

BORDER TRADE

NORTH-EAST INDIA AND NEIGHBOURING COUNTRIES



Edited by
GURUDAS DAS
R.K. PURKAYASTHA

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Foreword

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

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

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

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

—B.B. Kumar

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

The North-East India had trade links with Tibet and Burma through land routes. There was an ancient land route from Peshwar to Parvatipur (now in Bangladesh) passing through Vazirabad, Lahour, Jalandhar, Saharanpur, Lucknow, Tirhut and Katihar. It extended further to Assam¹ from Parvatipur.² It mostly passed keeping Ganges to the south. A southern route from Lahour to Bhagalpur through Raivind, Firozpur, Bhatinda, Delhi, Allahabad, Varanasi, and Patna, branched off to Ganga Sagar (Calcutta) from Patna. The route extended from Bhagalpur to Kajangal in Rajmahal and then to Calcutta.³ Another route branched off from this southern route to Kamarupa from Kajangal by crossing Ganges at that point. It may be mentioned that Bhaskara Varman, the king of Kamarupa and Chinese traveller, Yuan Chuang met the emperor, Harsha Vardhana at Kajangala⁴, and they must have used the same route for travelling to that place from the Kamarupa. The two monarchs marched towards Kanauj with

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

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

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

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

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

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

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

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

There were many minor trade-route linking the region

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

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

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

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

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

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

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

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

The Khasis and the Jaintiyas used to visit the marts of Bangladesh in the south and that of the Assam in the north. The Khasis used to visit the marts upto the central part of the Nowgong. Iron was manufactured in the hills and exported in the shape of hoes to the Assam valley and in lumps of pig iron to the Surma valley, where it was used for clamps by the boatbuilders. An estimated 20,000 maunds of iron were exported from the hills in 1853.³⁰

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

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

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

Mackenzie further observed:

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

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

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

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

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

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

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

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

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2

The Modus Operandi of Trade Between the Eastern Himalayan Subregion and Assam in the Pre-Colonial and Colonial Periods

—J.B. Ganguly

I

In the pre-colonial period there was a long tradition of brisk trade flow between the Himalayan mountainous sub-region comprising Bhutan, Tibet (Autonomous Region of China), North-Eastern Hills of India and Burma (Myanmar) and Assam. This trade flow was stimulated by the facts that by exchanging one group's surplus produces with that of the other both the groups could expand their respective areas of choices for satisfaction of needs. Therefore transmountain trade flow was a boon for the peoples involved in such economic transactions. Benefits were not limited to exchange of required goods alone; trade relations promoted cultural exchanges, transmission of technology and learning of arts of turning out new manufactures.

The *duars* or passes served as the highway of commerce across transmountain territories. Through the *duars* on the Assam-Bhutan border every winter traders from Bhutan, Tawang and the neighbouring areas came down to the foothills in Assam with their merchandise, such as, rock-salt, gold-dust, musk, woollens, blankets, yak-tails, ponies, Chinese

silk, etc. to barter for cloths, raw-silk, yarn, rice, dried fish and the like. Markets were located at the *duars* where the traders from the uplands and the plains met and exchanged each other's wares on a barter basis. Transactions continued for over three months.

Annual fairs were also held at some important *duars*, namely Udalgiri, Doimara, etc. Udalgiri fair accounted for almost the entire volume of trade between Assam and Tibet.

Some of the tribal communities of the north-eastern hills, namely the Khampas, Nishis, Mishings, Mishmis, Khamptis, Singphos, *et al.* acted as intermediaries between the different groups of traders. This system enabled Assam to procure goods produced in Tibet, China and Burma by bartering its exportable surpluses. There were a network of markets in the foothills of Assam bordering the Khasi, Jaintyia and Garo Hills, Naga Hills, Mizo Hills, Karbi Anglong and North Cachar Hills. In these markets the hillmen and the Assamese exchanged their respective surplus produces and stock of goods. Through this system some quantities of goods that came from Bhutan, Tibet and China also reached the dwellers of Assam's neighbouring hills. Similarly the goods offered by Assam at the *duars* markets and annual fair included some produces of these hillmen. The Meiteis of Manipur, the Mizos and some Naga communities had direct trade relations with Myanmar and neighbouring states.

