

# Assessment on Indo-Myanmar Cross Border Trade Through Zokhawthar

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## Abstract:

The geographical contiguous and the close socio-cultural and economic links between North East India and Myanmar provides potential for cross border trade along the border land. The area being far removed from Indian mainland and Myanmar geographical and economic closeness with the booming South East Asian countries and China makes the prospect of border trade assume significance. It is on this setting that this study examines how far the formal trade opening has help the people in the border land. The questionnaire were designed to elicit information from people who are involves in border trade while secondary data's were obtained from different records and books. The finding reveals that, to some extent the social economy of the people involves in trade have changed. The paper concludes by highlighting the problems of formal trade so to boost the economy in the region.

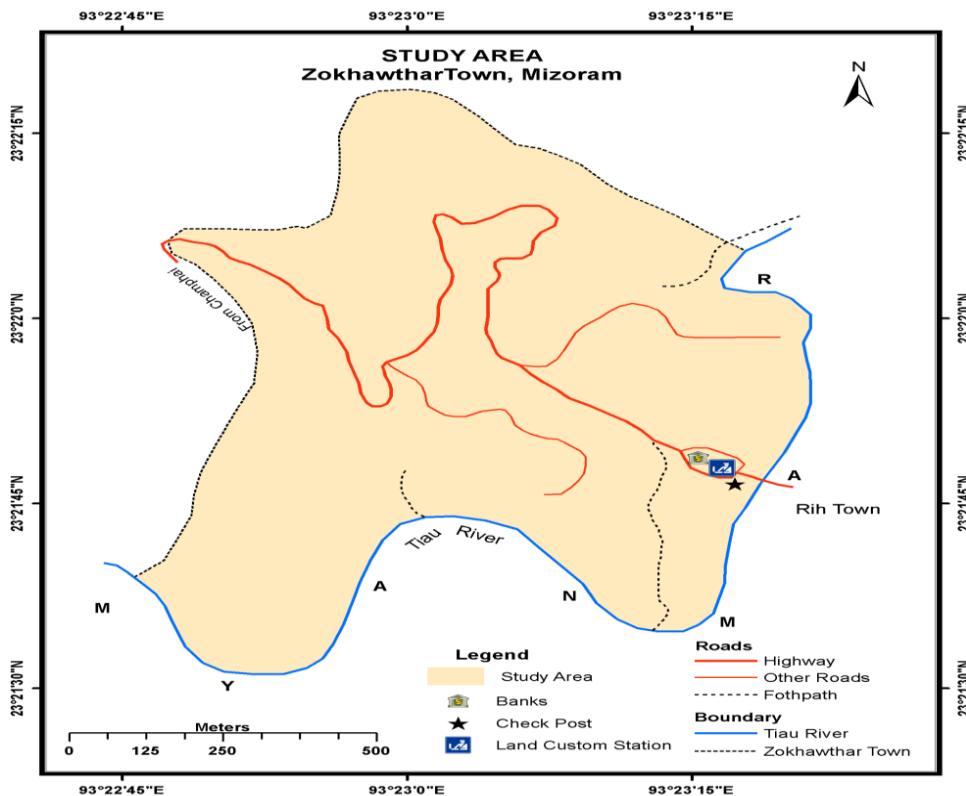
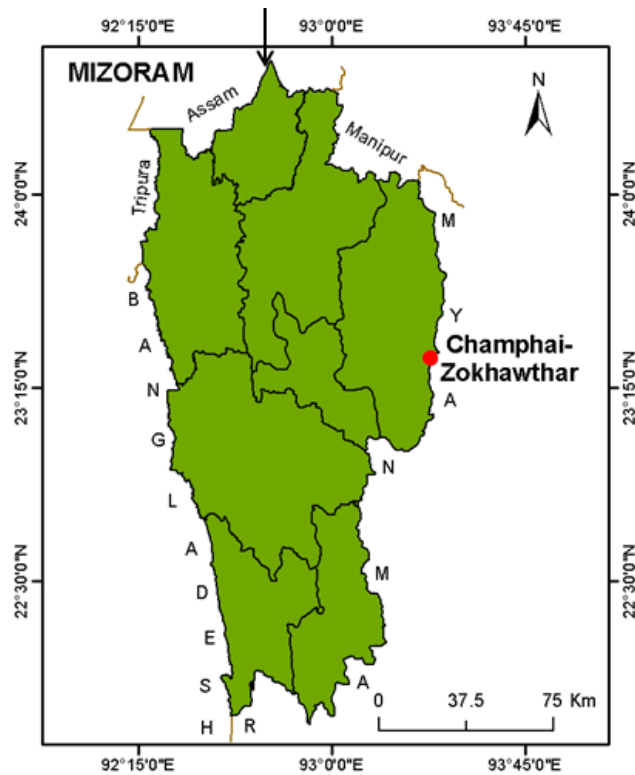
**Keyword:** Border Trade, Economy, Development, Problems

