, Myanmar launched ‘Border Area Development Plan’, and has given a priority to development of transport and communications, education, health, electric power, and agriculture etc. The road connectivity in border areas is neither properly constructed nor well maintained. So, new roads are constructed, and upgrading the existing rough road into metalled road. During this process, many roads were extended and upgraded where Sagaing, Kachin and Chin regions have 2,581 miles in 1988 to 4,002 miles in 2010. Even if Myanmar has trying to improve the connectivity, the road condition is still very miserable.

India acknowledged Myanmar’s connectivity is poor condition and lends a helping hand for constructing border road development. India assistance on Myanmar road construction is commendable. India and Myanmar are enthusiastic to work together on connectivity. India assistance Mynamar to build good connectivity is not a recent development, the *Indo-Myanmar Friendship road* has constructed in 2001. During the Prime Minister visit, India and Myanmar have signed a ‘Memorandum of Understanding on the India-Myanmar Border Area Development’, and ‘Memorandum of Understanding on establishing of Border Haats across the border between Myanmar and India. Both countries have realised the importance of connectivity for expanded and accelerates the border trade. To improve the trade relationship, better connectivity is the top priority. India and Myanmar decided to constitute a Joint Working Group to determine the technical and commercial feasibility of rail links and the commercial feasibility of direct shipping links between them. The two sides agreed to launch a trans-border bus service from Imphal to Mandalay for enhancing people to people contact.

One of the main important progresses to enhance the border trade is road connectivity of Rih-Tiddim Project, which is 80.1 km long. The agreement for construction of Rih-Tiddim was signed in December 2012,

during India's External Affairs Minister visit to Myanmar. Another important road project is 'Tamu-Kalewa-Kalay Road (TKK)'. This project involves upgradation of the 160 km long TKK road. India's Border Roads Organization (BRO) is the implementing and maintaining agency for 6 years. The Trilateral Highway Project involves constructing 1360 km highway, joint project by India, Myanmar and Thailand, which will connect Moreh (India) to Mae Sot (Thailand), the route will cutting through Myanmar and reach Thailand. India will take care of constructing Tamu-Yargi highway. Those road projects have aimed to development and extent linkages to border area and border development.

On April, 2008 the India and Myanmar governments signed an agreement for the Kaladan Multi-Modal Transit Transport Project to connect Indian seaport, especially Kolkata with Sittwe port in Arakan state. From Sittwe port inland waterways transport will connect Kaletwa and by road to Mizoram. This project is mainly aimed to provide an alternate route for transport of goods to North-East India. In India transportation faced very difficult due to the Siliguri Corridor (chicken neck), India have asked to provide Bangladesh Chittagong port for using internal transportation, however, Bangladesh has refused India's request. So, India has searching another route for accessing the North Eastern state.

It was estimated that this Koladan project will cut short 1328 km, where the distance between Kolkata to Sittwe is just 539 kms far and inland water ways form Sittwe to Kaletwa is 225 kms. After that Kaletwa to India is just 62 km by road^{vii}. According to the IWAI presentation in 2011, the present project distance would be Kolkata to Sittwe is 539 kms, Sittwe to Paletwe is 158 kms Paletwe to Kaltwe is 67 kms, Kaletwe to Mynamar Border Myelkwa is 62kms, Myelkwa to Lawngtlai is 100 kms. The Project has targeted greater economic cooperation, the Agreement Framework signed by both government has clearly mention that "to promote greater economic cooperation for mutual benefits and for the well being of their people" and "development of infrastructural projects including transports facilities important for facilitating greater economic integration and people to contact"^{viii}.

Even if the project mainly aimed internal transportation, however, it is hope that it will also provide good connectivity between India and Myanmar. This project will help in bilateral trade, and hope that beneficial for economic development North-Eastern states. It is hope that this project would be more beneficial for India's internal transportation than external trade. It could provide sea route trade and land based bilateral trade. The project would enhance the bilateral ties through trade and commerce.

All the initiation for connectivity could be a trade route for both countries. These road and sea transportation will enhance the bilateral trade and would surely increase the volume of trade between India and Myanmar. It was not sure the authority has neglect border trade because of the poor connectivity, if there is a good connectivity, which would automatically increase the volume of trade and could draw more attention from the government too.

