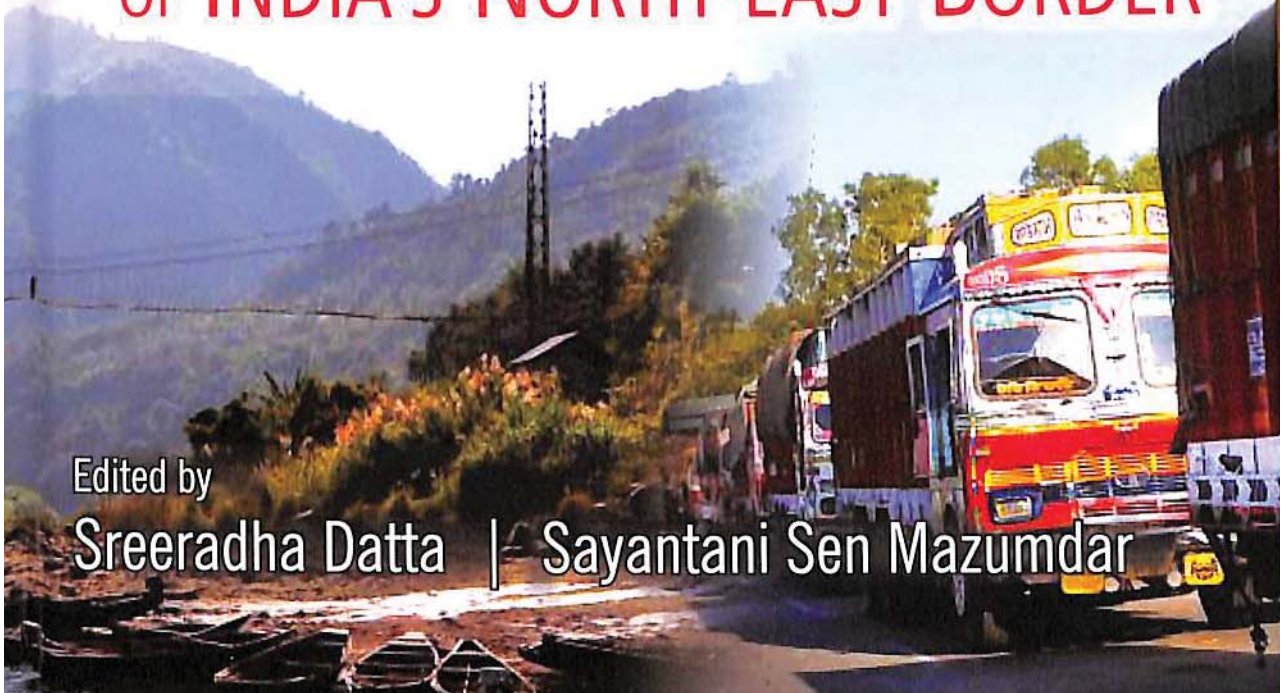




# POLITICAL ECONOMY OF INDIA'S NORTH-EAST BORDER



Edited by  
**Sreeradha Datta | Sayantani Sen Mazumdar**

Trade across India's North-East Region (NER) is an essential component of India's Look East Policy (LEP), an integral initiative in the reformulating of India's foreign policy in accordance with the global reconfiguration of post-Cold War international politics. This is in tune with India's own national interest, which mandates the economic development of the NER. The development of trade at India's North-Eastern borders with neighbouring countries is conceived as a necessary precondition of the economic development of the NER in particular and the country in general. In order to fully harness the potential of the NER it is imperative to advance trade through its borders.

This Volume delves into the intricacies of border trade and appraises its benefits and also the lacunae impeding it. The main thrust is to emphasize the potential and the constraints of trade at and through India's border with neighbouring countries, as well as to gauge how NER stands to benefit from the development of these trade transactions. The Volume is the outcome of a National Seminar titled *Trade at India's Borders with Neighbouring Countries: Challenges and Prospects*, organized by Maulana Abul Kalam Azad Institute of Asian Studies (MAKAIAS) in collaboration with the International Relations Department of Sikkim University at Gangtok on 18 and 19 October 2013.

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*Editors*

Sreeradha Datta

Sayantani Sen Mazumdar



MAULANA ABUL KALAM AZAD INSTITUTE OF ASIAN STUDIES,  
KOLKATA



PENTAGON PRESS

**Political Economy of India's North-East Border**  
*Sreeradha Datta and Sayantani Sen Mazumdar (Editors)*

First Published in 2015

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ISBN 978-81-8274-822-4

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*Published by*

PENTAGON PRESS  
206, Peacock Lane, Shahpur Jat,  
New Delhi-110049  
Phones: 011-64706243, 26491568  
Telefax: 011-26490600  
email: rajan@pentagonpress.in  
website: www.pentagonpress.in

Call No .....  
Acc No. **GB-825**

*Branch Office*

Flat No.213, Athena-2,  
Clover Acropolis,  
Viman Nagar,  
Pune-411014

Printed at Avantika Printers Private Limited.

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# Introduction

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## (I)

Trade with neighbouring countries features as an integral aspect of economic development of the border regions of a country. In this context, the crucial geo-strategic location and the abundance of valuable natural reserves of the North-East Region (NER) of India validates the prospect of the region as a gateway to India's expanding engagements with its neighbouring countries. Unfortunately, however, the NER is endangered by the perils of underdevelopment and its potentials have in no way aided to its economic progress. For over two decades since independence, the multi-ethnic fissures and schisms in the NER were getting articulated on the primordial lines and acted in manners inimical to country's long-term progress. The lack of proper accessibility and the absence of the development of adequate communication and connectivity physically impeded many of the developmental moves of the central government for the region. Nevertheless the attempt could not have been abandoned indefinitely and was expected to gather momentum with the liberalisation and increased globalisation processes. Like European Union and many other regional cooperation and integration mechanisms, India and the Association of South East Asian Nations (ASEAN) also felt the necessity of exchanging their respective repositories, in terms of trade, commerce, industry as well as in a number of other allied and collaborative spheres. India's Look East Policy (LEP) of the mid nineteen nineties was thus an intrinsic initiative of comprehending the dynamics of global reconfiguration in the post Cold War era. This was in tune with India's own national interests, which mandates the economic development of the NER. In realisation of the promised potentials of the LEP, the development of trade at India's North-Eastern borders with the neighbouring countries is conceived as a necessary precondition ensuing economic development of the NER in particular and the country in general. The domestic implications of the LEP provide added impetus to the developing of border trade and gradually integrating the NER

through cross-border market access with the markets of the fastest growing and thriving regions in the world.