## Introduction

The geographical contiguous and the close socio-cultural and economic links between North East India and Myanmar provides potential for cross border trade along the border land. In view of this, Indo-Myanmar Border Trade Agreement between the Governments of the Republic of India and the Union of Myanmar was signed on 21<sup>st</sup> January 1994 with the goal to formalisation of border trade practices. The opening of Border trade in Zokhawthar is viewed with lot of expectation. The area being far removed from Indian mainland and Myanmar geographical and economic closeness with the booming South East Asian countries and China makes the prospect of border trade assume significance. Trade across the Indo-Myanmar border is regarded not only a two countries affairs rather a bridge for closer economic link to the countries of South Asian nation.

## Study Area

Zokhawthar is a semi urban located at the Indo-Myanmar Border and is about 28 km away from the headquarters of Champhai District, Mizoram. It is 220 Km. away from the state capital Aizawl. Zokhawthar has 501 household. As per the 2011 census, it has a population of 2,632 of which 1,299 are males and 1,333 are females. The town lies at an altitude of 1678 metres above sea level. With its enormous informal trade activities and formalisation of trade between the two countries, it makes a substantial contribution towards the overall economy of the state. In fact Zokhawthar has help Champhai town in making the cultural capital of Mizoram as it attracts people from different walks of life. In Zokhawthar, most people practice agriculture as their main source for livelihood. Apart from that, with the commencement of border trade, large junk of the population are now into trade.



Location of the study area

### Data base and Methodology

Both primary and secondary data have been used for the purpose. Extensive fieldwork has been conducted to assess the information pertaining to cross border trade. Interview were taken to some select

organisations, town authority, eminent academicians, Government Officials, security personnel along with the elders of the town and the people who involve themselves in border trade. Secondary source are drawn from government reports, census book, journals and books.

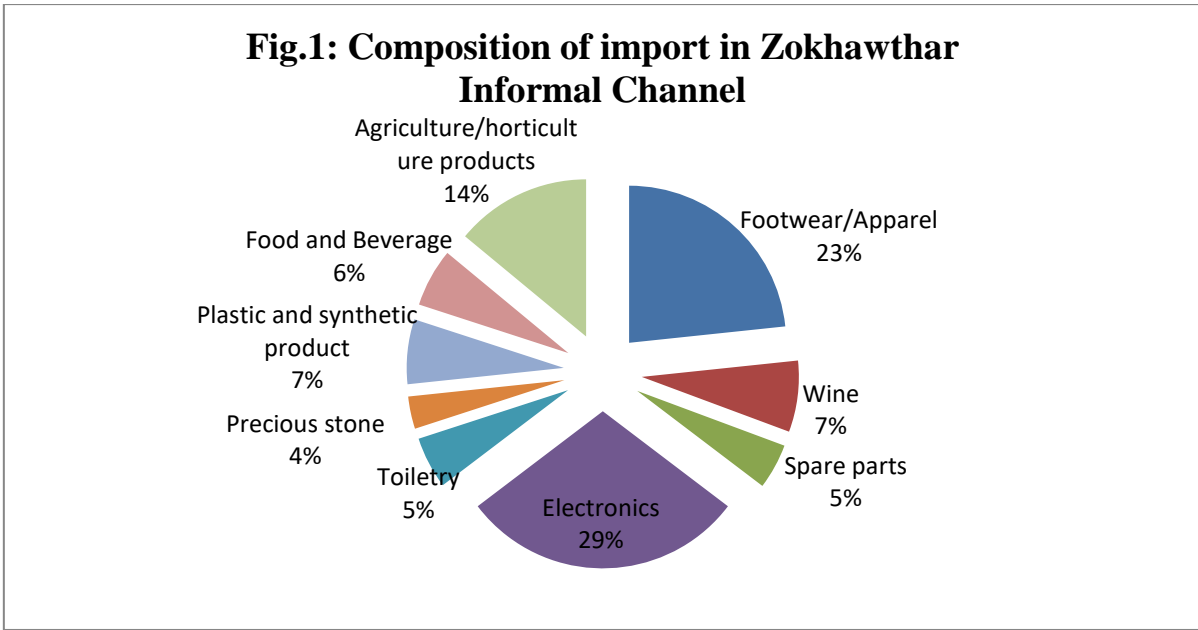
### **Cross Border Trade through Zokhawthar**

