

Opening of Border Gates in North-East India with Neighbouring Countries:

A New Vector for Enhanced Trade and Connectivity

Leena Chhabra

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Maps and Tables

Maps

| | | |
|---|--|----|
| 1 | International Land Border | 12 |
| 2 | States of North-East India | 20 |
| 3 | Chicken's Neck | 21 |
| 4 | Export/Import via Haldia Port | 22 |
| 5 | Stilwell Road | 35 |
| 6 | Potential Land Route from Moreh (India) to Bangkok | 37 |
| 7 | Kaladan Multi-Modal Transit Route | 39 |

Tables

| | | |
|---|--|----|
| 1 | Status of Land Custom Stations in North-East India | 26 |
|---|--|----|

Abbreviations

| | |
|----------|---|
| ASEAN | Association of South East Asian Nations |
| BBIN-MVA | Bangladesh-Bhutan-India-Nepal Motor Vehicles Agreement |
| BIMSTEC | Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation |
| CBIC | Central Board of Indirect Taxes and Custom |
| DGCIS | Directorate General of Commercial Intelligence and Statistics |
| ICEGATE | Indian Customs Electronic Gateway |
| ICP | Integrated Check Post |
| IWAI | Inland Waterways Authority of India |
| KMMTTP | Kaladan Multi Modal Transit Transport Project |
| LCS | Land Custom Stations |
| MHA | Ministry of Home Affairs |
| NEC | North Eastern Council |
| NER | North East Region |
| PIB | Press Information Bureau |
| SASEC | South Asia Subregional Economic Cooperation |

Foreword

I am delighted to write a foreword for the monograph titled "Opening of Border Gates in North-East India with Neighbouring Countries: A New Vector for Enhanced Trade and Connectivity," authored by Leena Chhabra for the India Foundation Monograph series.

As an esteemed think-tank dedicated to foreign policy analysis, I believe that this monograph contributes significantly to the discourse surrounding regional dynamics, trade facilitation, and connectivity in the context of north-east India and its neighbouring countries.

This monograph provides a comprehensive analysis of the implications and opportunities arising from the opening of border gates in north-east India. By examining the potential impact on trade and connectivity with neighbouring countries, the monograph seeks to shed light on how such initiatives can serve as catalysts for economic growth, cultural exchange, and diplomatic relations in the region. The scope encompasses historical perspectives, current challenges, and prospects, offering a holistic view for policymakers, scholars, and practitioners engaged in foreign affairs.

The monograph delves into the intricacies of cross-border trade and the economic ramifications of opening border gates, emphasizing the potential for increased commerce and the diversification of trade routes. A critical aspect of the analysis is the examination of the impact on regional connectivity and the required infrastructural developments, exploring how enhanced connectivity can foster greater cooperation among nations. It also underscores the importance of people-to-people ties and cultural exchange, demonstrating how the opening of border

gates can facilitate greater understanding and collaboration among diverse communities.

Given the increasing significance of regional cooperation in contemporary foreign policy, this monograph addresses a timely and pressing issue. It provides actionable insights for policymakers and diplomats seeking to navigate the complex landscape of cross-border relations, offering a nuanced understanding of the potential benefits and challenges associated with the opening of border gates in north-east India.

The monograph concludes with a set of carefully formulated recommendations aimed at informing policymakers and stakeholders on strategies to maximize the positive outcomes of this transformative initiative while mitigating potential challenges.

I believe that this study would be beneficial to policy-makers, and stakeholders of this region besides students and scholars of regional studies.

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Abstract

When India gained freedom from the imperial clutches of Britain, North Eastern Region (NER) was a prosperous zone and the territory was at par with other provinces of India. Partition of India created East Pakistan, which cut into both land and sea connectivity. The Chittagong port which fell in east Pakistan was no longer available. Land connectivity via East Pakistan continued through seven rail links, which were operational until 1965 India-Pakistan war. Post-1965, all the railway links passing through the then East Pakistan were cut off resulting in India's reliance on the 21-km stretch Siliguri corridor transit route for interaction with the North East Region. Suddenly the region found itself surrounded by 97 per cent of international boundary with five neighbouring countries restricting its interaction with India to a narrow strip of land connection. Independence and partition squeezed the giant geographical limit of North East India into an isolated landlocked landmass. Out of the 15,106.7 km international boundary, the eight North-eastern provinces share a total of 5,183 km international border with China (1,395 km), Bhutan (455 km), Myanmar (1,640 km), Bangladesh (1,596 km) and Nepal (97 km). Since 97 per cent of the North East of India's border is international boundary, it is essential to overcome the shackles of geo-political isolation by initiating new policy in the sphere of defence, foreign relations, internal security, and international trade. A common perception in New Delhi about North East India's neighbouring countries is that except China, rest of the countries (Nepal, Bhutan, Myanmar, and Bangladesh) receive grants from India and India cannot gain much from them. Moreover, India's perception about China is skeptical. Indian policy makers generally opine business and trade with China through land route is unviable. Such an understanding has so far kept Indian policy makers

away from devising innovative policies to unleash the potential of NER for trade with neighbouring countries and beyond. This paper argues that uneasy relationship with most of the neighbouring countries has hindered development of the territory, which forced private investment away from the region. Three broad concepts have been examined in this paper: a) Opening trade gates with neighbouring countries is a low-hanging fruits. To avail the fruits it is crucial to develop necessary infrastructure right up to the border areas and create seamless connectivity and communication network to cross-border points; b) Critical concerns like terrorism, arms smuggling, drug trafficking, cross-border migration and other forms of non-conventional security threats should not overshadow the developmental agenda of cross-border trade and commerce; and c) North East India serves as the gateway to lucrative trade route towards Southeast Asian nations and India's Act East Policy projects the region as an arrow-head in garnering the benefit of geographical dividend and economic potential

Keywords: North East Region, Neighbouring Countries, Cross-border trade, International Relations.

I. Introduction

Prior to the British rule, various kingdoms and chiefs ruled over the North-East Region. The Ahom Kings of Assam and the Meitei Kings of Manipur had a great sense of history. They used to maintain Buranjis or historical chronicles for thousands of years. (Barua, 1930) . In Tripura, the Manikya Dynasty ruled the kingdom from 15th-20th century CE. Various clan chiefs used to rule the administration in Mizoram. These chiefs were considered the absolute proprietors of all lands within their territorial jurisdiction. The region in Meghalaya was also ruled by its local chieftains and kings. The Khasi and Jaintia tribal societies were ruled by Syiem or king and his ministers¹. Nokmas used to rule the Garo societies. Villages in Arunachal Pradesh and Nagaland were under their chieftains and Sikkim was ruled by the Namgyal-Chogyal dynasty.

The province of Assam was divided into three regions - Sylhet, Manipur, and Assam during the British rule as well. The Mughal, Burmese and British dealt separately with all the three regions. In 1765, along with rest of Bengal, the Sylhet province was passed into the hands of the British. (Lindsay, 1849).

The East India Company established its administration in Bengal after the Battle of Plassey in 1757 while Assam came under the Company's protection after the Treaty of Yandabo in 1826. (Roy, 2003). Starting from 1755 until 1826, the kingdoms of Assam and Manipur were constantly attacked and threatened by Burmese invaders. North-eastern rulers successfully defeated all foreign invading armies until the British came and overwhelmed the region. Neither the rules of Delhi Sultanate nor the Mughals were ever able to penetrate the land of north-east. But Burmese invasion used to trouble the Assamese and Manipuri dynasties. In 1824, when Purandar Singh of Ahom dynasty faced the invasion of

Burmese army, he started negotiation with the East India Company's Political Officer David Scott. The British agreed to help save Assam from the Burmese invasion and with the aid of the East India Company, the First Anglo-Burmese War concluded with the signing of the Treaty of Yandabo on 24 February 1826. (Snodgrass, 1827). After the war, the Burmese were forced to refrain from the affairs of Assam and recognised the Raja of Manipur Gambhir Singh.

Soon, the East India Company started to grab land and took control of Western Assam. A British political agent was appointed at the court of Ahom king to indirectly control the kingdom's affairs. Gobind Chandra was reinstated as the Raja of Cachar. He ruled by virtue of the treaty of Badarpur signed on 6 March 1824, acknowledged the allegiance of East India Company and agreed to pay a tribute of Rs 10,000 a year. (Aitchison, 1931). Purandar Singha was installed as the king of Upper Assam in 1832 by the East India Company.

By the end of 1838, the East India Company had annexed the entire region including Upper Assam, Khasi Hills, Jaintia Kingdom, Cachar, Garo Hills and Khamtis. (Jenkins, 1995). In the year 1838, Assam province was made part of the Bengal Presidency. In the year 1874, Assam was separated from Bengal to form the 'North-East Frontier non-regulation province' or Assam Chief-Commissionership. (Roman, 1892).