India's Look East Policy has urged to build strong connection with South Eastern Asian nation. After cooperation with ASEAN since 1992, India has working hard to enhance relationship with eastern nations. In addition to connection with ASEAN, Myanmar is the key to reach eastern nation. So, India has realised that investing connectivity with Myanmar has brought many opportunities. It could be an important instrument for people to people contact, and build a strong relationship with eastern nations. So, good connectivity would more beneficial for both India and South east nations.

India actively involved in sub-regional cooperation's like Mekong-Ganga Cooperation and BIMSTEC. That sub-regional cooperation's play a crucial role on selected sectoral cooperation's. The sub-regional cooperation demand better connectivity. India can connect the eastern nation through improving connectivity with Myanmar. Beyond ASEAN nation, Indo-Myanmar connectivity has a potential to facilitated connection between other countries like Bangladesh and other SAARC countries. The Indo-Myanmar connectivity has a dual purpose; it could be a regional connectivity that can connect the South Asian and South Eastern Asian nations. India has working together with China under the umbrella of BRICS. It is hope that this connectively would facilitate larger opportunities for larger nations. It seems that the Indo-Myanmar connectively has a potential benefits for India and Myanmar countries. So, both nations has a chance to flourish thought this connectivity

CONCLUSION:

We realised that the Indo-Myanmar trade have been increasing; however, the border trade has play a minimal role on bilateral trade. After establishing 20 years of border trade, the Indo-Myanmar border trade could not progress and border trade is benefited only a small section of people near the border areas. If there is good connectivity, which could boost the trade and could contributed to a larger extent. In recent events, India and Myanmar has agreed to accelerate to construct connectivity. This could play a significant role for trade and strengthening the bilateral relation in a larger picture.

After reinstatement of democracy in Myanmar, many countries have shown interest to invest in Myanmar. The new trade environment has attracted many developing and developed countries to have better

ties with Myanmar. At this moment, India taking advantages to seize opportunities. India and Myanmar have been working to make connectivity for several rationales. The volume of trade and intensity has been increasing year by year. On a process to improve the bilateral trade, both countries need to paid more attention to border trade. Border trade could play a crucial role in bilateral trade. The connectivity could make the people of both countries closer.

The Indo-Myanmar border trade need to revamp for more benefited by both countries Both countries have been neglecting the border trade, after the land custom station was completed, no full normal trade was not carried out. In addition that, due to poor condition of the connectivity, full normal border trade could not be carried out. If there is a good connectivity, the border trade between India and Myanmar could be enhance and extended to more items. It is hope that after building a good connectivity, the government from both countries would pay more attention to operate normal trade between them. And also, the bilateral connectivity would open an opportunities to reach larger nation and larger benefits. India has invested lots of public exchequer to construct road and better connectivity in Myanmar. It is hope that India has not extravagantly used tax payer money for nothing; this investment would return more beneficial for India in economic and cultural ties with Myanmar and a larger aspect of eastern nations.

END NOTES

ⁱ The India Mission in Yagon has given useful information. See details in http://www.indiaembassyangon.net/index.php?option=com_content&view=category&layout=blog&id=21&Itemid=122&lang=en

ⁱⁱhttp://www.indiaembassyangon.net/index.php?option=com_content&view=category&layout=blog&id=21&Itemid=122&lang=en

ⁱⁱⁱ <http://www.southasiaanalysis.org/node/1099>

^{iv} Thiyam Bharat Singh, “A Study on Indo-Myanmar Border Trade” See details on <http://www.dgciskol.nic.in/vaanijya0907/B%20Vaaniya%20Article.pdf>.

^v I personally talk to the porter in Zokhawthar on June 2013, they are saying that Human Hair and products form Soyabean are the main export from India. I was informed that Fertilizer was not allowed to export, however, it was exported illegal.

^{vi} PMO (2012) Prime Minister Office, Government of India, “Joint Statement on the occasion of the visit of Prime Minister of India Dr. Manmohan Singh to Myanmar”, <http://pmindia.nic.in/press-details.php?nodeid=1439>

^{vii} Ministry of Development of North Eastern Regions, Government of India, “Kaladan Multi-Modal Transit Transport Project”, <http://www.mdoner.gov.in/content/introduction-1>

^{viii} IWAI (2011) Inland Waterways Authority of India, Government of India , Agreement Framework <http://iwai.gov.in/nit/Frameworkagreement.pdf>