North-East India, consisting of contiguous seven sister states – Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura – and the state of Sikkim, is surrounded in the north by Tibet (China) and Bhutan, in the south by Bangladesh, on the east by Myanmar and on the west by the Indian state of West Bengal. The region is a treasure-trove of rich mineral and forest resources, which if substantively utilised, would boost its trade with the neighbouring countries. The hydro and agro-economic efficiency of the region is unparalleled and it has rich bio diversity. The fertile stretches of land along the Brahmaputra valley are congenial for the cultivation of a wide variety of cash and food crops on a commercial basis. In spite of possessing so many positive attributes the NER's due recognition continues to be unremitted.

For the purpose of fully harnessing the potentialities of the region it is imperative to advance trade through its borders. The trade points in the NER border such as at Moreh (Manipur) and Tamu (Myanmar), Zakhawthar (Mizoram) and Rikhwadhar (Rhee, Chin), Avankhug-Somra point at Nagaland, Nampong through Pangsau Pass in Arunachal Pradesh and Nathula Pass in Sikkim need to be developed and made operative for fructifying the essence of economic cooperation across the borders through convergence of interests and opportunities for beneficial consequences. Development of border trade would necessitate adoption of concrete measures like the strengthening of positive bilateral equations through dialogues and agreements, promotion of Land Custom Stations, Integrated Check Posts and border *haats* for improved trade transaction and expansion of economy and livelihood opportunities of the people of the region. A rejuvenation of cooperation and communication among the trading bodies and business communities of the neighbouring countries would be necessary to pace the momentum of such cooperation. Optimum utilisation of skills and resources of the region is yet another prerequisite for augmentation and sustenance of the border trade.

The inadequate growth of border trade with the neighbours is one of the causes of the economic backwardness and underdevelopment of the NER. The partition of the country severely constrained the economic and trade flow across the region. Border trade connections that existed before Tibet coming under the Chinese sovereignty also proved to be detrimental to the cross border linkages. Subsequent emergence of Bangladesh as an independent country further concretised the boundary and the distance. NER was particularly affected as its connect with the mainland of the country became

a tenuous chicken neck corridor of just 21 kilometres. Under the circumstances, it was felt necessary that India must reconnect with its eastern neighbours and the NER would become a gateway. This would offset the geographical limitations imposed by the partition of the country and at the same time prepare the region to partake in the resultant economic cooperation and opportunity.

## (II)

The NER is endowed with the opportunities of geography, richness of cultural diversities, abundance of intensely valued resources including great human competence and aptitudes. But the challenge is to exploit and utilise the assets of this region in order to transform the region from its landlocked position to a 'gateway status'. Though the region has about 5000 kilometres of international borders with the countries of Bangladesh, Bhutan, China and Myanmar and has the potential of being India's powerhouse of trade and investments it has not been the beneficiary of its advantages. Therefore it is high time to assess how efficiently and proactively India could promote its trade at borders with the neighbours for the economic development of its troubled NER.

This Volume delves into the intricacies of border trade and aims at appraising the benefits. Papers also deal with the lacunae plaguing the flourishing of border trade. The thrust is to emphasise the potentials, constraints and prospects of trade at and through India's borders with the neighbouring countries as well as to appraise to what extent NER stands to benefit from the development of these trade transactions. The papers presented in this Volume revolve around the following themes:

- Role of the Trade at North-East India's borders in the Expanded Engagements between India and its Neighbours particularly Bangladesh, Myanmar and China.
- Political and security issues in the backdrop of accelerating trade at India's borders and the impact of undocumented migration of people.
- The implications of the border trade in the social, cultural, political and economic matrix of the NER and its potential contribution to address the unresolved problems of the region.
- The relationship between the border trade and the existing structural problems of the NER.

Papers included in this Volume were first presented in the National Seminar on *Trade at India's Borders with the Neighbouring Countries: Challenges and*

*Prospects*, held at Gangtok in October, 2013. Authors have treated the various facets of the theme of border trade from an interdisciplinary perspective. The collection has been enriched by insightful research by the authors focussing on select case studies and analyses of implications from a policy perspective.

### (III)

With the intent to assess and comprehend the relevance of border trade in redefining and transforming the economic fortune of the NER the papers in this Volume attempt to review the developmental perspectives and limitations of border trade from different analytical angles. Samir Das makes a case for understanding border trade as only a part of border economy. Border economy, by all accounts, functions in a way that threatens not only to obliterate the commonplace distinction between the official and the unofficial trade, but reinforces identity politics by way of deploying it as a technology of governing the unofficial trade. His paper *Between the National and the Global: Intermediate Institutions and the Political Economy of Borders in India's Northeast* underlines that there is an important distinction between a syndicate of 'smugglers' and those who barely survive by crossing the border and involving in unofficial trade. Das articulates a plea for reviving the old and traditional continuities given the forcible nature of border reorganisation. The paper, argues that between the national and the global lies the reality of how the nation-states seek to cope and come to terms with the porosity and continuity that refuse to go away with the reorganisation of international borders. This involves invoking and making use of a number of intermediate institutions that have come into being over time with varying degree of official sanction and patronage. Some of these institutions like border trade, as we will see, have been directly put in place by the Indian State by way lending recognition to a traditionally observed practice of exchange within the same community. There are yet other practices that State chooses not to disturb and destabilise.

Border trade in the NER can be viewed as a focal point of political, economic and strategic policies within a broad canvas. It has been emphasised that the NER has the potential to turn into India's 'power house', being a vibrant source of energy, oil, natural gas, mineral, plantation crops, horticultural products, medicinal plants, tourism along with a perennial water system in the river Brahmaputra and its tributaries. India's Look East Policy has further enhanced the significance of NER to the Government of India as the entire region borders with Tibet (China), Bangladesh, Myanmar, Nepal and Bhutan with 99% of international borders. However, border trade issues in North-

East India are far more complex than simple economic activities. There are complex historic issues which countervail the positive measures of the government hindering development and growth in the region. As Nandini Bhattacharya Panda argues in her paper *Border Trade in North-East India: a Socio-Historical Perspective*, border trade is intricately linked with social, ethnic and environmental issues involving economic anthropology. Successful implementation of the border trade policy requires a commercial analysis. At the same time, a social audit is equally important along with the monitoring of distribution of wealth. The paper substantiates this point by the example of the State of Sikkim. Sikkim has equipped itself to plunge for an international trade along the border through development of industry. Sikkim, as an organic state, exports vegetable and horticultural products thereby adopting appropriate measures towards a sustainable development.