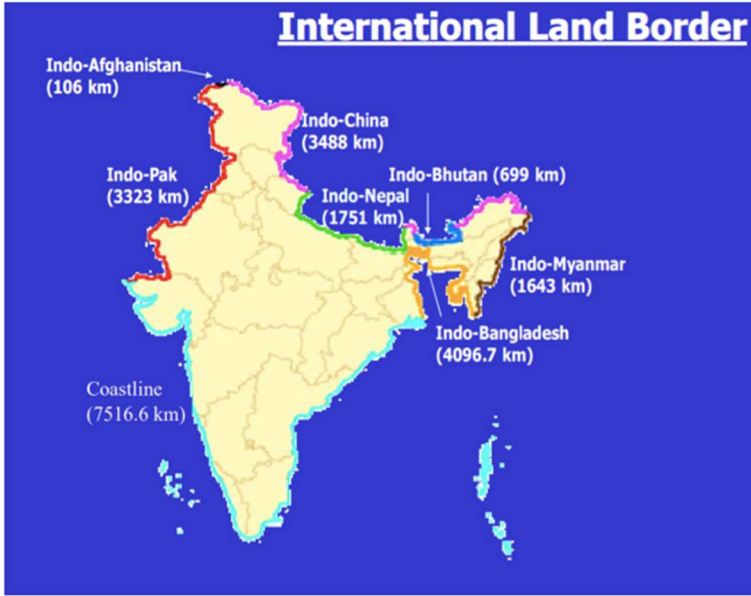
During 1905-1911, when partition of Bengal took place, Assam was placed under the new province of Eastern Bengal and Assam. In 1912, after the end of Bengal's partition, Assam became a separate province. (Taylor, 1842).

The North East Region had tremendous business acumen and trade relations with the neighbouring kingdoms during the dynastic and chieftain rules. Historically, the Ahom Kingdom of Assam was

extensively trading through the land routes with present day Myanmar and Tibet for centuries. Along these routes the Tibetans came down to Pasighat in Arunachal Pradesh to exchange goods like rock salt, woven fabrics, and metal items. Sea trade from Eastern part of India with countries of South East Asia is well known and commonality of culture is testimony to the same. (Sandhu, 2020). Even when the British gained control of the region, they maintained trade relations with neighbouring countries. (Chaudhuri,1978). This was the reason that when India got independence, north-east India was not lagging on development index compared to other regions. The takeover of Tibet by the Communist China stopped the trade between Northeast and Tibet in 1950s.

India's independence in 1947 upset the region's aspirations as it became an unintended victim of partition and cartographic division whereby North East Region's history was further troubled by geo-politics. (Morse, 1926). Partition placed many hurdles like delinking from sea, detached from Kolkata port and Chittagong Port, need of new trade policy to continue commerce with neighbouring countries and security concerns of the region.

Map1: International Land Border



The map shows total length of India's land border and coastline. Arunachal Pradesh shares 1126 km border with Tibet (The MHA uses the term China not Tibet [https://www.mha.gov.in/sites/default/files / INDO%20CHINA_05052017.pdf](https://www.mha.gov.in/sites/default/files/INDO%20CHINA_05052017.pdf)).

Source: Ministry of Home Affairs, Government of India, <https://www.mha.gov.in/sites/default/files/BMIntro-1011.pdf>

Out of the 15,106.7 km international boundary, 5183 km falls in the North-Eastern India. The eight North-eastern provinces share a total of 5183 km international border with China (1395 km), Bhutan (455 km), Myanmar (1640 km), Bangladesh (1596 km) and Nepal (97 km). (Gogoi, Goswami & Borah, 2009). The region's 5183 km long international border is more than 97 per cent of its total geographical boundary. There are various estimations available about the extent of border shared by

North-eastern provinces with rest of India. The Ministry of Development of North Eastern Region in its Vision 2020 document stated that North-eastern states share 4 per cent of its border with the rest of India. On the other hand, the 13th Finance Commission explain that the states share less than 1 per cent with the rest of India. Only Assam and Sikkim share their border with any other Indian state i.e., West Bengal. Assam-West Bengal border is 127 km long while Sikkim-West Bengal border is 60 km long. The total international border of North-eastern states is 5183 Km. Therefore, the percentage of border share with the rest of India is 2.46 per cent while the percentage of border with neighbouring countries is 97.54 per cent. (North Eastern Council, 2008). Peculiarly and alarmingly, the region has a narrow strip of only 21 -km long connectivity corridor with rest of India, which is known as the 'Chicken Neck'. (North Eastern Council, 2008).

After partition, seven rail links were operational between India and the then East Pakistan (up to 1965). The region was breathing with land connectivity with rest of India as trains to Assam and North Bengal continued to run through the then East Pakistan territory even after the partition reducing the burden of dependency on the 21-km Siliguri corridor. However, after the India-Pakistan war of 1965, all the railway links passing through the then East Pakistan were cut off resulting in India's reliance on the 21-km stretch Siliguri corridor or Chicken Neck transit route for interaction with the NER.

This narrow physical connectivity has severely limited the economic prospects of the north-east. Security concerns dominated bilateral relations with neighbouring countries, which further circumscribed the region's ability to interact with outside world.

In 1885, the last Burmese King Thibaw was defeated by the British army in the third Anglo-Burmese war and Burma was merged with the existing British colony in India. Till 1936, Burma was ruled from Delhi as one of its provinces by the British Government and it was only in 1937, Burma was made a separate crown colony of Britain. So, there was no qualm about the trade in between Burma and India through North East. During the British time, trade with Tibet was flourishing and the Nathu La trade route witnessed a spur of activities. Trade continued along with Nathu La and the pass was used for cross border movement as well as exporting electronics and textiles and importing raw wool, silk and precious stones from China. Some of those trade contact reduced during 1950s as explained at the above. However, after the 1962 Sino-Indian war it was closed for all civilian activities. (Hasija, 2012). Numerous studies, policy papers and commentaries on this subject clamour for opening contact with neighbouring countries. Limited contacts on small scale have already been established. Kolkata-Dhaka bus service was started in 1999, which was extended up to Agartala in 2001. Forty-three years after ceasing of rail-link with Bangladesh, rail communication resumed in 2008. Presently, five operational rail links are working successfully between India and Bangladesh.

As a result of the 1947-48 and the 1965 war with Pakistan and the 1962 conflict with China, India adopted a security-centric approach while dealing with its neighbours that has restricted a collaborative relationship with its neighbours. It is a fact that good neighbourly relationship is a win-win formula where both the sides stand to gain and which may resolve many problems afflicting the north-east of India. European Union and the United States are examples of how to refrain neighbourly conflict. (Drexler, 2009).

Partition isolated the region, sealed both land and sea routes for commerce and trade, and severed access to traditional markets and the gateway to the East and South-East Asia – the Chittagong port in East Bengal (now Bangladesh). (North Eastern Council, 2008). It distanced the approach to the rest of India by confining connectivity to a narrow 21-km wide Siliguri corridor, making it a 'remote land 'and constraining access for movement of goods and people.

Since more than 97 per cent of the north-east of India's border is international boundary, it is essential to overcome the shackles of geo-political isolation by initiating new types of policy in the sphere of defence, foreign, internal security, and international trade. As the Vision 2020 document said, "An imaginative leap in foreign policy, defence policy and internal security policy, as much as in investment, infrastructure, and commercial policy, is required to end the region's geo-political isolation and put it on the path to accelerated and inclusive growth". (North Eastern Council, 2008).

Opening trade gates with neighbouring countries is the game changer and in order to achieve that it is crucial to develop necessary infrastructure right up to the border areas to create seamless connectivity and communication network. It is evident that the north-east India is a gateway to the lucrative trade route of Southeast Asian nations. A better co-ordination between the Centre and the north-eastern states is essential to realise the actual economic potential and development of the region. Also, it is necessary to devise a strategy on managing imports from neighbouring countries and supply of the same into the length and breadth of India while at the same time streamlining of policy is vital on export of materials for trade with the neighbourhood and beyond.

Nevertheless, critical concerns like terrorism, arms smuggling, drug trafficking, cross border migration and other forms of non-conventional security threats need to be addressed through robust policy. Without dynamic diplomatic endeavours, promotion of trade activities with neighbouring countries is a daydream. Therefore, diplomatic outreach must be initiated to blend foreign policy with national development.

New Delhi perceives that North East India's neighbours viz. Nepal, Bhutan, Myanmar, and Bangladesh are recipient of Indian grants and aid. India cannot gain much from these countries. About china, although it is the second biggest trade partner after the US, on the question of trade with China through land route, India's attitude is suffering from scepticism and inertia. Such understanding has so far kept Indian policy makers away from devising suitable policies to unleash the potential of NER for trade with neighbouring countries and beyond.

International trade and international relations are viewed through the prism of formal state-to-state relations where the sentiments of local communities and people near the border areas remained out of the purview of such policies. The implication of the word 'Foreign Affairs' has been given on 16 April 1947 by the Union Powers Committee of the Constituent Assembly presided over by Jawaharlal Nehru. "Foreign Affairs" connotes all matters which bring the Union into relation with any foreign country and in particular includes the following subjects :-- (1) Diplomatic, consular and trade representation; (2) United Nations Organisation; (3) Participation in international conferences, associations and other bodies and implementing of decisions made thereat; (4) War and Peace; (5) The entering into and implementing of treaties and agreements with other countries; (6) Trade and Commerce with foreign countries; (7) Foreign loans; (8) Naturalisation and aliens; (9)

Extradition; (10) Passports and visas; (11) Foreign jurisdiction; (12) Admiralty Jurisdiction; (13) Piracies, felonies committed on the high seas and offences Committed in the air against the law of nations; (14) Admission into, and emigration and expulsion from, the Union; (15) Port quarantine; (16) Import and export across customs frontiers as defined by the Union Government; (17) Fishing and fisheries beyond territorial waters. (Nehru, 1947). Local sentiment or sensitivities are not considered. Therefore, despite the unlimited potential for border trade, formal trade interactions become difficult. The unlimited potential can be ascertained from the fact that “as per data made available by DGCIS, during the period 2018-19 and 2019-20, exports from North East Region increased from 442.58 USD Million in 2018-19 to 504.11 USD Million posting a growth of 13.9%. Almost 50 % of the total exports from North Eastern States were exported from border points within the region in 2018-19 and 2019-20. This is because of the fact that North East Region is landlocked and the export consignments go from seaports/airports from outside the region”. (Patel, 2023). Devising a robust trade policy and opening of border gates with infrastructure development will facilitate trade from the region, generate employment and exploit the economic potential of the NER.