The Indo-Myanmar Border Trade at Zokhawthar was officially inaugurated on 30<sup>th</sup> Jan 2004 by Tawnluia, the then Home Minister of Mizoram. This was the step in the right direction towards the implementation of border trade agreement between the two countries. The composite Land Custom Station (LCS) at Zokhawthar has also been constructed with the financial assistance from the central government however the transaction of formal goods as per the agreement has not yet taken place at the right direction due to non completion of the infrastructural facilities. Thus, the study finds relevant when one takes into consideration the informal trade which is going on in full swing across the border. Trade along this border town has been influenced by the social, cultural, economic and political situation prevailing in the region.

Despite its remoteness and far removed from the mainland India large volume of goods have been supplied to the state of Mizoram via Zokhawthar border. In fact there is no dearth of foreign goods in Champhai town. A good chunk of Indian goods also find their ways to Myanmar through this border point. During fieldwork, it was learnt that there are over 40 registered importers at Champhai, but only few are active. Officially, trade is limited to import of a single consignment of betel nut a week and a few parcels of Burmese energy drinks. There is no trace of export from the Indian side formally except in February 2010, Soyabean consignment worth Rs. 60,000 was sent to Myanmar. (Land Custom Station, Zokhawthar) and its import is limited to single consignment of reed broom in October 2009 worth Rs. 61,882 and betel nut in August 2010 worth Rs. 55,694 (Land Custom Station, Zokhawthar). This can be better understood from what the LCS Superintendent narrated in the following sentence: *'Hardly any formal trade takes place through Zokhawthar LCS, formally, it is limited to few load of betel nut and energy drinks from Myanmar. Data on export from the Indian Territory is not available as there is no trace of export since its formalisation of trade'*. The above statement is further corroborated from what the Superintendent of the Custom Preventive Force, Champhai say: *'Presently, beetle nut and black pepper is the most common item that is traded through Zokhawthar border'*.