In his paper *Locating the North-East Region in India's 'Look East' Strategy* Shrikant Paranjpe analyses the Look East Policy of the government of India. The paper is an attempt to understand the North-East Region and the Look East Policy within the matrix of India's foreign policy strategies. While delving into the theme, issues like the lack of infrastructure development, capacity building measures and gap in the identification of the sectors in which trade can be promoted has been highlighted in the paper. The much debated interrelationship between the 'Centre' and the 'Periphery' as well as the intricacies of the concept of "national" security is well analysed in the paper. The author believes that in the long run the advantages of the Look East Policy to this region can be possible only if the Central government considers the views of state governments in the region in both economic and foreign policy issues. A successful Look East policy will be possible only if New Delhi invests not just economically but also politically in India's North-Eastern region as equal stakeholders in the developmental process.

Connectivity and improved communication linkages is the focus of Shristi Pukhrem's paper *Connectivity as a Strategy for Peace and Development in India's Northeast*. She has projected that the Look East Policy could be attributed to gradual realisation of the economic potential as well as the geo-political importance of the NER vis-à-vis a dynamic South East Asia. The new approach, as manifested in the pursuit of physical connectivity to South East Asia, also has the implication of establishing the link between development and security. The economic opening up of the landlocked North-East to its neighbouring regions could be seen as a potent means of solving the insurgency problem. Better connectivity is a vital element of pan-Asian integration. The idea is to

promote international transportation; regional integration; establishment of links between areas of economic activity; to integrate land and sea transport networks; and to integrate the rail and road networks. While the people and the policy makers in the region are optimistic about the idea of integration with the South East Asia, the Government of India extended the Border Area Development Programme (BADP) to the North-East with the twin objectives of balanced development of sensitive border areas through upgradation of physical and social infrastructure and promoting sense of security amongst the local population which could be much beneficial in the long-run. The opening of the region to the South East Asian countries might throw up a whole set of new challenges and at the same time could bring in more intensive and reciprocal cooperation with neighbouring countries. She projects that with the changing geo-economic scenario in a new age of globalisation, thereby pooling the resources and connecting the land and people to a single global network, and India's growing geo-strategic interest in the South East Asia in the face of transnational insurgencies, arms smuggling, money laundering, etc, the Asian Highway is well positioned to enhance the prospect of regional cooperation in maintaining peace and security not only in India's North-East but also across South East Asia.

Sonu Trivedi has studied the myriad paradigms of Indo-Myanmar relations thereby emphasising on the growing insurgency, smuggling and institutionalised corruption in the North-East Region. After years of isolation, India's eastern neighbour Myanmar is now seen as a link to new markets. But as the paper *Dynamics of Indo-Myanmar Border Trade* points out, given the slow speed at which the Indian government operates and the low priority that it has traditionally accorded to the NER, the engagement policy with the East has not yielded the desired result. The paper argues that the weakest link in between these two neighbours i. e. of connectivity and rail-road networks must be restored for rejuvenating and resurrecting relations. It is further argued that boosting border trade in the North-Eastern Region of India would be a welcome move which could facilitate greater economic integration of this region with South East Asia. Through her field trips experiences to 105<sup>th</sup> mile Border trade point at Muse (between China and Myanmar), author attempts to detail various aspects of trade arrangements here that can be replicated at India-Myanmar border point at Moreh. Given the procedural and infrastructure bottlenecks, nevertheless, trade between the ethnic communities on both sides of the border has continued since times immemorial. However, any success story has been marred by insurgency and ethnic conflict on the both sides of

the border. She enumerates that in the light of the continuous reform process vis-à-vis the illegal activities on the borders, the issue of enhanced border trade requires immediate priority by the government and officials of the two countries. One of the daunting challenges has been to overcome the issue of rampant corruption, illegal trade and growing insurgency. Besides, the governmental apathy and indifference of the Indian private sector has left the trade almost informal and abysmally low. Bridging this gap would go a long way in developing economic linkages of the NER through Myanmar gateway with the rest of East and South East Asia.

Considering the significance of trade between India and Myanmar, a number of other papers in this Volume have focused on different facets of the issues involved. While Ibo Singh's paper, *Indo-Myanmar Border Trade Moreh-Tamu Sector* focuses on the macro aspects of cooperation, Sayantani Sen Majumdar in her paper *Moreh to Tamu: Trade Dynamics* discusses the correlation between political and economic development in India-Myanmar trade. The opening of South East Asia to India through Manipur is integral to India's Look East Policy. India is an active participant in the ASEAN+4 (China, Japan, Korea, and India) and BIMSTEC and success of trade relations between India and Myanmar boosts both the countries. Border trade is immensely important to Myanmar considering the volume it contributes to its trade and economy. This is the reason why pro-democracy activists of Myanmar in India had strongly objected to the formalisation of border trade. Their main objection was that border trade would help to save the military government. China and ASEAN went ahead to trade with the military ruled Myanmar and India subsequently followed. This reversal of stand by India was an acknowledgement of the ground reality. India could not be left behind, from the perspective of its renewed focus on a Look East Policy as well as the overwhelming need for cooperation to stem insurgencies.