This study assesses the benefits of opening of economic gateways like Assam-Bhutan (Samdrup Jhongkhar and Gelephu) gates; Manipur-Myanmar (Moreh) gate; Sikkim-China (Nathu La) gate and Arunachal Pradesh-China (Shipkila) gate; Meghalaya-Bangladesh (Dawki) gate; and Sikkim-Nepal (Uttarey) gate.

The monograph argues that uneasy relationship with most of the neighbouring countries has not helped the cause of development of the region, which forced private investment to shy away from the region.

Opening of border gates leads to the accruing of loads of benefits by Indian states, which needed to be augmented. Much has been said about the need to develop infrastructure right up to the border areas, establishing connectivity and communication links to the cross-border points through which trade and economic exchanges with the countries neighbouring the NER. It argues that a reversing of policy like opening of border gates would trigger infrastructure development in the region. The broadening of trade, transit and investment with the neighbouring countries of the region would facilitate linking the region with South-East Asia.

The “Look East Policy” initiated by former Prime Minister PV Narsimha Rao in 1990s emphasised the region’s connectivity with ASEAN countries. However, Prime Minister Narendra Modi’s “Act East Policy” provided the real gravitas to the North East Region to unleash the economic benefit.

The north-east India is strategically situated to achieve the Government of India’s strategic vision as explained in the Act East Policy. The region is a vast storehouse of coal, oil, natural gas, and limestone, and a good proportion of land is under cultivation for agro-horticulture products like bamboo, and rubber. What is significant is that north-east India acts as a land bridge for participation in institutional forums like the South Asia Subregional Economic Cooperation (SASEC) and the Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC) program. India’s excellent bilateral ties with Myanmar provide ground for integration with other Association of Southeast Asian Nations (ASEAN) countriesⁱⁱ.

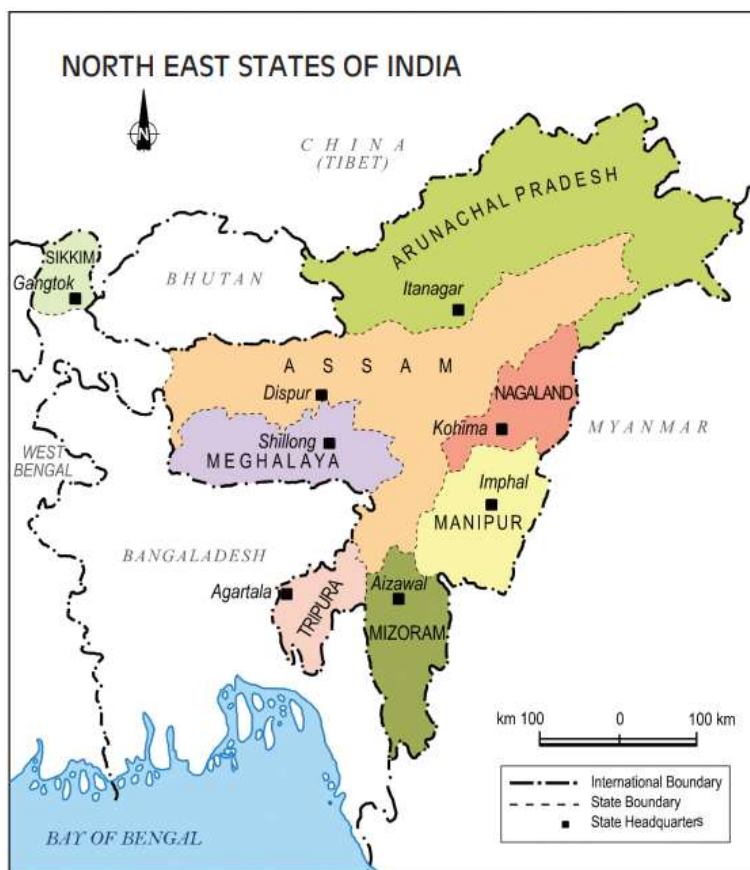
The study is divided into four broad sections: 1) Geographical factors and border gates; 2) Political initiatives; 3) Legal aspects of trade and commerce; and 4) Economic potential and way forward.

II. Geography of the Region and Border Gates

India's North Eastern Region comprising eight states - Assam, Manipur, Nagaland, Sikkim, Arunachal Pradesh, Meghalaya, Tripura, and Mizoram - shares less than three per cent of its borders with other Indian states. (North Eastern Council, 2008; Gogoi & Borah, 2009). These eight provinces share nearly 97.54 per cent of their border with five neighbouring countries viz. Bhutan, Nepal, Myanmar, China, and Bangladesh. (Gogoi, Goswami & Borah, 2009) and the remaining 2.46 per cent land border is shared with rest of India. As per the Ministry of Home Affairs, Government of India, India has 15,106.7 km of land border and a coastline of 7,516.6 km including island territoriesⁱⁱⁱ.

A. Sub-Regional Connectivity in North-Eastern States

Map 2: States of North-East India

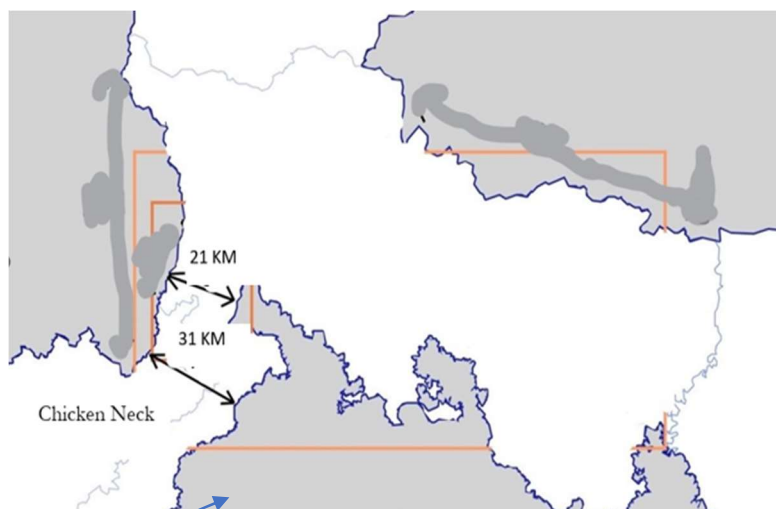


Source: Based on Survey of India with the permission of Surveyor General of India. North East India: People, History and Culture, New Delhi: NCERT, 2017, pp-14.

The 'Siliguri Corridor' is in the West Bengal province only, which serves as the only land connection between North-east's eight provinces with

the rest of India. The corridor, or the ‘Chicken Neck’, is described variously by authors and government organizations. The ‘Chicken Neck ’ has an approximate width of 31 km on the western end and 21 km on the eastern end (Inland Waterways Authority of India [IWAI], 2017) and therefore, the expression at various places varies.

Map 3: Chicken’s Neck

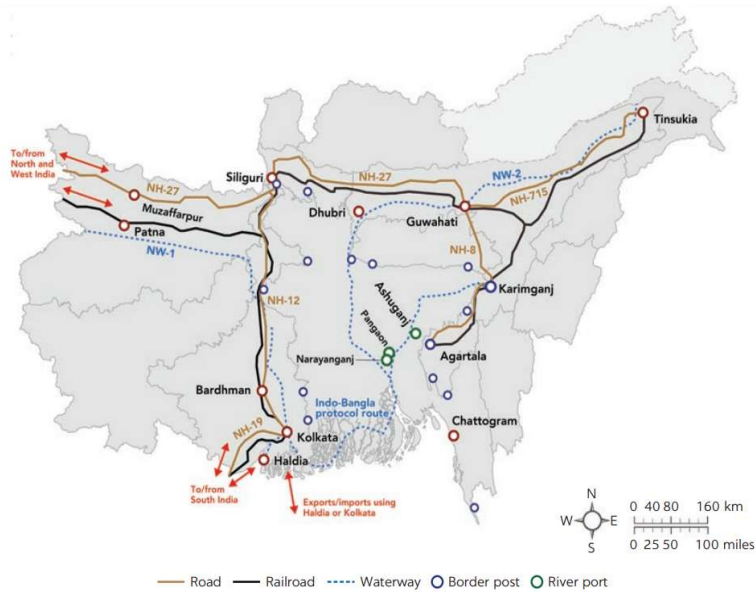


Source: Author’s creation

Lack of transport integration between Bangladesh and India means that Indian trucks are not allowed to transit through Bangladesh. As a result, India’s northeast states are connected with the rest of India only through the “Chicken’s Neck”. The transit restriction leads to long and costly routes between northeast India and the rest of India and the world. Goods from Agartala, for example, travel 1,600 km through the “Chicken Neck” corridor to reach Kolkata Port instead of 450 km through Bangladesh. If the border were open to Indian trucks, goods from Agartala would have

to travel just 200 km to the Chattogram Port in Bangladesh, and the transport costs to the port would be 80 per cent lower. (Dappe & Kunaka, 2021).