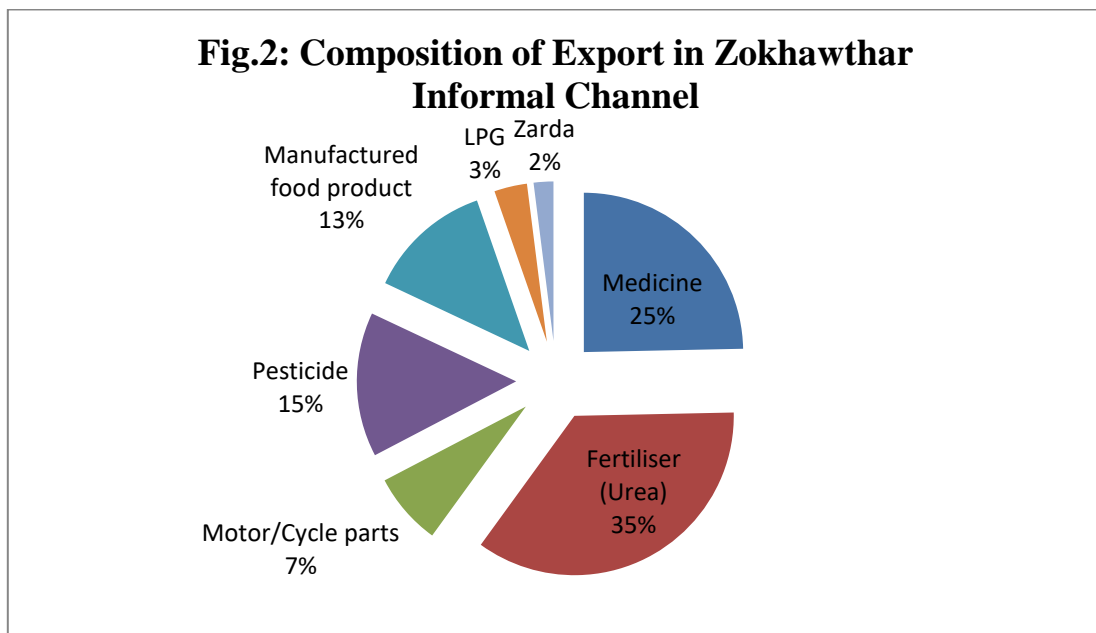
### **Composition of Informal Trade**

During the fieldwork, it was observed that goods from third countries and items of basic needs for local consumption as well as for export outside the state are traded in informal channel through this border point. It was also learnt that even items which are in the tradable list are traded informally.



Source: Fieldwork

From the above chart, it shows that the composition of imports to Zokhawthar town is dominated by electronics goods (29.3%). Within the group, generator sets, inverters and inverter battery are important components. Electronics is followed by footwear/apparel, and constitute 23.3%, further followed by agricultural products (14%). Agricultural and horticulture products include beans, yam, tomato and various types of fruits. Other important commodities which are imported through this channel are plastic and synthetic product, automobile spare parts, toiletry, precious stone, etc. It is learned that consumer durables manufactured in Far Eastern Countries like South Korea, China, Malaysia, Thailand, etc. are freely available in Champhai town. In fact the people who are into trading profession in informal manner never count it as illegal. They considered it as legal trade and as a source of livelihood.