Mazumdar highlights the adverse impact of political turmoil and border skirmishes on the economic development of the region as well as on the promotion of trade with the neighbouring countries. Border Area Development Project of the Ministry of Home Affairs, Government of India therefore, necessarily covers Indo-Myanmar border areas too to meet the special needs of the people living in remote and inaccessible areas near the border. The paper attempts to identify the opportunities in Manipur in facilitating the border trade as also the obstacles. Together with the threat posed by insurgency and smuggling, inter-ethnic clashes also cast a shadow. Kuki-Naga clash had an adverse impact on the economy of Manipur. Animosity and mistrust



between the different tribes need to be overshadowed by the veritable benefits that can accrue from cultivating prosperous ties. The processes of interaction, discussion and dialogue lead to positive confidence-building measures and to a calibrated movement for addressing the divergences, mostly derived from the past. The LEP is entrusted with the responsibility of merging economic development with political stability, and unless this happens, LEP will fail to develop the NER. Cooperation will be deepened if we can tap into all the potentials of mutual engagement with the neighbours. The exchange of visits by executives and top ranking officials between the neighbours does stimulate mutual understandings; facilitate the erasing of misunderstandings and misapprehensions, thereby boosting cooperation through identification of areas of mutual interest, peace and prosperity. However, for the purpose of fully harnessing the inherent potentials of these cooperative undertakings, an enthusiastic involvement of the populace of the North-East itself, with the required facilitation of the state governments, is an ardent need of the hour.

Garima Sarkar's paper on the same theme analyses the bottlenecks and intricacies that plague the optimum utilisation of opportunities of trade between India and Myanmar. The Indo-Myanmar border trade agreement has almost completed two decades but the progress of the border trade in terms of volume or products is quite low. A huge difference is observed in the official and unofficial exchange rate between the Myanmar's kyat and the Indian rupee at Moreh and Tamu. It is found that lack of infrastructure on both sides remains a major stumbling block but nevertheless the Tamu markets is growing faster compared to the Indian market in Moreh. It has also been found that the items included in the agreed exchangeable items are very limited and these items are primarily agricultural goods and forest produces. As a result, legal trade in terms of barter trade mechanism is done on a very limited scale. Border trade at Moreh-Tamu takes the form of transit trade. Thus, the Indian government should make a political effort combined with developmental realities to bring about a meaningful cooperation between India-Myanmar which would automatically serve the interests and purposes of the North-Eastern region, and Manipur can play an important role in developing India-Myanmar border relations. There is an urgent need to develop the infrastructure of the region. The border trade can only develop with the inclusion of manufactured goods like bicycles, fertilisers, cotton fabrics, textiles, motor cycles etc of Indian origin. This inclusion would further minimize the volume of illegal and informal trade between the borders. There is a need to create a congenial environment in the North-Eastern states particularly in

Manipur and efforts should be made to improve connectivity, financial facilities and most importantly the local inhabitants must adopt a proactive role and provide a peaceful and stable atmosphere. She has argued there cannot be trade without traders, thus it is essential to grow traders instead of smugglers in Manipur, through political and economic awareness via education, people to people contact, connectivity and good will generation, between the State and the Central government.

Amrita Dey has made an appraisal of India's Myanmar Policy vis-à-vis China's Myanmar Policy and elaborated on the lessons India needs to learn from China in cultivating equations with its neighbours. In her paper *What's Hindering Northeast India-Myanmar Trade: Lessons from China's Border Provinces*, she highlights the Chinese method of "soft approach" to manage its border regions by a process of assimilation of these regions through state-led financing for economic development. This approach, the author suggests may be adopted by India too for integrating its North-Eastern states from within more easily. Taking cue from development of China's border provinces and autonomous regions of Guangxi, Yunnan, Xinjiang, Inner Mongolia, India can revamp its border economies. The inland ports feature "border markets" where citizens can rent stalls and sell goods: larger border crossings feature "economic zones" with sizeable permanent markets, stores and offices as well as warehouses, truck parks and cargo transfer areas. The border market at the Ruili-Muse crossing between Yunnan and Myanmar are thriving prosperously despite political and economic upheaval within Myanmar. Chinese officials have ensured the stability of their borders by maintaining regular contact between foreign affairs officers, immigration officers, public health authorities and security personnel from both sides of the borders. These contacts are conducted on regular as well as via ad hoc arrangements. Even with respect to its geographically isolated and ethnically diverse regions like Yunnan, China has developed the ethnic tourism industry to stimulate the regional economy. Like Yunnan, if India can develop such ethnic tourism destinations in Nagaland and Arunachal Pradesh, it can significantly resolve its attempt of integrating its North-Eastern states from within, while making it attractive as a tourist destination for people from South East Asia and beyond.

A thorough review of the strengths and challenges implicit in trade with China necessarily calls for a delineation of opportunities before Sikkim, the eight states of the North-Eastern states. A comprehensive analysis of the border trade in relation to Nathu La Pass in Sikkim has been made by Subhadeep Bhattacharya in his paper *Nathu La: The Pass of Apprehension*. Nathu La,

identified as the third mountain pass for border trade between India and China, was officially slated to open on July 6, 2006, after a gap of forty four years, since its closure post the Sino-India War of 1962. It was reopened following numerous bilateral trade agreements which coincided with the 'Year of Friendship' between Asia's two giant neighbours. The paper addresses the myriad challenges facing the otherwise fantastic possibilities of cross border trade through Nathu La. The apprehension finds articulation when the author discusses the difficulty of trade, particularly border trade with a neighbour like China which holds a record of assertiveness and generates anxiety in its neighbourhood on all sides. The opening of Nathu La undoubtedly had both economic and political objectives, to do trade and to gain confidence about improving bilateral relations. Thus, we see that the current Sino-India relation has two important poles: economic cooperation and politico-strategic competition. Nathu La trade is no doubt an important step towards building confidence between the two Asian giants. But it is really difficult for neighbours to work bilaterally when relations are mired by scepticism and suspicion.

Arnab Dasgupta underlines NER's potentials as a prospective energy trading pivot. This can be realised through earnest attempts by India where demands are galloping. The North-East region needs huge and enhanced infrastructural arrangement as it is a strategically sensitive and significant frontier region and can be construed to be the pivot of a greater North-East which would cover a larger area comprising Bangladesh, Myanmar, Thailand, Laos and Vietnam and to some extent the Yunnan province of China. The paper, *NER as the Prospective Regional Energy Trading Hub in its Neighbourhood* argues that any plan for development of the NER would have a definite impact on this greater region. This would create a positive space for India's soft power projection as a regional development hub. Flourishing trade relations with these countries through the NER would be beneficial for greater part of East Asia as the region has lagged behind in terms of intra-regional trade. India, by developing the NER as a regional energy hub, can fulfil its ever-rising energy demand. Some attempts have already been made but without much of an impact. Apart from the immediate and direct result of such energy diplomacy on part of India, regional initiatives would also be useful for the future of the intra-Asian engagements. This would create enough interest for intra-regional interactions and trade prosperity which would, in turn, lead to peace dividends. The region can be a model platform for India-China cooperation on the energy front. According to the author such cooperation on a single sector of energy will pave the way for far-reaching multi-sectoral cooperation in the greater

region comprising India's North-East, Bangladesh, Myanmar and China's Yunnan province. However, an urgent initiative on behalf of India, of course, based on reciprocity from other stakeholders can only make this possible.