Map 4: Export/Import via Haldia Port



Source: World Bank, 2021

Rather than getting caught in a security stalemate, it is pertinent to develop trade contacts with neighbouring countries to exploit “geographical dividend”^{iv}. North-east India is endowed with such geographical location that the region can develop immediate physical contact with the prosperous East and Southeast Asian economies. However, preparing the region to exploit such opportunities also first requires investment in the necessary infrastructure.

B. Cross Border Trade in North-East India

There are two dimensions of trade and commerce in North-east India:

- 1) North-east India's trade and commerce with neighbouring countries:

Under this dimension, the study remained focused on bilateral trade and commerce where specific provinces of North-east India, which are sharing border with specific neighbouring countries may develop trade and commercial contact. For example, Arunachal Pradesh, which shares international border with Bhutan to the west (160 km), China to the north and north-east (1,080 km) and Myanmar to the east (440 km) (Directorate of Information and Public Relations, 2023), may develop trade contact with the three specific neighbouring countries on a one-to-one basis with due involvement of Ministry of External Affairs. Similarly, Assam shares international border with Bangladesh (267.5 Km) and Bhutan (265.8 Km) (Directorate of Border Protection and Development, 2023) and therefore, the province, along with the Ministry of External Affairs, will develop commercial contact with these two neighbouring countries on a one-to-one basis.

- 2) North-east India's trade and commerce with South-east Asian Countries: Under this dimension, the Government of India may fructify its 'Look-East Policy' and 'Act-East Policy' through the connectivity project of North-east India with South-east Asian nations.

Interestingly, in Arunachal Pradesh, people living on both sides of the international border belong to the same tribes. Along the border of Changlang District lives the Tangsa tribe on both sides of India and

Myanmar, the Mishimi tribe on both sides of India and Tibet in Anjaw District and the Mompas on both sides of India and Tibet in Tawang District. As a result, cross-border movements of men and materials existed before India's Independence. Though such movements continued in a restricted manner in the Indo-Myanmar border in Changlang District, these are completely sealed in the Indo-China border in Anjaw and Tawang Districts, particularly after the Chinese aggression in 1962.

China has developed the areas under its control tremendously, which India still has to match. Therefore, the tribes living on the Indian side of the border envy their counterparts living on the Chinese side of the border. The same is not true with Myanmar and Bhutan as in the case of these two countries, tribes living on the Indian side are well-off as compared to their Myanmarese and Bhutanese counterparts.

The North-east India exports bulk minerals, ores, coal, briquettes, fresh fruits, petroleum products, natural stones, iron and steel through its own border gateways. It imports comprise marine products, cement, clinker, cereal preparation, processed items, iron and steel through its own border points. Despite the import and export scenario through its border posts, lack of world class communication networks limits trade volume to very low level. Until now, Kolkata and Haldia ports continue to be the main ports to carry out high volume trade, which forces the operators to rely on the long-distance Siliguri corridor. Owing to the long route and high transport cost, economic activities do not look attractive for investors. Therefore, it is essential for the region to directly trade with neighbouring countries using its own border posts.

All the eight states in the North-east - Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura - must engage themselves in border trade with neighbouring countries. All the

five neighbouring countries China, Bangladesh, Bhutan, Nepal and Myanmar must be engaged in cross-border trade at its own border in the North Eastern Region. There is a huge potential to tap so far as inland trade is concerned and as embodied in India's strategic Act East Policy.

The North-east India's trade contact is mostly with Bangladesh. Trade with Myanmar and Bhutan mostly occurs through border points located outside of the region. Even though Nepal shares a border with Sikkim, there was no border point or formal trade route between Nepal and Sikkim. It was only in 2011 that under the Border Area Development Programme, an initiative of the Ministry of Home Affairs, Government of India, a 20-km-long trans-Himalayan Uttarey-Chiwa Bhanjyang Road was announced. But red tape held the project hostage and it was only in 2018 the project got clearance by the Union Ministry of Environment and Forests, Government of India. (Gahatraj, 2021).

India-China land border is more susceptible to conflict and war rather than trade and tourism. Surprisingly for the year 2022, the trade between India and China touched an all-time high of USD 135.98 billion. New Delhi's trade deficit with Beijing crossed the USD 100 billion mark for the first time despite frosty bilateral relations. The total India-China trade for 2022 has climbed to USD 135.98 billion, overtaking the USD 125 billion mark a year earlier registering a rise of 8.4 per cent. China's exports to India climbed to USD 118.5 billion, a year-on-year increase of 21.7 per cent. (PTI, 2023).

India's decision to not to engage with China for trade through land border despite China has emerged India's largest trading partner, merely citing security concerns makes little sense. For the year 2022, NER exported tea, cereals, dairy products, rice, ayush and herbal products, sesame seeds, spices and marine products to China. Other products that are being

exported to China include lac, raw and manufactures silks of Assam, Cotton fabrics, dried fish and tobacco to mention a few which were also carried to China (Ministry of Commerce and Industry, 2023) . Rather than hang up in the security issues, it is advisable to undertake business through land border via North Eastern Region to fill the gap in huge trade deficit with China.

The real potential of the border gates in North-east has not been tapped because a large share of the trade is presently occurring through posts outside its own border gates owing to either trade restrictions imposed by neighbouring countries or lack of infrastructure developments.

However, bilateral trade posts at the land borders are the most viable options for India and the neighbouring countries. There are 38 Land Customs Stations (LCS) in north-east India (border gates)^v, which are already operational and have been contributing to the immediate benefits as well as long term benefits for the local population:

Table 1: Status of LCS in North-East India

| S. No. | LCS in India | LCS in Neigh-bouring Countries | Neigh-bouring Countries | Status | Indian State |
|--------|-----------------------|--------------------------------|-------------------------|---|-------------------|
| 1 | Namong (Pangsau Pass) | Pangsu | Myanmar | Notified but non-functional | Arunachal Pradesh |
| 2 | Sutarkhandi | Sheola | Bangladesh | Functional Identified to be developed as Integrated Check Post in Phase-II by | Assam |

| | | | | | |
|----|---------------------------|--------------|------------|-----------------------|--|
| | | | | D/o Border Management | |
| 3 | Karimganj Steamer Ghat | Zakiganj | Bangladesh | Functional | |
| 4 | Mankachar | - | Bangladesh | Functional | |
| 5 | | | | | |
| | Golakganj | Bhurungamari | Bangladesh | Not Functional | |
| 6 | Karimganj Ferry Station | Zakiganj | Bangladesh | Functional | |
| 7 | Mahisasan Railway Station | Sahabajpur | Bangladesh | Not Functional | |
| 8 | Silchar R.M.S. office | - | Bangladesh | Not Functional | |
| 9 | Dhubri Steamerghat | Rowmati | Bangladesh | Functional | |
| 10 | Gauhati Steamerghat | - | Bangladesh | Functional | |
| 11 | Silghat | - | Bangladesh | Functional | |
| 12 | Darranga | - | Bhutan | - | |
| 13 | Hatisar | - | Bhutan | - | |

| | | | | | |
|----|--------------------------------------|---------------------|-------------------|---|-----------|
| 14 | Ultapani | - | Bhutan | - | |
| 15 | Export Extension Counter at Guwahati | - | For all countries | - | |
| 16 | Borosora | Borosora | Bangladesh | Functional | Meghalaya |
| 17 | Dawki | Tamabil | Bangladesh | Functional Being developed as Integrated Check Post by D/o Border Management in Phase-I | |
| 18 | Ghasuapara | Karaitoli | Bangladesh | Non-functional | |
| 19 | Shellabazar | Sonamganj | Bangladesh | Functional | |
| 20 | Bholaganj | Chattak | Bangladesh | Non-functional | |
| 21 | Dalu | Nakugaon | Bangladesh | Functional | |
| 22 | Mahendraganj | Dhanua Kamalpur | Bangladesh | Functional | |
| 23 | Baghmara | Bijoypur | Bangladesh | Functional | |
| 23 | Ryngku | Kalibari, Sonamganj | Bangladesh | Not functional | |
| 25 | Balat | Lauwaghar | Bangladesh | Not functional | |

| | | | | | |
|----|-------------------------|---------------------|------------|--|---------|
| 26 | Kalaichar | Baliamari | Bhutan | - | |
| 27 | Agartala | Akhaura | Bangladesh | Functional Being developed as Integrated Check Post in Phase-I by D/o Border Management | Tripura |
| 28 | Srimantapur | Bibir Bazaar | Bangladesh | Functional | |
| 29 | Old Ragnabazar | Betuli (Fultali) | Bangladesh | Functional | |
| 30 | Manu | Chatlapur | Bangladesh | Functional | |
| 31 | Sabroom | Ramgarh | Bangladesh | Non-functional | |
| 32 | Belonia (Muhurighat) | Belonia | Bangladesh | Non-functional | |
| 33 | Dhalaighat | Khurma | Bangladesh | Functional | |
| 34 | Khowaighat | Balla | Bangladesh | Functional | |

| | | | | | |
|----|--------------------------|-----------------|------------|--|---------|
| 35 | Kawrapuchiah | Thegamuk h | Bangladesh | Functional Not yet notified. Being developed as Integrated Check Post in Phase-II by D/o Border Management | Mizoram |
| 36 | Demagiri | Rangamati | Bangladesh | Functional | |
| 37 | Zokhawthar | Rih* | Myanmar | Functional | |
| 38 | Moreh | Tamu | Myanmar | Functional Being developed as Integrated Check Post in Phase-I by D/o Border Management | Manipur |
| 39 | Sherathang (Nathu La) | Rengingga ng | China | Functional | |
| 40 | Avangkhu | Somara | Myanmar | Bi-laterally agreed to open new | |

| | | | | | |
|--|--|--|--|--|--------|
| | | | | Land Custom Station in the Indo-Myanmar Joint Trade Committee meeting in October, 2008. Not yet notified by Govt. of India under Section 7 of the Customs Act, 1962 (52 of 1962) (letter of Joint Commissioner, Central Excise & Custom, Shillong Zone, North Eastern Region No.VIII(29)1 /CUS/CCO/SH/2010 dated 15.11.2010) | Sikkim |
|--|--|--|--|--|--------|

* At present the nearest town in Myanmar which is functioning as LCS is Tiddim, approximately 75 kms from the border village of Zokhawthar.

