

Border Haats on India-Myanmar Border *Opportunities and Challenges*

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After the success of the 'Border Haats' on the India-Bangladesh border, the Government of India decided to establish similar haats along the country's border regions with Myanmar. On January 20, 2020, the first border haat along the Indo-Myanmar border has been opened at Pangshu Pass in Arunachal Pradesh. The Mizoram government is also pushing for opening border haats along the Indo-Myanmar border.

In this regard, the Briefing Paper explores the prospects and challenges of establishing border haats along India-Myanmar border, keeping in perspective issues like ethnic insurgencies, high incidence of contraband trafficking including that of narcotics and weapons, infrastructure deficits at the border and difficult terrain leading to the high cost of transporting commodities from the procurement centres to the border haats.

As a way forward, this Briefing Paper explores whether it is possible to develop the 'border haats' as future border economic growth zones with industrial parks for medium industries exploiting locally available raw materials, because only then can more jobs be created and greater levels of prosperity achieved for border regions, thus possibly disincentivising contraband trafficking.

Introduction

For about six decades since independence, India has seen the border as a problem, a liability rather than as an opportunity. This owes much to India's post-colonial history: the creation of a hostile Pakistan and then a hostile China, both of whom backed insurgencies on Indian territory. Later, anti-Indian insurgents also operated from Bangladesh and Myanmar, with or without the patronage of the state.¹

The threat of trans-border insurgency and terrorism, illegal contraband trade especially in narcotics and weapons, military hostilities by neighbours and illegal migration impacting on demography in sensitive

frontier regions seem to have left successive governments with a heavy security mindset in managing the country's borders, especially in the sensitive and remote Northeast.

The approach began to change as India grew in confidence and her economy began to grow dramatically post-liberalisation in the late 1990s. The architect of India's neo-liberal economy, former Prime Minister (& Finance Minister) Dr Manmohan Singh strongly argued for a 'new vision' of regional economic integration in South Asia, by which India's neighbours would be as much a part of her growth story as remote peripheries of the country.

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That vision necessitated open borders and greater trade between India and South Asian nations and the tiger economies of South-east Asia. India's Look East policy (now rechristened 'Act East' by incumbent Prime Minister Narendra Modi), originally with maritime in focus, increasingly sought to situate the country's Northeast in its engagement with South-east Asia, especially after Myanmar joined the Association of Southeast Asian Nations (ASEAN).

The Concept of Border Haats

As part of the new vision, decision-makers in Delhi began to take into account the '*People's Factor*' in border management. It was argued that the daily needs of the border communities, who often share strong ethnolinguistic ties across the border, necessitated a new arrangement, which would discourage illegal cross-border smuggling and legitimise border trade. The first effort at establishing border trade by India can be traced to the reopening of the Nathu La Pass in Sikkim in 2006.²

Besides Nathu La pass, now there are two more points, through which border trade takes place with China's Tibet Autonomous Region - Shipkila in Himachal Pradesh and Lipulekh in Uttarakhand.

After the reopening of India-China cross-border trade on July 06, 2006, through Nathu La Pass, not only it has enhanced benefit in trade but also strengthened the growth of tourism in Sikkim.³ Trade through Nathu La proved to be a means of livelihood for the people of this region.



The Border Haat at the Pangshau Pass

Border Haat on India-Bangladesh Border

The 'border haat' as a trading market place for benefit of local communities on either side of the border was conceived for implementation along the India-Bangladesh border, as bilateral relations between the two neighbours improved dramatically after Prime Minister Sheikh Hasina's Awami League formed government in Dhaka in January 2009.

Currently, four border haats are operational along the India-Bangladesh border. Two border haats are located in Meghalaya at Kalaichar and Balat and two are located in Tripura at Srinagar and Kamalasagar. Six more border haats on the India-Bangladesh border are in the pipeline.

The border haats are organised on a specific day of the week for a fixed time duration. Only registered buyers and sellers are allowed to participate in the haats. There are also restrictions on the type of commodities to be sold in these haats. Also, there are restrictions on the amount of purchase to be made by each buyer. Trade at the border haats is permitted to be carried out in Indian Rupees/ Bangladesh Taka.