While mules and ponies were mostly used for transporting goods in the hilly region, bullock carts were more commonly used in Assam plains for transporting goods to the *duars* markets and fairs. Besides, in the Assam hills and plains goods were also carried by human on their backs or heads.

Free flow of transmountain trade was often disrupted by some tribal peoples living in the hills adjacent to the *duars* who raided the markets and villages in the nearby foothills and looted goods and even took away villagers for using

them as their slaves. To tackle this problem the Ahom rulers introduced the system of *posa*, that is, payment of an annual grant in kind to the chiefs of the concerned tribes as a *quid pro quo* for the latter's undertaking of preventing such raids and maintaining peace in the duars. The Ahom Rulers conferred official positions on some of these chiefs. Also officers called *duaries* were appointed by the Raja for the management of the *duars*. Duties levied on goods transacted at the *duars* yielded substantial amounts of revenues to the Ahom government.

II

During the colonial rule over Assam and the adjoining areas the mode of operation of trans-Himalayan trade took a new turn. After annexing Assam and getting Gambhir Singh, an ally of the British installed as the king of Manipur in the wake of the Burmese withdrawal from Assam and Manipur under the Treaty of Yandabo of 1826, the East India Company started exploring different alternative trade routes to Yunnan, the South-West province of China bordering Tibet and Burma. At that time the East India Company enjoyed the monopoly of British trade in China. And their main item of trade was opium. Even as in 1800 China prohibited import of opium in any form into China, the foreign traders clandestinely smuggled opium into China by bribing the officials. And it was a very profitable trade for the East India Company. The dispute over trading in opium in China ultimately resulted in the waging of opium war of 1840-42. Under the Treaty of Nanking of 1842 China agreed to open five ports—Canton, Shanghai, Amoy, Ningpo and Fooshow—to foreign trade. At that time foreign trade actually stood for opium trade. By that time more foreign powers, such as, United States and France also made commercial treaties with China for enjoying the privilege of trading with that country. Following the Chinese defeat in the second China War of 1858 in the hands of the British and the French more ports were opened for foreign trade.

In this context the British commercial interests were earnestly trying to open overland trade routes from North-East Indian Frontier to China via Burma (district of Bamo) along which they could export opium besides their growing industrial products to that country. Opening of such commercial routes would have placed them at an advantageous position over their competitors, such as, the French and the Americans, in capturing the vast Chinese market. At that time Burma was vassal state of the Chinese empire and there were regular trade transactions between the two countries. The British were keen on cultivating close relations with Burma. They went so far as prevailing upon Manipur to reluctantly acquiesce in the transfer of Kabow valley to Burma in 1835 in lieu of payment of an annual compensation of six thousand rupees by the British to the Raja of Manipur. But Burma was not helpful in extending transit and trade facilities to the British traders. No wonder, the British waged two more wars with Burma on one or other pretext and finally annexed Burma to the British Indian Empire by 1885. While annexing Burma the British agreed to pay the customary tribute to China. Even after all such efforts flow of British manufactures to China across Burma was not encouraging because of Chinese aversion and resistance.

Attempts were also made at opening of trade routes to Tibet through the north-eastern frontier hills. The tribal peoples of these hill areas had trade connection with the Tibetans and the Chinese. Some of the tribes acted as the middlemen between the Tibetans and the people of Assam to facilitate the exchange of their products with each other.

The British encountered resistance from the Mishmis, Adis, Singhphoes, et al in opening trade routes through their respective areas. They, therefore, initially followed the policy of fostering friendship with these tribal groups. They continued the Ahom system of paying *posa*, but in cash, to several tribes. Regular markets were established in the foothill areas

where the people of Assam plains and the professional commercial class, such as, the Marwaris could take part in exchanging goods with those brought by the hill-dwellers.