Jajati K Pattnaik's paper, *Cross Border Trade and North-East India: Mapping the Potentialities and Constraints* delineates the potentialities and constraints of cross border trade. The paper situates cross border trade within the structural matrix of neo liberal paradigm and emerging contours of India's foreign policy objectives. The structural deficiencies and policy alternatives to boost cross border trade has been analysed in the paper. Cross border trade and connectivity as an instrument of economic integration has driven India and China to expand their trade relations by exploring trade routes at the border points. This holds correct in regard to India-Myanmar trade as well. Author emphasises that interface between academia, civil society, and industry and policy makers is to be stimulated in order to overcome the inertia and present policy alternatives to address structural deficiencies. However, the political resolution is key to cross border trade or any regional or sub regional model. How India and China resolve their boundary row through sustained border negotiation mechanisms and evolve confidence building measures to generate trust and credibility is crucial for the success of border trade as well as regional cooperation enterprises.

There is no denying that connectivity networks and attendant movement of people and goods will significantly improve the livelihoods of the people in North-East India. Articulation of the need for greater connectivity and increased border trade between India, Myanmar and beyond has gained greater momentum in the recent past. Governments in the region, international organisations, and academic institutions are chalking out plans for greater connectivity between India's North-East region and South East Asia. Sanjay Pulipaka's paper, *Borders, Trade and Identities* discusses the benefits of cross-border trade. Consequences of increased trade vary from state to state depending upon the local politico-economic situation and inter-ethnic relations. The paper analyses the challenges and the opportunities existing in the border trade in Mizoram with reference to the movement of people and its impact on Chin-Mizo relations in Mizoram. It is not just Mizoram, India-Myanmar border zone is dotted with ethnic groups which have significant presence on both sides. There are articulations of separatist political spaces constituting territories of India as well as Myanmar. In such context, political arrangements in one country will have impact on the other. When conceptualising connectivity networks, the impact of border trade on ethnic relations should be factored in. Pulipaka reasons that increased connectivity

and consequent movement of people may also result in fundamental reconstruction of identities of people whose recognition is crucial for adopting a holistic approach when operationalising connectivity networks and various economic activities.

The paper *India-Bangladesh Trade Relations: View from West Bengal* by Srimanti Sarkar explains that international trade acts as a potent force for bridging spatial differences, promoting mutual cooperation and fostering healthy inter-dependence between two neighboring countries. For both India and Bangladesh—bilateral trade is one crucial component based on which their foreign relationship thrives. Bilateral trade scenario between India and Bangladesh seem to be essentially multidimensional in nature when looked from the perspective of the bordering states. The data for this paper are exclusively based on the researcher's own field experience at the India-Bangladesh land border at Petrapole-Benapole undertaken in May 2014 and from information collected from the Indian Land Customs Station (LCS) office at Petrapole—which is the only international land port in South Bengal between India and Bangladesh. The paper presents a 'bordered perspective' of the trade scenario between India and Bangladesh from the perspective of West Bengal. Accordingly the paper focuses on the functioning of the Land Custom Station at Petrapole and discusses interrelated issues— type of import-export that is carried out through the Petrapole-Benapole border, the structural facilities available at the border post which help execution of the border trade and the nature of cross border mobility which includes both goods as well as people. Multiple challenges hinder efficient trade undertakings at the border. Sarkar maintains that politics and economy continue to remain as parallel trajectories—interrelated to one another but yet following their own characteristic paths and own characteristic pace and thereby adding to the challenges and complicating the prospects of increased and improved border trade.

Maitrayee Guha in her paper, *The Impact of Undocumented Migration: Focus North-East India*, attempts to locate the issue of development of North-East India and its underdevelopment and link it with the question of undocumented migration from Bangladesh. The causes and consequences of large scale undocumented migration in the NER has been extensively analysed but there are many aspects to displacement and relocation which has not got the deserved attention in the literature. For example, migration from different parts of India over different historic time period has also been an issue involving violent conflict and bloodshed. Kokrajhar district in Assam has been a witness

to many as an attempt to force out the tribal groups by ethnically estranged Bodos. Violent conflict along ethnic lines have plagued the potentials of the NER in the economic domain and complicated the security scenario. Under the circumstances, economic cooperation initiatives and the prospects of mutuality have suffered and trade has been relegated to the background.

#### (IV)

The complexities of trade at the North-East borders are of primary focus in the contemporary academic researches and scholarly debates wherein the practical experiences enriched by theoretical perceptions play a vital role. The thrust of this Volume is to critically assay the emphasis of border trade on the economic profile of the North-East Region. The focus has been on looking at the North-East from a perspective that is inter-regional, regional or sub regional and Indian state perspective wherein the importance of institutionalisation of the border trade with proper policy implementation has also been eulogised. The Volume has made a whole-hearted attempt to illustrate the strengths of the NER and has also delineated the existing challenges and obstacles jeopardising the strengthening of bilateral cooperation between the neighbours. The intellectual discourses of this Volume would not only provide insights to the addressing of problems for promotion of export and import through border trade but also leads to a holistic understanding of the development of the impoverished borderlands and frontiers of the North-East Region of India.

As mentioned earlier this Volume is an outcome of a National Seminar on *Trade at India's Borders with the Neighbouring Countries: Challenges and Prospects* held on October 18-19 2013 at Gangtok in collaboration with the Department of International Relations, Sikkim University. The editors are genuinely indebted to Maulana Abul Kalam Azad Institute of Asian Studies (MAKAIAS), Kolkata and sincerely acknowledge the support and cooperation extended by all the Institute Members. Special Thanks to Dr. Arpita Basu Roy, Fellow, MAKAIAS and Ms. Mili Ghose, Fellow, MAKAIAS for their thorough cooperation as well as encouragement. The editors are intensely thankful to all the contributors for their valuable contribution to this Volume.