Border haats or rural markets along the border of Bangladesh and India helped to strengthen ties between the two countries, both culturally and economically. Further, these border haats benefitted local communities by providing opportunities for livelihood and social interaction."⁴

The Memorandum of Understanding for the opening of 'border haats' on India-Myanmar border with a pilot project at Pangshau Pass (Arunachal Pradesh-Sagaing) was signed on May 28, 2012

Border Haat on India-Myanmar Border

After the success of the 'border haats' on the India-Bangladesh border, the Indian government decided to test this model in the country's border regions with another neighbouring country Myanmar. At the fourth India-Myanmar Joint Trade Committee Meeting in New Delhi on September 27, 2011, the national governments of both India and Myanmar agreed to *"work towards the opening of border haats (village local markets) at mutually agreed on locations, as it would benefit the local population on either side of the border."*⁵

The Memorandum of Understanding (MoU) for the opening of 'border haats' on India-Myanmar border with a pilot project at Pangshau Pass (Arunachal Pradesh-Sagaing) was signed on May 28, 2012. In 2013, the Indian government responding to a letter by Nabam Tuki, Chief Minister, Arunachal Pradesh informed the state government of the agreement with Myanmar for setting up the first border haat in Pangshau Pass as a pilot project.⁶

The border haat was formally inaugurated on January 02, 2020.⁷ Around ₹3.53 crore (₹35.3 million) was invested to build a border haat at the international border's Pillar No 173 on the Pangshau Pass. It was proposed that the border haat will contain 42 shops, a warehouse, a dumping yard, a security barrack, toilet and parking space. Landslides, heavy rains, insurgent activities and difficulties in carrying building materials to the remote area have delayed the implementation of the pilot project by six years.

Subsequently, the State Government of Mizoram has started pushing the Indian government to set up at least four border haats on its border with Myanmar. To date, four locations namely, Hnahlan, Zote, Vaphai (Saikhumphai), and Sangau (Pangkhuah) in southeast Mizoram, have been identified for the construction of border haats. The Commerce and Industries Department, Government of Mizoram have sent the detailed proposals in this regard to the Ministry of External Affairs (MEA), Government of India, and currently waiting for its approval.

The officials of the governments of Mizoram and Myanmar have recently conducted a joint survey and identified the locations to set up the border haats.

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Mizoram Chief Minister Zoramthanga, during his 2019 Independence Day speech, had said the proposed border haats would become important trade points between India and Myanmar.

The state governments of Nagaland and Manipur have also shown interest in opening border haats along their border with Myanmar to boost local-level trade. Like Mizoram, these two states have also realised that border communities, often sharing ethnolinguistic ties, have much to gain from the border haats. There is saying in Manipur that the state will prosper only if the *Eastern Gates* open, meaning when they can trade freely with Myanmar.

Challenges for Border Haats on India-Myanmar Border

The 1,643-km India-Myanmar border has been long afflicted by (a) festering ethnic insurgencies, which has prompted trans-border security operations; (b) the high incidence of contraband trafficking including that of narcotics and weapons; (c) the low level of infrastructure development at the border; and (d) difficult terrain and high transport cost from procurement centres to the border haat sites.



A map pointing the location of the Pangshau Pass and roads linking it with nearby places

Geo-Political Challenges

Since the Pangshau pass is located on the historic World War 2 vintage Stillwell Road, which many in India and China have pushed for development as a potential overland trade route between the two countries (Figure 2). It is important to examine why India has not accepted the opening of the Stillwell Road, which has the potential to change the face of North East India and the Northern part of Myanmar.⁸

However, strident objections by the Indian army, who fear a massive Chinese outflanking maneuver in the event of a war by using this road, have dissuaded Indian decision-makers from opening up the Stillwell Road as a trade route to Upper Myanmar and south-west China. India also fears China could use this route for dumping goods into Northeast India with an eye on the Indian market.⁹

India is, therefore, reluctant to open the Stillwell Road that goes through the Pangshau pass and go forward with the Bangladesh-China-India-Myanmar Economic Corridor (BCIM-EC), despite agreeing to do so at the formal governmental level. India is thus putting in place a border trading point to partly satisfy local aspirations, instead of using a viable trans-regional trade route through the Pangshau pass.

The 'haat culture' in rural South Asia has an entertainment and cultural component besides trade. That could be played into the border haat system both on the India-Bangladesh and the India-Myanmar borders

Both Bangladesh and Myanmar are friendly nations who have cracked down on anti-Indian insurgents on their borders in recent years. But while Bangladesh has almost wholly demolished their bases, Myanmar has not been able to do so. Naga and Manipuri insurgent groups remain active, seeking to 'tax' any trade or business activity on the frontier region.

Though Mizoram is peaceful since the 1986 Mizo peace accord, the state's border region has witnessed a huge spurt in the spread and intensity of the Rakhine insurgency spearheaded by the 7,000-8,000 strong Arakan Army.