Government of India is proposing to assist Myanmar to build the Rih Tiddim Road. In order to facilitate proper functioning of border trade, the Government of Mizoram has requested Government of India to request Government of Myanmar to open a counterpart LCS near the border, say, Tiau or Rih (Rihkhawdar-II).

Source: CBEC, D/o Revenue, M/o Finance

Of these 38 LCS, 24 are functional and most of them are open with Bangladesh. Some of these functional LCS have been selected for development as Integrated Check Post with increased facility for trade. The remaining non-functional LCS lack infrastructural amenities and financial support for development of trade facilities. The trade from such LCS is uneven and limited. Their operationalization is subject to the regulatory red tape and institutionalization as LCS do not come under any single authority.

The border points are excellent opportunities to augment business and exploit the untapped potential of international trade. When these posts start functioning full-fledged, the isolation of North-east India would end within no time.

Although the border posts are operational, these land custom stations and integrated check posts face lack of amenities and inadequate infrastructure. There is scarce space at warehouses, lack of crane or weigh-bridge, no testing laboratories in the vicinity, very small parking areas for trucks and no space for cargo dump yard. At some of these check-posts there is no 24x7 electricity making it untenable for the electronic machine to operate.

The border gates are facing extremely poor traffic flow and man-made chaos owing to the presence of diverse set of users. Because of such

mismanagement of border areas and delay in clearances, freight trucks tend to suffer from delay and long queues. The border gates have sprung up without any civil planning or facility designs. At some places the border gates are within the limit of border towns. The routes and facilities are swarmed by personal vehicles, pedestrians, buses, freight traffic and non-motorised transport. The trucks that are engaged in imports, exports, and transit have not been operating in an orderly manner. Road building projects and construction activities are ongoing. Some of the bridges connecting with border gates are simply too weak to bear the burden of a full-loaded truck. Overall, the connectivity in this region is extremely poor, which is contributing to the dismal trade link with neighbouring countries.

Immediately after 1947, India fought a devastating war with Pakistan. A few years later in 1962, when China waged an unprovoked war against India, the prospect of land trade with the neighbouring countries dwindled. In India, most international trade happens through seaports and airports. Overland trade has always been fraught with one or other problems and therefore the volume is very small. Resultantly, Government of India's efforts to augment international trade system and compliance with international standard remained confined to seaports and airports. Developments of facilities, especially the Indian Customs Electronic Data Interchange Gateway (ICEGATE) provision at the inland border gates has been very slow and summarily neglected. (Indian Customs and EDI System, 2023). The ICEGATE is the national portal of Central Board of Indirect Taxes and Custom (CBIC) that provides e-filing services to cargo carriers, traders, and other trading partners. The ICEGATE is internally linked with the Directorate General of Foreign Trade, the Reserve Bank of India, DGCIS, banks, and other partners and agencies involved in trade.

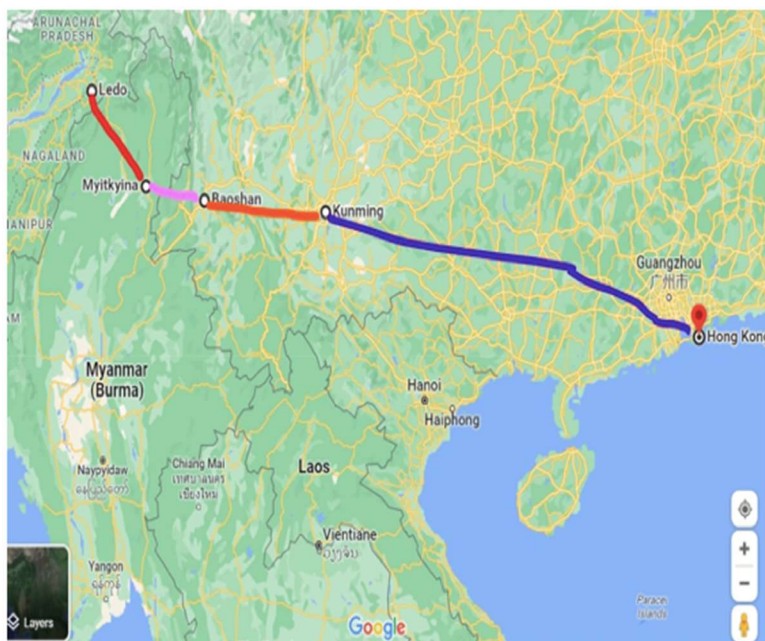
When border gates are equipped with automation and ICEGATE, it adds value and instils confidence in the mind of traders and transporters. Standardization, transparency, efficiency, and ease of business is achieved when border gates are all automation enabled. When border gates are information technology enabled, traders get the benefits of system-driven risk management to promote voluntary compliance, facilitate legitimate trade and improve utilization of resources. Too much of trade control and manual mode of operation inhabits traders.

Communication and transport is not a one-dimension subject as neighbouring countries are involved in the process. Cross-border connectivity and bilateral as well as multilateral infrastructure development is one of the major components of promoting trade through border gates. Local politics apart, opposition to any cross-border trade is a common feature as vendors and small shopkeepers feel that they will lose jobs and business with opening of border gates. This is because opening of border gates will bring big investment and there might be inroad of multinational companies to takeover the jobs and small businesses of local vendors. The government of India has been trying to coordinate a number of bilateral and multilateral agreements with neighbouring countries to facilitate smooth trade. Protocol on Inland Waterways Transit and Trade ^{vi}, Coastal Shipping Agreement ^{vii}, Bangladesh-Bhutan-India-Nepal Motor Vehicles Agreement (BBIN-MVA)^{viii}, and a memorandum of understanding for the use of Chattogram and Mongla Ports are some of the major initiatives. These agreements are designed to add economic value and aim to significantly lower transport costs, bring informal trade into the ambit of formal trade and avoid delays. It is interesting to note that the BBIN-MVA is designed to facilitate cargo trucks across the border from origin to destination and avoid damage to cargo.

Besides this, the following two routes have the potential to connect India with Myanmar, China, Hongkong and South-east Asian countries:

- 1) The erstwhile Stilwell Road or Ledo Road that connects Assam's Ledo with Hongkong through Myitkyina (Myanmar) and Kunming (China).

Map 5: Stilwell Road



Source: Author's Creation

The Stilwell^{ix}/Ledo Road was built during the Second World War connecting Kunming-Baoshan (China)-Myitkyina (Myanmar)-Ledo (India). The Stilwell Road was severely needed by China as the only thoroughfare to the outside world. (Buchanan & McDowell, 1945). The total length of the road between Kunming and Ledo is about 1726 km of

which 632 km is in China, 1033 km in Myanmar and 61 km in India. (Chalgaung District, 2023). But between Myitkyina and Pangshu Pass (border point with India) a stretch of about 200 km, this route needs rebuilding because beyond Myitkyina up to Kunming the road is already well developed. Thus, from Ledo to the extreme border point of India (except 'no man land 'portion on Indian side) has been developed recently. Since Kunming is already connected with Hong Kong by an express highway, the north-east India, for that matter India as a whole, could establish direct road link with Hong Kong if the Stilwell Road is well developed. (Gogoi, Goswami & Borah, 2009).

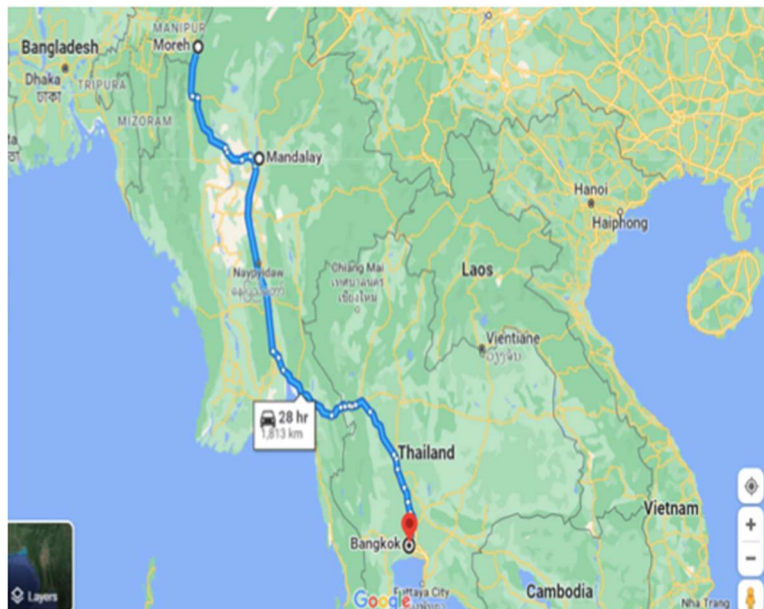
The traditional trade between India and China through Nathu La Pass in Sikkim commenced from 6 July 2006. Import and export of locally produced commodities by people living along both sides of Indo-China border as per prevailing customary practices are allowed. (What is border trade, 2023).