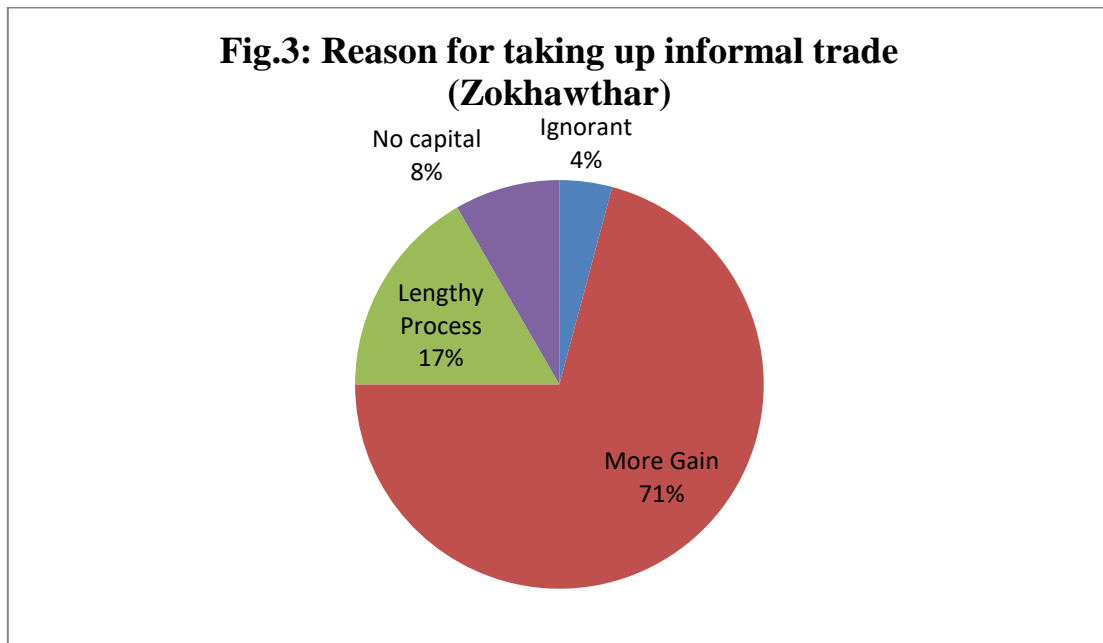
Source: Fieldwork

The compositions of informal exports from India via Champhai- Zokhawthar to Myanmar are no less impressive. Goods exported through this point includes medicine, fertiliser (mostly Urea), motor cycle, cycle parts, pesticides, manufactured food product specially baby food, mosquito repellent, LPG, zarda, etc. The table 4.10 shows the composition of export through informal channel from Champhai-Zokhawthar trading point. Here, fertilizer (35.3%) is exported in large quantities and this item dominates the composition of informal export from the Indian side. The other notable commodities exported through this route includes, medicine (24.7%), pesticide (14.7%), manufactured food product (12.7%), motor/cycle part (7.3%), LPG (3.3%) and zarda (2%).

**Why no formal trade?**

Focus group interview conducted from select age group as to why informal trade rather than formal trade reveals that cross border trade has been going on since time immemorial. But with the normalisation of trade, now, the traders have to follow the lengthy process of documentation in order to get permit from the authority. Along with that, they have to pay tax and duties to the government which reduces their profit margin. Also, the tradable items as allowed between the two governments are just 62 products. According to Lalrimpuia, one of the trader states: *‘the domestic LPG cylinder is sold in Myanmar at Rs. 4000 – Rs. 5000 while that of fertiliser is sold at Rs. 500 above per bag’*

The pie chart (fig.3) shows that, 4 percent of the traders do not take up formal trade because of their ignorant while 17 percent opt for informal trade due to lengthy process in doing formal trade. Another 8 percent, according to the traders have no capital. To them, to start a formal trade huge capital is required. However, majority of the traders (71%) opted for informal trade as it is more profitable.



Source: Fieldwork

**Other factors responsible for informal trade in Champhai-Zokhawthar**

Despite formalisation of border trade along the border, there are various reason cited by the traders for taking up informal trade. The main reasons as to why informal/illegal trade is on the rise are describe below.

**Restricted tradable items:** Only 62 items are allowed under the trade agreement and thus large junk of goods are traded through informal trade which is a huge loss to the state as well as to the govt. of India as this are not accounted in income. The products which are in demand in the state as well as that is produce within the state should be allowed and thus it is high time to re examine the list of tradable items so to widen the scope of trade and its activities.

**Cultural affinity:** Due to its ethnic ties and relative staying on both side of the border they have a close relation and informal trade was there since time immemorial for their local produce. It is also difficult to distinguish between the local people due to their similarity in culture, language and social set up. Thus, there is always an easy way out for informal trade.

**Lure by the easy money:** Many people are unemployed and thus to eke out a living, this illegal trade becomes a platform. Anyone can easily enter with little capital, besides knowing the success of people who are into it also prompted the people, friends, relatives and acquaintance to opt for this activity.

**Peace and tranquillity:** Nearly 99 percent of Indo-Myanmar border trade is routed through Moreh, however, due to constant bandh, extortion, pathetic road condition, traders are shifting interest towards Zokhawthar due to its peaceful and hassle free environment.

**Porosity of border:** Although restriction of movement is within 40 km, that restriction is merely on paper. There is no fencing or Border Security Force, the only demarcating line is the river Tiau. Thus the porosity of the border further promotes informal trade along the border as any person can cross the river at any given point of time.

## Conclusion

Considering the significant of border trade between India and Myanmar, border trade agreement was signed between the two countries on 21<sup>st</sup> January 1994 with the goal to formalisation of border trade practices. Following the signing of the agreement the two land customs stations (LCS) at Moreh (since 1995) and Champhai-Zokhawthar (since 2004) on Indian soil were made functional.

An overall examination on composition of goods traded from Zokhawthar reveals that there is no existence of formal border trade except the three consignments that took place in 2010. In spite of formalisation of trade along the border point, the study shows that informal trade activities far outnumbered formal trade. A major concern on border trade from this border point of view is the constant and the alarming rise in the informal trade and the continuous rise in the seizures of illegal items from the traders. The reason for the rise in informal trade is multifarious. As elaborated earlier, it could be partly attributed to restricted tradable items, cultural affinity and porosity of border. The informal trade continues to be the life line of the people in the border areas.

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