Sreeradha Datta and Sayantani Sen Mazumdar

# 1

## Between the National and the Global: Intermediate Institutions and the Political Economy of Borders in India's North-East

*Samir Kumar Das*

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Reorganisation of international borders on a space—that had historically remained more or less continuous—announce at one level the ‘reality’ of the newly established nation-states in India’s East and the North-East as much as they at another level make it imperative on the part of these nation-states to act against their ‘transgression almost on a daily basis’. As Jones in a recently published book, for instance, argues:

In the Bengal borderlands, despite the ratcheting up of security practices, the frailty of the idea of the idea of a coterminous nation, state, territory is exposed on a daily basis as people transgress the border and create alternative networks of connection that do not fit neatly into the border regime of the sovereign state. The act of transgression is perceived as a factual danger to the existence of the state which must be contained immediately. As a result, the borderland residents of Bangladesh are harassed, abducted and killed in a way that is quotidian and unremarkable. Their lives are given little value by the authorities and are dealt with accordingly. In that zone, the category of political citizen is shed and the potential to be reduced to bare life is ever present (Jones 2012:143-144).

On the other hand, ethnographic works conducted from time to time on such borders almost routinely underline their porosity, the impossibility of drawing a line on a space that has remained both culturally and politically

continuous, of how the State-initiated attempts at upholding and defending borders at great military, financial and emotional cost produce albeit bizarre results. The forces and processes of globalisation have only exposed the bizarreness of the borders in an age that claims itself to be 'global'.<sup>1</sup>

This paper, however, argues that between the national and the global lies the reality of how the nation-states seek to cope and come to terms with the porosity and continuity that refuse to go away with the reorganisation of international borders and drawing of a line thanks to the Partition (1947) by way of invoking and making use of a number of intermediate institutions that have come into being over time with varying degree of official sanction and patronage. Some of these institutions like border trade, as we will see, have been directly put in place by the Indian State by way of lending recognition to a traditionally observed practice of exchange within the same community while there are many others which the State chooses not to disturb and destabilize. Recent writings on the anthropology of borders tend to highlight how the State's security apparatus looks the other way as transgressions and border crossings take place on a regular basis. In a study on the Bangladesh-Meghalaya (India) border, Sur, for instance, shows how border guards on both sides 'look the other way' as Bangladeshi Garo women cross the border to sell their bamboo baskets much in the same way as their Indian counterparts do it on their side of the border (Sur 2012:127-250).

This paper proposes to develop the argument by seeking to (a) understand border trade as part of what we call larger border economy and (b) find out how border economy functions in a way that tends not only to obliterate the commonplace distinction between the official and the unofficial but reinforces their overlaps. (c) The third part seeks to counter the widely articulated plea for reviving the old and traditional continuities and turning a blind eye to the newly emergent reality of nation-states. Although the plea has a merit as a critique of the forcible nature of border reorganisation, its romanticisation of the preexisting continuities is likely to face adverse reaction from the nation-states.

## **Border Trade**

Border trade in the context of India's relations with some of her immediate neighbours has a specific connotation and should not be confused with cross-border trade or for that matter with trade across borders. The distinction between border trade (in which trading is confined only to the bordering region on both sides of the border) and cross-border trade (or trade across



border which is not necessarily confined to the bordering region) is too important to be wished away. Viewed in this light, while border trade is also part of cross-border trade, the reverse is not true and both border trade and cross-border trade are two distinct, albeit overlapping variants of international trade. The Ministry of Commerce, Government of India, defines border trade in the following terms:

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.

First, it is necessary, in this case, to differentiate trade over ‘international border points’ from other ‘local border points’ – where only the residents in immediately neighbouring provinces/states can cross borders and trade freely. The volumes of trade over international border crossings are always recorded and likely to add up to the total volume of intra-regional trade, except in the case of illegal smuggling. On the contrary, the ‘local border points’ might carry noticeable trade volumes as well, but they are unrecorded, their traffic would mainly be limited to those immediate neighbouring provinces/states and thus, of limited economic impact on the Indian sub-region as a whole. Another way of referring to this trade is, therefore, ‘informal border trade’ (Pham 2007:1-2) with varying degree of formal approval. Secondly, border trade by all accounts is based not so much on the principle of profit but on subsistence economy. More often than not, direct exchange of goods through barter is encouraged so that there does not remain any surplus and no substantial surplus can be accumulated out of this trade. The idea that guides India and her neighbours to sanction border trade is to offset the logistical disadvantages of some of the remotely situated areas of the North-East for which trading across the border with the neighbouring villages makes better economic sense than that with the distant district towns inside their respective territories.

The first Indo-Bangladesh trade agreement viz. ‘Trade Agreement Between the Government of India and the Government of the People’s Republic of Bangladesh’ signed on 28 March 1972 just a week after the signing of the Indo-Bangladesh Friendship Treaty provides for border trade for the people within the 16-kilometer belt of the border between West Bengal, Assam, Meghalaya, Tripura and Mizoram on the one hand and Bangladesh on the other. The subsequent 1980 Agreement has removed the clause ‘on a state-to-

state basis' for trade between the two countries. This is for the first time that the provisions of the Agreement were kept open for all the stakeholders.

The Indo-Myanmar Border Trade Agreement of 1994 was seen as a means for the region to break free from the shackles of geographical isolation imposed on the region by the Partition (1947) and the consequent reorganisation of international borders. Border Trade between India and Myanmar was formalized through the signing of India-Myanmar Border Trade Agreement (BTA) on January 21, 1994 and operationalised on April 12, 1996 through Moreh Border (Manipur). The second designated Border Trade point at Champhai (Mizoram) is yet to be operationalised. The Agreement envisages that the border trade will take place through Customs Posts at Moreh in Manipur and Zowkhathar in Mizoram, corresponding to Tamu and Rhi in Myanmar. 40 items are permitted for the border trade between India and Myanmar, with 5 percent duty. Presently, most of the border trade takes place only through the Moreh Post.