Presently, imports and exports under the Indo-China Border Trade Agreement are allowed through the following three points: (a) Gunji, (b) Namgaya Shipkila, and (c) Nathula^x.

Since China is the biggest trade partner of India and international trade is already in practice in North-east India through land border, it is time to increase trade on land and stretch the trade route up to Hong Kong.

- 2) A road starting from Moreh (India) to Mandalay (Myanmar) to Yangon (Myanmar) to Myawaddy (Myanmar) to Mae Sot (Thailand) to Bangkok (Thailand) and then further towards Malaysia and Singapore.

Map 6: Potential Land Route from Moreh (India) to Bangkok



Source: Author's Creation

Since Mandalay is well-connected by rail and road with southern provinces of Myanmar, bordering Thailand and other Southeast Asian countries like Laos, Malaysia and Singapore, such an opening from Moreh (Manipur) can connect India with the entire Southeast Asian countries by land route.

The lucrative trade zone of Southeast Asia begins with North-east India itself and this high potential trade route is so far untapped by India. Needless to mention that North-east India has traditional ties with Southeast Asian nations. As the “North Eastern Region Vision 2020”

envisaged, “India’s Look East Policy holds potential for the region to break out of its landlocked borders and engage in cultural, economic and tourism related interactions with its international neighbours. Despite India’s uneven bilateral dynamics with its eastern neighbours, travel restrictions need to be eased gradually whether by land or air.” (North Eastern Council, 2008). Although tapping the full economic potential of Southeast Asian countries and East Asian countries require dynamic transportation network through sea, inland waterways and land routes, the opening of land border is easiest among all. Stretching the trade routes from various land ports to South Asian nations is the real low-hanging fruit.

The “Kaladan Multi-Modal Transit Transport Project (KMTTP)” envisages connectivity between Indian ports on the eastern seaboard and Sittwe Port in Myanmar and then through riverine transport and road to Mizoram^{xi}. It relies on 539 km international sea route to reach from Kolkata Port to the Sittwe Port in Myanmar and 220 km foreign land transport system from the Zorinpui border post of Mizoram to reach Sittwe Port. The work on the inland waterways and port component of the project started in December 2010. The road component of the project from Myanmar to the Indian border in Mizoram has been taken up in conjunction with the construction of road on the Indian side in Mizoram^{xii}. The USD 484 million project has been taken up under the Grant in Aid Scheme.

Map 7: Kaladan Multi-Modal Transit Transport Project Route



Source: Press Information Bureau

Originally proposed by the ministry of external affairs in 2008, the work on the project began in 2010 with its first deadline in 2014. However, it was not completed for more than decade leading to a six times cost escalation (Rs 535 crore to Rs 3200 crore) and final completion in May 2023. The military-led Junta government and its skirmishes with insurgents have often been cited as the main reasons for delay of the completion of the last leg of this project. (Seli, 2023).

On 4 May 2023, a vessel containing 1,000 metric tonnes of cement was flagged off from the Syama Prasad Mookerjee Port in Kolkata to officially kick-start the operation of Sittwe Port in Myanmar. It is argued that the primary aim of the project has been to create an alternative route to connect north-east and mainland India. Kolkata to Sittwe is a five-day

voyage thorough the sea route. On 9 May 2023, India's Shipping Minister Sarbananda Sonowal received the first Indian cargo ship docking at the Sittwe Port in Myanmar. Sittwe Port has been developed under a framework agreement between India and Myanmar for the construction and operation of a multimodal transit transport facility on Kaladan river connecting the port with Mizoram. The port connects to Paletwa in Myanmar through an inland waterway and from Paletwa to Zorinpui in Mizoram through a road component.

The KMTTP was jointly identified by India and Myanmar to create a multi-modal mode of transport for shipment of cargo from the eastern ports of India to Myanmar as well as to the north-eastern part of India through Myanmar. This project, which will connect Sittwe Port in Myanmar to the India-Myanmar border, is expected to contribute to the economic development of the north-eastern states, by opening up the sea route. It also provides a strategic link to the north-east, thereby reducing pressure on the Siliguri Corridor. In the absence of an alternate route, the development of this project not only serves the economic, commercial and strategic interests of India, but also contributes to the development of Myanmar and its economic integration with India. Since the project is of political and strategic significance, it was decided to execute it through India's grant assistance to Myanmar. (Press Information Bureau, 2015).

III. The Political Aspects of Opening of Border Gates

India's Act East Policy provides a new approach whereby trade and commerce get precedence precipitating cascading economic benefits for both sides. Alexander Mackenzie, a British civil servant used the term 'North-east Frontier' first in his book *North-east Frontier of India* (Mackenzie, 1884) to identify Assam, including the adjoining hill areas

and the princely states of Manipur and Tripura. The term 'North-eastern Frontier' in the contemporary time comprises the eight Indian states. Mackenzie said, "The North-east frontier of Bengal is a term used sometimes to denote a boundary line, and sometimes more generally to describe a tract. In the latter sense it embraces the whole of the hill ranges north, east, and south of the Assam Valley, as well as the western slopes of the great mountain system lying between Bengal and independent Burma, with its outlying spurs and ridges. (Mackenzie, 1884)."

The anxiety over security compact has resulted in the absence of cooperative trade and commerce contact in the north-eastern region with neighbouring countries. In this study, it is argued that a new approach is the need of the hour whereby trade and commerce must take precedence.

Some contemporary historians of Assam talk about the region's 'Splendid Isolation' from the Western World and argues that with the introduction of English education only, the separation ended (Barpujari, 1977). The very idea of 'separation, isolation, distinctiveness, and differentness' of Northeast stems from the impact of 'introduction of Western print culture' (Thong, 2017). Although, the Assamese dynasties had a tremendous sense of history and used to maintain '*Buranjis*' or 'chronological record' with surprising ease and accuracy, such information had been easily ignored by contemporary historians. Also, there was lots of oral history that existed for millennia. The transition from an oral to literary culture resulted in the loss of much of the history and tradition of Northeast Region (Thong, 2017). With the introduction of reading and writing, the inhabitants of North-east were forced to believe that oral traditions are simply "stories laden with irrelevant, incoherent and falsely made-up tales." (Thong, 2017).

Deprived of their history, the people of north-east were made to believe the history of the region as taught by American missions and British colonial invasions. Anything beyond the colonially authenticated facts and written records of the westerners are hearsay and untrue construction of the past. This is the primary reason why even now many people view the northeast India as ethnically alien, religiously different, and politically-socially dissimilar with the rest of India. This understanding is entirely based on ‘wrong facts, lack of understanding of the region and ‘crown colony conspiracy’ (Rath & Acharya, 2018).

These separation theories coaxed successive Indian governments at the federal level to close the borders of North-Eastern Regions with neighbouring countries to immunize the Indian provinces from the purported deleterious security concerns. India’s independence exasperated the region’s aspirations as it became an unintended victim of partition and cartographic division whereby North-East Region’s history was further troubled by geo-politics. Partition placed many hurdles on economic progress of the region. Partition isolated the region, sealed both land and sea routes for commerce and trade, and severed access to traditional markets and the gateway to the East and South-East Asia – the Chittagong port in East Bengal (now Bangladesh). (North Eastern Council, 2008). It distanced the approach to the rest of India by confining connectivity to a narrow 21-km-wide Siliguri corridor, making it a ‘remote land ’and constraining access for movement of goods and people.

Border areas have their own problems and peculiarities. Such areas are in general less accessible, making provision of basic facilities more difficult and costly. Such areas are often more vulnerable to illegal infiltration of population, which adds pressure on their economic and

environmental resources. Moreover, the porous nature of the border enables cross-border passage for insurgents and criminals including drug traffickers. Thus, governments of the states with international border are required to bear heavier burden for not only providing basic facilities to the people living in such areas but also for the broader national goal of securing the border.

Political will can increase the possibilities of augmentation of trade and commerce in the region through a new approach to India's foreign as well as defence policy. Political initiative can end the fetters of the geo-political isolation of the region. Much has been said about the need to develop infrastructure right up to the border areas, establishing connectivity and communication links to the cross-border points through which trade and economic exchanges with the countries neighbouring the North Eastern Region. This study will find out if a reversing of policy like opening of border gates would trigger infrastructure development in the region. The broadening of trade, transit and investment with the countries of neighbouring region would facilitate linking the region with South-East Asia and also if the region can play the "arrow-head role" in the further evolution of "Act East Policy". (North Eastern Council, 2008).

IV. Border Gates and Dealing with the Legal Architecture

North-Eastern India shares land border with Bangladesh, Bhutan, China, Myanmar and Nepal and has overland trade agreements with these countries through Land Custom Stations notified under Section 7 of the Customs Act, 1962. For trade through LCSs situated on Bangladesh and Bhutan border, there is a Free Trade Agreement (SAFTA), however, border trade agreements have not been entered into with China and Myanmar.

