Galvanising trade via the North-East

What is the issue?

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- “Act East Policy” promises to be a harbinger of economic transformation for the north-eastern states in India.
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- For this to materialise, the region requires a mix of infrastructure investments and trade facilitation measures.
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What is the history of trade in the region?

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- The north-eastern region used to be a hub of thriving mercantile activity in the colonial period, but the dynamics of trade was purely driven by colonialists.
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- Expansionist imperial ambition and quest for commercial gains saw the people of the region getting completely bypassed in terms of economic opportunity.
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- Notably, back then a diverse portfolio marked trade with the north-east, where British woollens and Indian cottons were traded for Chinese tea and silk.
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- In the regions, “Cotton, jade, teak, tamarind and jiggery” where imported from Burma, while “cars, whisky, soaps, cigarettes” where imported from Europe.
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- Dhaka was a flourishing centre of muslin exports and discovery of tea and oil in Assam significantly enhanced commercial prospects.
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- The region dominated global tea trade for close to eight decades and the British even established a rail link between Digboi and Chittagong.

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- Nonenetheless, steam navigation Companies pressured the government and prevented the development of any major land route across the region.
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What is the current situation there?

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- There was a disruption in trade in the post-Independence period as boundaries of sovereign nations were redrawn.
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- Subsequent government policies have helped in overcoming some of these constrains, but a lot more remains to be done.
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- **Bangladesh -** India’s trade with Bangladesh in 2017-18 was $9 billion, of which, nearly 70% was transacted across the land customs stations.
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- The 24x7 operationalisation of the integrated check-post last year has given a further impetus to trade, though teething troubles remain.
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- India exports cotton, vehicles and cereals to Bangladesh and imports textiles and apparels from there.
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- **Myanmar -** In contrast to Bangladesh, India’s trade with Myanmar was a paltry $1.5 billion last year, a drop from $2.1 billion in 2016-17.
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- Trade across comodities was liberalised only recently and India currently accounts for less than 1% Myanmar’s total land trade.
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- Pharmaceuticals is the largest export from India, while we import beans and cereals from Myanmar.
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- Integrated check-post at Moreh (Manipur), is the only major trading point, although some informal channels function along the Mizoram border.
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What are the plans to enhance trade through the region?

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Transport Infrastructure:

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- In order to galvanise trade through the north-eastern region, a mix of infrastructure investments and trade facilitation measures are warranted.
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- A blue print of transnational multi-modal connectivity projects has already been prepared and several of these projects are already being executed.
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- Kaladan Multimodal highway, and the “North Eastern Railway Link” project for connecting Aizawl and Imphal are some of the significant ones.
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- Work for construction of broad gauge connectivity from Agartala to Akhaura near Chittagong has recently been awarded.
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- This will substantially reduce the distance between Agartala and Kolkata and provide an efficient access to Chittagong port.
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- A north-eastern economic corridor is proposed under the Bharatmala project for enhanced intra-regional connectivity.
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- Further, Multi-modal freight movement is also proposed through seven waterway terminals on Brahmaputra.
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Supporting Infrastructre:

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- Developing a robust supply chain and logistics infrastructure is vital for ensuring a smooth and functional transportation network.
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- Centre has already notified logistics as an infrastructure investment and logistics hubs across the north-eastern region are likely to be developed soon.
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- India could also emulate the Chinese model of establishing production centres near the border to penetrate cross-border markets.
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- “Land Port Authority of India” has declared its intent to take over all land customs stations and upgrade them to integrated check-posts.
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- These initiatives need to be supported with IT infrastructure, quality testing

labs, quarantine facilities for agricultural trade, banking and forex services.
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How can people be engaged?

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- The fact that there are ties of kinship across the border is surely an asset, which can be capitalised if the people of the region are involved in the process.
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- A special outreach and capacity building programme would be required for building foreign trade capabilities among the local masses.
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- A strong linkage with mainland manufacturers and traders will be a crucial ingredient for a successful export strategy.
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- Some local value-addition near the border through packaging or assembling facilities could also be established.
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- Regular buyer-seller meets between border states of north-east and Myanmar and Bangladesh in pre-identified verticals would also be useful.
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What is the way ahead?

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- While development of manufacturing capabilities in the north-east will take some time, it has the potential to serve as a model for export-led growth.
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- A north-east trade development authority, involving all State CMs of the region, would help bring foreign trade agenda on the economic priority.
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- ASEAN has demonstrated how efficient economic integration of a region, even with economies at different levels of development, can be mutually beneficial.
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- In this context, the north-eastern region needs to evolve a comprehensive

bottom-up strategy of export development for achieving overall progress.
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Source: Business Line

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