Suspension of Cross-LoC Trade

Why in news?

India recently suspended the cross-LoC trade, alleging misuse of the facility by individuals linked to terrorist groups.

What is the government's rationale?

- The Union home ministry has decided to suspend trade across the Line of Control (LoC) between J&K and Pakistan-occupied Kashmir (PoK) at two locations - Salamabad and Chakan-da-Bagh.



- The government’s contention was that this trade was being misused by locals on both sides of the border.
- Trade channels are being exploited for sending illegal weapons, narcotics and fake currency into India.
- The zero-tariff barter system is also being violated in the form of under-invoicing and exchange of third party items such as California almonds.
- Reportedly, government officials identified at least 10 militants who were essentially residents on the Indian side of the LoC.
- They were using trade openings to cross over to PoK and joining terror outfits such as Hizbul Mujahideen.
- Under the garb of local trade such individuals were assisting militants and separatists within Kashmir.
- Given these concerns, the decision to suspend the cross-LoC trade seems justified.
- But in terms of the Kashmir policy, this move seems to be yet another misstep by the government.

Why is cross-LoC trade significant?

- The cross-LoC trade, started roughly a decade ago, gains significance given its nature and origin.
- Being in the form of barter trade, it allows locals on both sides of the LoC to trade without the international trade requirements.
- It was conceived as one of the confidence-building measures between India and Pakistan, following the 2003 India-Pakistan ceasefire along the LoC.

- The idea was to allow locals, who often have strong family and cultural ties across the LoC, to mingle.
- It was believed that the socio-cultural interconnectedness with barter trade would lead to a more structured economic and political coming together of the region.
- Trade created an atmosphere of trust that was more conducive to allow for a thaw at a higher political level.
- Since trade commenced in 2008, employment to the order of more than 1.6 lakh days had been created for the local population.
- The volume of trade over the decade has crossed Rs. 6,000 crore.

Why is suspending trade inadvisable?

- The government had recently decided to close the national highway between Udhampur and Baramulla to civilian traffic for two days a week. Click here to know more.
- This move, to facilitate troop movement, had already caused a lot of unrest in the region.
- Now, stopping exchange of goods and putting at risk the livelihood of the people on both sides of the LoC seems a less effective idea.
- The solution to violations of trade agreement is to enforce the rules stringently, and not to stop exchange of goods altogether.
- Also, security concerns could be addressed through greater scrutiny by border patrol officials, in-depth background checks and better intelligence.
- Suspending the trade abruptly serves little purpose apart from further antagonising and alienating the locals.
- It is better that the government consider revoking the suspension of cross-LoC trade.

Source: Business Standard, The Hindu

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