Cross LoC Trade with Pakistan

Why in news?

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Cross LoC trade across Uri-Muzaffarabad route resumed this week after it was stopped over 2 weeks ago due to seizure of drugs form a truck.

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What is the significance of Cross LOC Trade?

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- To ease tensions between India & Pakistan, to promote peace & economic activity in the state of J&K, cross-LoC trade was started in 2008.
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- Through not very voluminous in nature, it helped connect the regions of J&K on both sides of the border.
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- The trade is through barter exchange & has by far has been a successful initiative.
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- The present ruling party of J&K, had promised to support this trade.
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- With increasing border tensions, trade across the Poonch-Rawalakot route has been stopped since July.
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- The Uri-Muzaffarabad route was also suspended following the recovery of Rs 300 crore worth heroin and brown sugar from a truck coming from PoK.
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What are some recent developments concerning cross LoC trade?

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- The National Investigation Agency (NIA) began probing the funding

patterns of traders due to numerous allegations.
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- A joint meeting between officials of both sides was held.
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- It was decided that permanent and formalised communication facilities will be set up between the respective trade officers.
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- A number of steps have been proposed that could lead to a change in the trading mechanism, based on the ongoing research of Bureau of Research on Industry and Economic Fundamentals (BRIEF).
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What are some steps to better this trade?

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- **Joint Investigation Teams** should be set up to investigate cases of narcotic and arms smuggling across the border.
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- They should address the root cause of such instances in a speedy and transparent manner and help prevent the victimisation of truck dirvers in future.
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- **Trade Monitoring Cells** should be constituted to keep a check on the traders and trade practices,.
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- It should monitor daily trade practices such as registration of traders, invoicing and exchange of goods, trade balancing, etc. to address allegations of hawala money, under-invoicing, and even misrepresentation of goods.
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- Trade data and information for each registered trader should be mandatorily recorded in an electronic format and shared with the cell at regular intervals for analysis and other checks.
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- **Institutionalisation -** Traders and chambers on both sides have come up with the idea of a joint chamber, which will have traders of both sides as well as the local chambers of Jammu and Kashmir and the Mirpur Chamber.
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- Support from both governments will help create more transparency in

transactions and information flow among traders and chambers on across the LoC & within.
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- **Training -** It is important to impart training to LoC traders, with support from excise and security agencies.
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- Training sessions should be conducted on the standard operating procedures of this trade as well as established accounting practices such as maintaining balance sheets.
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Source: The Hindu

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