The Indian army conducted 'Operation Sunrise' in coordination with the Myanmar Army to dislodge the Arakan Army from its sanctuaries in South Mizoram. But the Arakanese rebels have struck at targets on India's Kaladan multi-modal transport corridor that seeks to connect Mizoram through the Sittwe port and up the Kaladan river. Construction workers, contractors and suppliers, even of Indian origin, have been kidnapped and then released for ransom.¹⁰

Whether these rebels, who seem to be gaining in strength and are rather upset with India's growing military relationship with Myanmar, will or will not disrupt any legitimate border trade on Mizoram's border is something decision-makers in Delhi and Aizawl cannot ignore.

With the border haat at Pangshau been formally opened and other states like Mizoram are raising demands for border haats on their frontiers with Myanmar, Indian decision-makers are expected to consider the status of trans-border insurgency, the trends of contraband trade and the poor physical infrastructure in the border regions before expanding the number of border haats.

Sturdy China-made motorbikes are often the only way to carry goods to the market place. Bigger vehicles tend to get stuck more often than not



Poor Road Condition along Indo-Myanmar Border

Infrastructural Challenges

Poor physical infrastructure at the India-Myanmar frontier is a huge worry for those who wish to see more 'border haats' coming up. At the Pangshau pass, even the Stillwell Road continues to be a cesspool of slush and mud during monsoon.

Sturdy China-made motorbikes are often the only way to carry goods to the market place. Bigger vehicles tend to get stuck more often than not. Storage, sanitation, power, internet and other trading facilities need a huge boost before the border haat can transact a reasonable volume of trade.

Possibility of Chinese Goods Getting Sold at Border Haats

The other big challenge for trade at the India-Myanmar border is the possibility of Chinese goods getting repackaged and sold at the 'border haats'. The Chinese-made fake goods have been found selling in huge volumes in the Ngalamung market opposite Manipur's border town of Moreh on the road to the Myanmar border town of Tamu – cheap Chinese stuff packaged as popular western brands like Marlboro or Napoleon brandy. Since they are now traded inside Myanmar but heavily bought by Indians who are allowed into Ngalamung by border guards, the onus lies with our neighbouring country in case allegations of WTO violations are raised.¹¹

If they are formally traded in a border haat jointly managed by India and Myanmar, the onus will fall on India as well. India is also very sensitive to rules of origin, as was evident during the recent Regional Comprehensive Economic Partnership (RCEP) negotiations at Bangkok. Chinese goods packaged in Myanmar brands may use the border haat route to enter the Indian market and then use the contraband route to flood the market. Since border haats were conceived as a way to check smuggling and illicit border trade, the original purpose behind the scheme may stand defeated.

Conclusion and Recommendations

Along the borders with both Bangladesh and Myanmar, India needs to explore alternatives that could help develop 'border haats' as future border economic growth zones with industrial parks for medium industries exploiting locally available raw materials. Only that would lead to greater job creation and greater levels of prosperity in the border regions, and in the process perhaps dis-incentivise contraband trafficking.

There is a proposal in Myanmar to develop such an economic growth zone in Tamu overlooking the border town of Moreh, which is a point of rampant smuggling at the moment. Those behind the Tamu growth zone idea are looking for Indian investors like Haldiram to create production units manufacturing packaged snacks.

That is likely to have a market in Myanmar and also in Northeast India.

It will be worthwhile to explore if physical infrastructure like power and roads can be improved substantially in the border regions in the years to come. With such developments, perhaps border haats can be turned into an extended growth zone with a few MSME units processing locally available agricultural and forest produce or producing locally woven ethnic textiles and herbal products. They may be initially produced for trading through border haats but later sold in larger markets.

Since local communities from the same ethnic stock often straddle the India-Myanmar border (like the Nagas or the Mizo-Chin-Kukis), it is worthwhile exploring how the border haat can be expanded to foster cultural exchanges. The 'haat culture' in rural South Asia has an entertainment and cultural component besides trade.

That could be played into the border haat system both on the India-Bangladesh and the India-Myanmar borders.

To conclude, it may be pointed out that the success of the border haat arrangement on the India-Bangladesh border should encourage India and Myanmar to try this out along their extensive frontier. It is also desirable to see the arrangement not as a self-limiting exercise but as a beginning which, in consultations with local communities, can in future be expanded to cover newer areas like industrial production and cultural exchange to promote greater people-to-people connect, a vital goal of current bilateral diplomacy.

This is an exercise that cannot be restricted to just national bureaucracies, which are usually resistant to change but should increasingly involve pro-active participation of border communities and their representatives.

Endnotes

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