Border trade is different from trade through air, land, or sea ports as trade through ports involves clearance through customs and has large volume. 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. For permitting locally produced commodities, to be traded as per prevailing customary practices on both sides of the India-Myanmar border, an agreement on border trade between India and Myanmar was signed on 21 January 1994 and operationalised on 12 April 1995. The agreement envisages that the border trade will take place through custom posts at Moreh in Manipur and Zowkhathar in Mizoram, corresponding to Tamu and Rhi in Myanmar. 40 items are permitted for border trade between India and Myanmar, with 5 per cent duty. Presently, most of the border trade takes place only through the Moreh Post.

There is also a need to implement the Motor Vehicles Agreement between Bangladesh, India, and Nepal. The agreement was signed in 2015 but has not yet been implemented. It seeks to facilitate unrestricted cross-border movement of cargo, passenger, and personal vehicles between these countries.

In India, the Central Board of Indirect Taxes and Customs (CBIC) is the nodal agency for planning and implementing customs initiatives. The organization works with six main cross-border regulatory agencies for customs clearance — Plant Quarantine, Animal Quarantine, the Food Safety and Standards Authority of India (FSSAI), the Wildlife Crime Control Bureau, the Central Drugs Standard Control Organization, and the Textiles Committee.

The LCSs are notified under the Customs Act, 1962 to handle international trade across land borders, though they lack the authority to

develop and maintain border point infrastructure. Normally overland trade is conducted through land customs stations, which are notified gateways for transit of services, goods, and human beings between neighbouring countries.

There are currently 40 LCSs in the North-eastern India out of which 38 are functional. The Integrated Check Posts (ICP) are integrated facilities, housing agencies like customs, immigration, and testing agencies, along with support facilities and modern equipment, in a single complex. The ICPs are developed by the Land Ports Authority of India (LPAI), an institution created in 2012, to overcome the shortcomings of LCSs. The term border point simply implies a gateway to undertake trade and immigration irrespective of whether it contains an LCS or ICP, or only has immigration points. (Das & Chattopadhyay, 2022).

V. Economy of Opening of Border Gates in North-East India

The partition of the region not only took the economy backwards by over a quarter of a century but also caused structural retrogression to a patronage-dependent economy from the Centre and government-spending propelled economic growth. The trauma of partition in the North-eastern India was to imprison the economic fortunes of the region by international frontiers. At the same time, the top-down planning process did not create any scope for developing forward and backward linkages within the economy

According to Directorate General of Commercial Intelligence and Statistics (DGCIS) data, the North-eastern India's exports (30.9 billion USD) accounted for only 0.13 per cent of India's total exports in fiscal year (FY) 2019^{xiii}. Interestingly, North-eastern states trade far less through their own border gateways than through ports outside of the

North-eastern India^{xiv}. Among the countries with which it shares a border, most of the North-east India's trade is with Bangladesh, while its trade with Bhutan and Myanmar mostly occurs through border points located outside of the region.

The Kolkata and Haldia ports of West Bengal are the primary gateways for North-east India products via the long and circuitous Siliguri corridor. The reliance upon this route increases travel times and costs, making the North-east India unattractive for economic activities and trade that could potentially occur through border gateways within the region. Across the Northeast region in India, long delays at borders, congested roads, and limited connectivity have been a familiar constraint to growth. This has restricted trade, economic activities, and overall development in the region. (Fruman, 2023). A land of abundant natural resources, the Northeast has stood out for its lack of connectivity.

VI. Study Summary and Policy Recommendations

The evidence from this study indicates that India is poised to make revolutionary changes in land trade and North-East India can be the region where sole dependency on airports and seaports for trade must be replaced with balanced distribution of trade activities over seaports, airports, and inland trade.

It is observed that partition made the region landlocked and isolated and inflicted heavy cartographic damage. Rather reducing the region to an isolated area, it is time to open the region to the world and expose it to the Southeast Asia's lucrative trade. Based on the available evidence, it is suggested that policymakers must not remain hostage to short-term small economic perspectives that may foil broader long-term objectives. The findings from this study suggest a number of key recommendations

concerning practices, policies, and effective approaches towards overcoming barriers to promote international trade through border gates.

These key recommendations are as follows:

Recommendation 1: Infrastructure augmentation is recommended by all studies and papers on this subject. Although, this study cannot imagine infrastructure as any lesser necessary component, it recommends developing infrastructure at the border gates and then the connecting roads to the production points.

Recommendation 2: The border gates are the new growth engine which are untapped and unutilized so far and need to be regulated with large-scale involvement of federal government as well as provincial governments. The 40 land custom stations must be developed to enact international trade on a big scale.

Recommendation 3: The federal governments should review existing legislative restrictions that constrain export through the border gates of NorthEast Region. It is advisable to build greater commercial presence in the emerging markets of Southeast Asian countries and in the neighbourhood of India in the North-Eastern Region, and remove these restrictions where feasible.

Recommendation 4: Because government-to-government relationship is fundamental to build closer economic ties, the Government of India and Members of Parliament should ensure that there are frequent focused and well-planned visits to and from priority markets. The Parliamentary Standing Committee on Commerce should be actively involved in these visits.

Recommendation 5: Myopic considerations restricting trade through the border gates to neighbouring countries should be avoided. Rather the neighbouring country must be treated as a springboard to reach countries beyond.

Recommendation 6: Recognising that Indian businesses have been shut out of some markets in the North-Eastern Region of India because competing countries have preferential trade agreements in place and India does not. So the Government of India should determine in which countries Indian businesses are operating at a disadvantage with respect to their major competitors, and then negotiate ‘defensive’ free trade agreements that prevent India from being shut out of those markets.

Recommendation 7: The government should continue to consult with North-Eastern India’s business, unions and civil society organisations active overseas to determine where proactive trade interests lie or where India would most benefit from improving two-way market access. The Government should aggressively pursue trade deals with countries considering those assessments. At the same time, the government should ensure that the businesses and unions with which it consults are acting in a socially responsible manner.

Recommendation 8: The central government should develop and implement comprehensive strategies on India’s commercial relations with China through land border, including conclusion of such treaties. Since India is already doing business with China on a big-scale, restricting trade through land looks oxymoronic.

Recommendation 9: While dealing with China on trade negotiations, the government should consider studying and possibly adopting the Mexican negotiating model in which agreements are signed without necessarily resolving all sensitive issues and where Indian interests are protected

through the exclusion of certain sectors from negotiations. China has been advocating such a policy since long and now is the time India must reciprocate favourably. If India were to use such a negotiating model, then as the relationship grows, these concerns could be addressed in subsequent contact between the two parties.

Recommendation 10: It is necessary to recognize the fact that border gates are the new unexplored gold mines in the North-East and an easy gateway to overcome the region's numerous problems.

Notes

ⁱ *Question of Expenditure incurred by the Assam Government on the administration of the Khasi States. Audit and accounting of such expenditure and Budget estimates for 1937-38 connected therewith, Secret, Simla Record 1, Serial Nos. 1-11, File No. 135(I)-Federation (Secret). 1935, National Archives of India, pp-1.*

ⁱⁱ *ASEAN is an association of Brunei Darussalam, Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.*

ⁱⁱⁱ *Ministry of Home Affairs, Government of India, <https://www.mha.gov.in/sites/default/files/BMIntro-1011.pdf>*

^{iv} *Emphasize mine.*

^v *1 LCS at Kawrapuchciah/Dhemagiri in Mizoram which is yet to be notified though bi-laterally agreed; 1 LCS at Avangkhu in Nagaland which is yet to be notified though bi-laterally agreed.*

^{vi} *The agreement allows inland water vessels of India and Bangladesh to transit through each other's territories following designated river routes. By opening alternative routes, the waterways in both countries is expected to significantly reduce logistics costs and congestion in the Siliguri corridor.*

^{vii} *The 2015 agreement is designed to facilitate coastal movement of goods between India and Bangladesh. The agreement intended to achieve improve the utilization of river and seaport capacities, reduction in freight charges, reduce congestion at land ports, and open a new opportunity for Indian coastal vessels (river sea vessels).*

^{viii} *The agreement is meant to let cargo and other vehicle from BBIN countries to enter each other's territory. Despite the signing of the agreement, protocols for the agreement have not yet been finalized as finalization is underway.*

^{ix} *The Historic Stilwell's Road, 1726 Km long road was constructed by the Allied Soldiers lead by America during the Second World War. It started from Ledo, in Assam, India, one of the railheads of the Bengal-Assam railway in the valley of*

the Upper Bramaputra, to the Burma Road, which connected to Kunming, China. It passed through Lekhapani, Jairampur, Nmampong and the Pangsau pass on the India-Burma (now Myanmar) border. It wound up the passes of the 9000 feet high Patkai Range and emerged at Shindwiyang and reached Mitkyina. It crosses the broad bowl of the Upper Chindwin, threads the Hukawng and Mogaung valleys, and goes down to Bhamo, eventually connecting to the Burma Road. Much of this road has been reclaimed by the natural landscape, due to lack of maintenance, but portions of it have been and/or are being restored. Originally named the "Ledo Road", it was constructed under the direct supervision of American General Joseph Warren Stilwell, and was renamed after him in early 1945 at the suggestion of Generalissimo Chaing Kai-shek. General Stilwell was the Chief of Staff to Allied forces in the China-Burma-India (CBI) theatre for the defence of Burma (Mynamar) from Japanese forces. Stilwell technically served under Generlissimo Chaing Kai-shek, Supreme Commander of Allied Forces in China and such parts of Indo-China (now Vietnam) and Siam (now Thailand) as might become accessible to the troops, and in 1943 fell under Admiral Lord Mountbatten who was appointed Supreme Allied Commander of South-East Asia forces. Stilwell Road (Ledo Road), Changlang District, Government of Arunachal Pradesh, <https://changlang.nic.in/stilwell-road-ledo-road/>.