Border trade with Myanmar is quite limited and is generally averaging less than US\$ 1 million per year. The trading activities had been done under the laws and regulations of both the countries, where provisions have been made for the buyers (of both India and Myanmar) to take delivery of the marketed goods in freely convertible currencies. India's exports to Myanmar include primarily the finished products like machinery and instruments along with drugs, pharmaceuticals and agriculture based various products. On the other hand, Myanmar exports wood products, pulses, fruits, nuts and spices. To facilitate limited movement of hill tribes residing along the Indo-Myanmar border, the Governments of India and Myanmar have permitted entry of such persons residing within 16 km of the international border with only permits but without visa with certain terms and conditions. Local nationals of both sides can stay in the other country for three days within 16 km on either side. Trade between the people living along the Indo-Myanmar border existed even prior to the British Rule. With the creation of international boundaries and the emergence of hostile neighbours in the sub-continent, trade between the two countries became increasingly difficult. However, informal trade of household consumption items such as salt, *lungis*, sewing machines, precious stones, *agar*, other forest products, buffaloes, soap, etc. continued. After India's Independence in 1947, the informal trade between India and Myanmar became the international trade between the two countries. Another study conducted by the Indian Institute of Foreign Trade estimated that unofficial trade between Tripura and Bangladesh exceeds Rs.100 crores with which the state has a border

of about 839 kms. Much of this trade is unregulated and involves illegal smuggling across borders, but it serves as an important source of livelihood for the people living along the borders.

At present, border trade with Tibet in China is conducted through Lipulekh Pass in Uttarakhand and Shipkila Pass in Himachal Pradesh. The Prime Minister of India and the Premier of the State Council of China at their summit in June 2003 decided to reopen border trade through Nathu La (in Sikkim). The border trade between India and China through Nathu La Pass in Sikkim commenced on 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. In view of the agreement, the two sides have designated Tsomgo (Changgu) in Sikkim and Renqinggang in Tibet as the venue for the border trade market. The two sides agree to use Nathu La pass as the transit point for persons, transport vehicles, and commodities engaged in border trade. As per the treaty, both sides establish checkpoints at appropriate locations to monitor and manage their movement through the Nathu La pass. The Nathu La pass is located 54 km from Gangtok, the capital of Sikkim in India.

### **Informal Trade**

By all accounts, border trade between India and Myanmar has not progressed further since the opening of Moreh in 1995. India and Myanmar agreed to allow border trade in 22 commodities as per the 1994 Agreement, which was extended to 40 items in 2008, but this seems to have lost its relevance particularly since informal/illegal trade has proliferated (RIS 2011:63). In 1995 Indian Institute of Foreign Trade (IIFT) estimated the annual volume of trade that takes place at Moreh, Champhai and Lungwa at around Rs.2200 crores, Rs.500 crores, and 100 crores respectively. If these figures are taken as given, the volume of unofficial trade stood more than 44 times compared to that of official trade (IIFT 1995). While reflecting on the problem of estimating informal trade, C.J. Thomas writes:

It was reported in a discussion in Moreh with the Parliamentary Standing Committee on Home Affairs, that (amongst) India, Bangladesh, Pakistan and China illegal trade amounts Rs.15,000 crores but official figure records it as 1000 crores! In a similar way, the illegal trade which operates in Tamu-Moreh amounts as 2000 crores but official record says only 69 crores! The Customs Preventive Force, Moreh informed us that the seizure effected during the year 1998-1999 (up to October 1998) was Rs.41,40,000,00 (Thomas 2000:163).

It is observed that the volume of informal border trade exceeds several times the official volume of import-export trade. The total trade during 1993-94 was estimated at Rs.22000 million as against Rs.4435 millions of the official trade. Informal trade along Moreh, according to some conservative estimates, is between Rs. 1100 and Rs 1450 crores per year while official trade is about 7000 crores (RIS 2011:70-1).

The situation at the Indo-Bangla border is no different from that of Indo-Myanmar trade. A survey on unofficial trade between North-Eastern region and Bangladesh covered most smuggling prone bordering districts of West Bengal, Assam and Tripura. The total volume of unofficial exports to Bangladesh through the three border states is estimated at Rs.1165 crores (1 crore = 100,00,000) annually of which West Bengal accounts for as much as 96 percent (Rs.1121 crores), Assam 3 percent (35.5 crores) and Tripura 1 percent (8.1 crores). Although much of the unofficial trade runs through Tripura, it is believed to be as much as 50 times higher than the official exports and for Assam it is double the volume of official exports (Chaudhari 1995). Although no comprehensive study has been made to gauge the extent of smuggling through Meghalaya border, it is learnt that the volume of illegal export of coal, limestone, and agro-forest based products is 4 to 5 times higher than that of official exports from Meghalaya and Bangladesh (Das 2000:40). The volume of illegal trade through borders of West Bengal, Assam, Tripura was estimated at Rs.11,650 million which exceeds the volume of official export to that country of Rs.10,500 million.

A study on the informal trade in Moreh (in the Indian side of the Indo-Myanmar border) may be in order at this point. The Indo-Myanmar border town of Moreh is located in Chandel District (formerly known as Tengnoupal District) and lies in the southeastern part of Manipur. It is the border district of the state with Myanmar (erstwhile Burma) on the south, Ukhruel district on the east, Churachandpur district on the south and west, and Thoubal district on the north. It is about 64 km. away from Imphal. The National Highway No. 39 passes through this district. The Moreh town, the international trade centre of the state, lies in the southernmost part of the district. Four major ethnic groups namely, Kuki, Naga, Meitei and Tamils controlled border trade. A large number of Muslims and others (from mainland India) were also engaged in this border trade as well as informal trade. There is growing competition among these different communities living in the border areas for acquiring control over trade. This led to a conflict between the Nagas and the Kukis and between the Tamils and the Kukis in Moreh. Violent clashes occurred

between the Nagas and the Kukis in 1993. Again, in 1995 there were ethnic clashes between the Kukis and the Tamils due to the Kuki militants' attempt at imposing heavy taxes on the Tamil business community in this area.