Annual fairs were organised in places like Sadiya, Udalgiri (in Mangaldai sub-division of Darrang district) and Doimara. The Monpas from Tawang, Bhutias and Tibetans came to Udalgiri with their merchandise for trade. The Doimara fair was located at further north of Udalgiri beyond the Assam border. The Sherdukpens in large numbers took part in trade deals in this fair. The Sadiya fair catered to the needs of the Adis, Mishmis, Singhphos, Khamptis and other neighbouring tribes. The items offered by the Tibetans, Bhutias and these tribesmen for sale in these fairs included pony, sheep, yak's tail, rock salt, blanket, musk, pepper, spice, dye, lac, wax, ivory, rubber, madder, Mishmi teeta, Mishmi cloth, Addi cloth, spear, *dao*, basket, bag, mat, amber, honey, rhinoceros horn, rug, etc. Goods purchased by the highlanders from the fairs included paddy, rice, ericloth, cotton cloth, brasspot, betel leaf, betelnut, molasses, dried fish, tobacco, rapeseed, iron, silver, muslin, broad cloth, opium, buffalo, bell metal pots, cotton yarn, eri yarn, English yarn, Assamese *gamocha* (napkin), American drill, tea, sugar, cambric, teacup, etc. Some of the items brought by the tribesmen for sale were not produced by them but procured from the Tibetan and Chinese traders in exchange of goods obtained from the trade marts. In this manner trans-Himalayan trade flow still continued though of a much reduced volume.

The system of exchanges of goods for money gradually picked up, although transactions by barter exchange system was also there. The cash in the hands of the tribesmen came from *posa* received from the British, direct sale of some items against cash and advances made by the Indian traders, such as, the Marwaris to the tribals for sale of some of their farm and forest products.

Business meets of the people from the plains and those

from the hills in the trade fairs and established markets and payment of *posa* to the tribes notwithstanding, several tribal groups from highlands did not desist from conducting depredating raids occasionally on the villages in the foothills located in Assam. They also violently interfered with the entry of the British explorers, missionaries and the Trigonometric Survey party into their territories. The British responded by mounting military expeditions on the north-eastern hills to subdue the tribes and extend their political control over them up to the undemarcated Tibetan border. That was reckoned as the "Outer Line" up to which the British sovereignty was claimed. But no direct administrative structure was built up. Under the Regulation of 1875 the "Inner Line" was drawn along the boundary between the administered areas of Assam and the North-Eastern Hills. No British subject was allowed to cross the Inner Line without a 'pass' issued by the appropriate authority.

In the closing decades of the nineteenth century Russia started nurturing close friendship with Tibet while China continued to vigorously assert her claim over Tibet as a part of that country. Being alarmed by the turn of events the British became active in upholding Tibet as the buffer between the Russian Empire and India and later that between China and India. In the wake of such international moves and counter-moves the British plan of opening overland trade routes to Tibet and China lost its importance. The trade fairs also gradually ceased to attract the traders from Bhutan, Tibet and China and even the north-eastern hills. Three important happenings accounted for the decay of the trade fairs. Demand for Tibetan rock salt which was a key item of transaction in the fair declined as cheaper Bengal salt became available. Secondly some permanent markets were established in several places on the south bank and a few on the north bank of the Brahmaputra where the tribal people came for shopping and disposing of their surplus produce. In course of time some Indian businessmen, mostly the Marwaris,

obtained Inner Line pass to establish shops and business houses in areas beyond the Inner Line. Those became the outlets of selling British and Indian industrial products, tea, salt, and other provisions to the local people who sold their handloom products, handicrafts, a few cash crops like Mishmi teeta, madder, etc. and several forest products. These developments almost choked the trans-Himalayan trade flow into and out of Assam.

Assam's trade relations with Manipur, however, got a boost in the mid-nineteenth century. With the appointment of the Political Agent by the British in Manipur in 1835 Anglo-Manipur relations entered into a new phase. One of the important tasks performed by the Political Agent was to prevail upon the Manipur Raja to ease restrictions and reduce duties levied on imports of goods from and export of goods to India. After 1891 British control over Manipur became more direct and extensive. The British took initiative in building two vital road links—one from Cachar to Imphal and further east up to the border of Burma and the other from Imphal to Mao on the Manipur—Naga Hill border and onward to Dimapur via Kohima. Completion of these two roads greatly augmented the volume of trade flow between Assam and Manipur and between Manipur and Burma.

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