Commodities allowed under border trade between India and China (at Nathu La Pass) notified vide Public Notice No. 5-ETC(PN)/92-97 dated 20.7.1992^x. Items exempted from duty when imported into India from China through border trade: 1 Goat Skin, 2 Sheep Skin, 3 Goats, 4 Horses, 5 Sheep, 6 Wool, 7 Raw Silk, 8 Yak Tail, 9 Yak hair, 10 China clay, 11 Borax, 12 Szaibelyite, 13 Butter, 14 Goat Cashmere, 15 Common Salt. Items freely exportable to China in border trade: 1Agricultural implements, 2 Blankets, 3 ,Copper products, 4 Clothes, 5 Textiles, 6 Cycles, 7 Coffee, 8 Tea, 9 Barley, 10 Rice, 11 Flour, 12 Dry fruit, 13 Dry and fresh vegetables, 14 Vegetables, 15 Gur and Misri, 16 Tobacco, 17 Snuff, 18 Cigarette, 19 Canned food, 20 Agro-chemical, 21 Local herbs, 22 Dyes, 23 Spices, 24 Watches, 25 Shoes, 26 Kerosene Oil, 27 Stationery, 28 Utensils, 29 Wheat.

^{xi} Smt. Preneet Kaur, Minister of State in the Ministry of External Affairs, Government Of India External Affairs Unstarred Question No:4453, Lok Sabha, Answered On:21.12.2011.

^{xii} Gen. (Dr) V. K. Singh (retd), the Minister of State in the Ministry of External Affairs, Lok Sabha, 26.07.2017.

^{xiii} As per DGCIS data on exports by state, Assam accounted for 84% of the NOI's trade in FY2019, followed by Meghalaya (12%) and Sikkim (2%), with the rest accounted for by Manipur, Nagaland, and Tripura. In India, a fiscal year runs from 1 April to 31 March of the following year. FY2019 refers to the fiscal year ending on 31 March 2019.

^{xiv} North-eastern states exported 21% of their total exports through the region's border gateways in FY2019. Exports through the North-eastern state's gateways accounted for only 0.03% of India's total exports in FY2019. Imports through the North-eastern states trade gateways accounted for 0.02% of India's total imports in FY2019.

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Annexures

Annexure 1

Gross State Domestic Product (GSDP) of North East States at Constant Prices

| (₹ Lakh) | | | | | | |
|--|----------------------|----------------|----------------|----------------|----------------|----------------|
| <i>State/Union Territory</i> | <i>Base: 2011-12</i> | | | | | |
| | <i>2017-18</i> | <i>2018-19</i> | <i>2019-20</i> | <i>2020-21</i> | <i>2021-22</i> | <i>2022-23</i> |
| <i>Arunachal Pradesh</i> | 1557222 | 1666838 | 1914031 | 1845135 | 1980053 | - |
| <i>Assam</i> | 21991937 | 23103957 | 24070724 | 24294583 | 26252252 | 28919185 |
| <i>Manipur</i> | 1875074 | 1826222 | 1918718 | 1807340 | 2051458 | - |
| <i>Meghalaya</i> | 2256433 | 2371885 | 2492339 | 2296691 | 2426676 | 2520850 |
| <i>Mizoram</i> | 1475778 | 1610037 | 1788426 | 1642736 | 1849372 | - |
| <i>Nagaland</i> | 1643983 | 1686771 | 1847679 | 1767309 | 1836336 | - |
| <i>Sikkim</i> | 1767336 | 1862497 | 1949204 | 1955700 | 2072805 | 2214446 |
| <i>Tripura</i> | 3309278 | 3675396 | 3806335 | 3640386 | 3948668 | 4299733 |
| <i>Source: National Statistics Office, Ministry of Statistics and Programme Implementation, Government of India.</i> | | | | | | |

Annexure 2

Export from North East States 2021- Sep24

| <i>(Rs. Crore)</i> | | | | |
|--|----------------------|----------------|----------------|-------------------------------|
| <i>S. No.</i> | <i>States</i> | <i>2021-22</i> | <i>2022-23</i> | <i>2023-24 (Apr -Sep)</i> |
| 1 | Assam | 3357.69286 | 4004.0262 | 1681.710819 |
| 2 | Sikkim | 140.908021 | 153.306869 | 63.9587288 |
| 3 | Meghalaya | 64.3560317 | 81.8165954 | 37.3253264 |
| 4 | Arunachal Pradesh | 12.6273429 | 36.2322929 | 14.5511467 |
| 5 | Tripura | 89.8020035 | 119.675311 | 3.7076863 |
| 6 | Nagaland | 8.4628224 | 10.8885589 | 3.7459038 |
| 7 | Manipur | 6.9429673 | 5.5540695 | 0.8058658 |
| 8 | Mizoram | 28.5273423 | 0.2944507 | 0.1254145 |
| <i>Source: Department of Commerce, Ministry of Commerce and Industry</i> | | | | |

Annexure 3

Major Commodities Exported by North East States 2021- Sep24

| <i>States</i> | <i>Commodities</i> |
|--------------------------|--|
| <i>Assam</i> | <i>Black Tea leaf in bulk, High flash high speed diesel fuel, Automotive diesel fuel, Motor gasoline, Hard coke of coal, Face creams (excl turmeric), Synthetic perfumery compounds, Petroleum bitumen, Hair dyes (natural, herbal or synthetic), Garlic fresh or chilled, LPG (for non-automotive purposes), Radials tyres used on buses/lorries, Saturated methanol (methyl alcohol), Industrial plant project, Methanal (formaldehyde), Parts and accessories of motorcycle excl. Saddle, cotton t-shirts.</i> |
| <i>Arunachal Pradesh</i> | <i>Seeds etc for planting, Fitting for furniture coachwork/ like, Cast articles of iron malleable, Azithromycin, Nonsteroidal antiinflammatory, Analgesics and Antipyretic drugs, Medicine put up for retail sale, Rum in containers, Antihypertensive drugs, Ferro-silicon contng>55 percent of silicon, Ampicilline and its salts, Cloxacilline and its salts, Veneer sheets-made of rose wood, Cast articles of iron malleable, Component parts for diesel engines for motor vehicles, All other articles of iron/steel, other steering or rudder equipment for ships and boats.</i> |
| <i>Meghalaya</i> | <i>Chilly powder, Ordinary portland cement, dry, Green tea, Black tea, Coke and semi-coke of lignite or of peat, Carbon dioxide in other form, Agarwood (including Chips and Dust), Pasta other than Dried Pasta, Oil and Oil products of distillation of high temperature Coal tar</i> |

| | |
|-----------------|---|
| | <i>etc., Ferro-silicon, Forged bars and rods, Reserves, Tanks, etc. of iron/steel.</i> |
| <i>Manipur</i> | <i>Black Tea, Ammonium Chloride, Linear acting (cylinders), Hydraulic power engines and motors, Parts of other engines and motors, Check valves, Safety/relief valves, Cinnamon Bark, Soap and organic surface active product for toilet use (including medicated products), Other surgical instruments and appliances, Gaskets, Other articles of plastic.</i> |
| <i>Mizoram</i> | <i>Radioactive elements, Isotops, Compounds; other allys, Ceramic products, Mixtures containing these elements, Wallets and purses of leather, Human hair, Unworked; whether or not washed or scoured, Pasta other than dried pasta, Suits of all other fibres, Hydraulic oil, Leather hand bags, Other Parts of Aeroplanes/Helicopters.</i> |
| <i>Tripura</i> | <i>Parts of other gas turbines, Onions fresh or Chilled, Fresh fruits, rubber not covered elsewhere, Tamarind dried, Fruit dried (excluding tamarind and singoda whole), Cardamom neither crushed nor ground, Basmati rice, Agarbatti, Palm leaf basket etc., Seeds of cumin excl. Black; neither crushed nor ground, Oranges fresh or dried, Apples fresh.</i> |
| <i>Nagaland</i> | <i>Chewing tobacco, Veneer sheets-made of rose wood, Sheets for plywood, Blankets (other than electric blankets) and travelling rugs of cotton, Pillow cases and Pillow slips of handloom, Pillow cases and pillow slips, Cushion covers of handloom, Screws and bolts, Washers threaded, Electric conductors not fitted with connectors used in telecom frequency ≤ 1000v excluding paper plastic and rubber insulated, Tubes and pipes.</i> |

| | |
|---------------|--|
| <i>Sikkim</i> | <i>Cooked stuffed pasta, Other food preparation, Cephalosporins and their derivatives, Heamatinics and erythropoietin, Vitamin D in tablets, capsules, syrup etc., Amino acid/ Protein preparation with / without vitamins, spirulina and the like., Other anthelmintics drugs, antiamoebic and other antiprotozoal/antifungal drugs, Contraceptive based on hormones, Other diabetic foods, Handbags of leather for ladies, Erythromycin in capsules, injections, ointments etc., Azithromycin, Preparation of Vitamin B12.</i> |
|---------------|--|

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