The competition for control over a such a money-spinning town rich in cash inflow and disposable income takes on the form of clash of contending homeland demands amongst the numerically dominant Meiteis, minority Nagas, Kukis, Hmars, Muslims and Tamils resulting in periodic violence and loss of life and property.<sup>2</sup> As Chitra Ahanthem in her study on Moreh town points out:

Moreh is famous for all kinds of illegal arms and drug consignment deals meant to enter the India's North-East region, destined for various part of the country. Since the Indo-Myanmar border area is unfenced, porous with thick forest and unmanned, drugs coming from the old Golden Triangle of South-East Asia have their easy entrance. Contraband drugs are brought in by Burmese smugglers and transshipped to inner part of Manipur by the various militant groups after deducting their share of percentage. However, they allow the purchaser to resell outside the state only. Proliferation of small arms in the area is an open secret and there is no lack of contacts at the Moreh market for illegal deals, though problem lies with further transshipment. The positioning of Assam Rifle (AR) troops along the Indo-Myanmar border doesn't make much difference and illegal trans-movement of men and goods even takes place at a few meters from the observatory RP-post of the AR camp positioned at a distance of one kilometer East of Indo-Myanmar border gate number two. Four major ethnic groups namely, Kuki, Naga, Meitei and Tamils controlled the trade along the Indo-Myanmar border though a large number of Muslims and other communities were also engaged in this border trade. There is now a growing competition among these different communities living in the border areas for acquiring control over trade. (Ahanthem 2010:21)

Whatever studies have been conducted on Moreh town tend to point out at one level how law-and-order situation has declined and at another level, the organic linkage between the licit and the illicit, between how the illegal world sustains and strengthens itself by way of drawing on the legal world. Big money in trading comes through trading in contraband, and since the ever growing insurgent outfits need money just as much as the corporates do, a nexus has been created between the traders and the insurgents. This has created a problem of governance both for the civil administration as well as the security forces stationed in the area. As a matter of fact, people insist that the nexus is 'a three way one involving the state personnel, that includes security

personnel and civil administrators, the traders and the insurgents' (Nag 2010:14).

### **The Intermediate Institutions of Border Trade**

The so-called economic reason about overland trade or for that matter border trade will have to be taken with caution. As De points out: while the tariffs in this region tend to decline and despite geographical contiguity, these countries trade less among themselves overland. The fact is that except India's trade with Bangladesh, Bhutan and Nepal, and to a lesser extent that between China and Myanmar, around 85 percent of the merchandise trade of this region passes through sea and rest overland. Most of India-Bangladesh trade is conducted overland and the same between India and Myanmar is very negligible (De 2006:1-2).

However, it is also argued that trade in general and border trade in particular may in the long run impede economic growth and development in the North-East—instead of facilitating it. As a corollary to it, it is also emphasized by a section of economists that trade must not become a substitute for domestic industrial and agricultural growth. Trade by itself may reduce Manipur (or Moreh) to a transit point between Asia and the rest of India, without catalyzing growth. Other illegal practices such as dumping of low-cost 'foreign' goods particularly from China might hamper industrial development in the region. Trade in primary commodities without value addition and processing will severely inhibit the potential advantages and result in unequal and unfair trade.

According to Das and Thomas, the instrumental value of North-East's trade with Myanmar in terms of generation of economic growth is negligible at present, but 'the intrinsic value of cross-border trade is, no doubt, immense as it eases out life of the people living in the border areas (Das & Thomas 2005:31). It creates a space for interaction between ethnic cousins hitherto scattered and fractured between nation-states – thanks to the Partition and consequent reorganisation of international borders – and generates a bond of unity that cuts across the nations and their territories. It is considered as an intermediate arrangement that lies between the nation-states and a fully globalized economy. Border trade, according to Das, "allows knowledge, information and ideas to flow across the communities, enhances security as people get to know of each other better, learn to live together and share each other's life experiences" (Das 2010: 369). While concluding his paper on Sino-Indian border trade, Singh too echoes the same point: "The criticality of border

trade for these border regions cannot be understood in terms of their monetary value or trade statistics ... A true assessment of the significance of China-India border trade ... must include reductions in budgets and human sufferings in border security management as its profits” (Singh 2010:319).

This sometimes leads a section of commentators and activists to revive the old ties and at the same time turn a blind eye to the reality of nation-states. Kakoty, for instance, shows that trade was traditionally carried out in markets known as *haats*. It is amply clear that there existed a vibrant trade between the Khasi and Jaintia hills and the plains of Bengal, especially Sylhet. However, with the redrawing of political boundaries in the region and the emergence of new nation-states, the centuries-old border trade received a severe blow (Kakoty 2008:313).

The plea for reviving the traditional continuities is nevertheless very strong. As M.F. Ryangksai, the headman of Dawki and also the president of the Federal Council of Warmihngi and War Jaintia explained:

The demarcation of the border between India and Bangladesh was not done properly. It was not based on facts. As a result the Khasis lost a lot of land. At times, the border was plum in the middle of orchards or fields. The fields and orchards that fell to the Bangla side were destroyed. Understandably so, as they were not the owners of the orchards and “bagans” as they had no love for them. They plucked the betel nuts and chopped the timber trees and ravaged the carefully nurtured orchards! It was thought, and very wrongly, that the Khasis only lived in the hills and hence the plains were a part of Bangla. So the hills remained with us and we lost the plains. But even today we have about one lakh (1 lakh = 100,000) Khasis still living in Bangladesh. It is another matter that many of them are thinking of moving over and are acquiring property in India with the help of their relatives here (quoted in Kakoty 2008:315-316).

Much in the same way, John F. Kharshiing, Adviser and Spokesperson of the Federation of 25 Khasi States (traditional Siyems) reportedly regrets:

The drawing of the boundary between India and East Pakistan during Partition was not done in a fair manner. The way in which boundary pillars have been placed seems to reinforce the assumption that the Hillmen or the Khasis lived only in the hills and they had no land or property in the plains. But this was simply not true. However, it appears that the survey team for the demarcation of the boundary too worked with this basic assumption in place. Hence the demarcation was wrong and has not found acceptance even today... (quoted in Kakoty 2010:316).

Nationalisation of space, as Biswas argues, 'often conceals the lived and connected world space' (Biswas 2010: 336). But the dilemma is: while the old world of once-dense social and ethnic ties is irretrievably lost, Mizos, Khasis and Jaintias like many others do not seem reconciled to the reality of newly emergent nation-states with their neatly marked out territories and surgically precise borders. It is important to find out how a whole range of intermediate institutions has evolved in recent times as the half-way house between the two realities of fully territorial nation-states and of a fully globalized political economy that pays scant regards to nation-states and their borders. The paper is only a modest attempt at sensitizing us to this new reality.

### ENDNOTES

1. See for instance Samaddar (1999).
2. I have referred to similar kind of competition over such an urban space in Siliguri (North Bengal) in Das (2013)

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