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An overview of cross border trade in Moreh, Manipur

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Abstract

With the intention to promote border trade and to make border trade a more reliable source for livelihood and to bridge with the South East Asian nation, the Govt. of India has initiated a formal trade opening in Moreh town, Manipur since 1995. It is in this premise that this study examines how far the formal trade opening has help the border communities especially people who are involve in the border trade. The questionnaire were designed to elicit information from people who are involves in border trade while secondary data's were obtain from different govt. records, books, journals, etc. The finding reveals that, to some extent the social economy of the people have changed. The paper concludes by highlighting the problems of formal trade so to boost the economy in the state as well as the region as a whole.

Keywords: Livelihood, Trade, Development, Problems

1. Introduction

Cross border trade is defined as the flow of goods and services across international land borders within a reach up of 30 Km ^[1]. It is intimately linked with socio-economic development of a region and plays an important role in supporting the livelihood of border communities. Movement of people across the border is a universal phenomenon. Since time immemorial, due to its cultural affinity there has been traditional exchange of goods between the people living in an around the border between Manipur and Myanmar for livelihood ^[2] However, this was barred by the govt. of India and thus created an impediment towards free movement and under such circumstances, trade agreement were the only ray of hope for the revival and development of border trade. With the idea to promote border trade as a reliable source of livelihood and a means to bridge economic ties with neighbouring countries, the Government of India has initiated a formal trade opening with Myanmar along the border on 12th April 1995 in Moreh. The agreement provides for 40 products, mostly which are agricultural products produce in both the countries. It also provides for free movement across the border for 12 hours a day between Moreh (Manipur) and Tamu (Myanmar). However due to its scantiness in the list of tradable items agreed upon, it has given rooms for smugglings. A study carried out in 2009 by Singh ^[3] in Moreh affirms that the number of items transacted under informal trade is much more than the formal trade. Similarly, in developing countries, despite trade liberalisation, informal trade activities account for more than half of the economic activities ^[4]. It is also hardening to see that officers who are to mend illegal trade ironically encourage smuggling across the border or involves themselves taking the advantage of Armed Forces Special Powers Act (AFSPA). On several counts, they collect tips/bribes from the traders and at times exploit their ignorance. At this situation, one would find it difficult to give a precise view as to what is responsible for such development of illegal/informal trading despite formal trade opening. It is on these arguments that this study examines how far the traders have been benefited through this trade. The present paper also touches on the main factors responsible for informal trade so to tender solution of informal trade.

2. Study Area

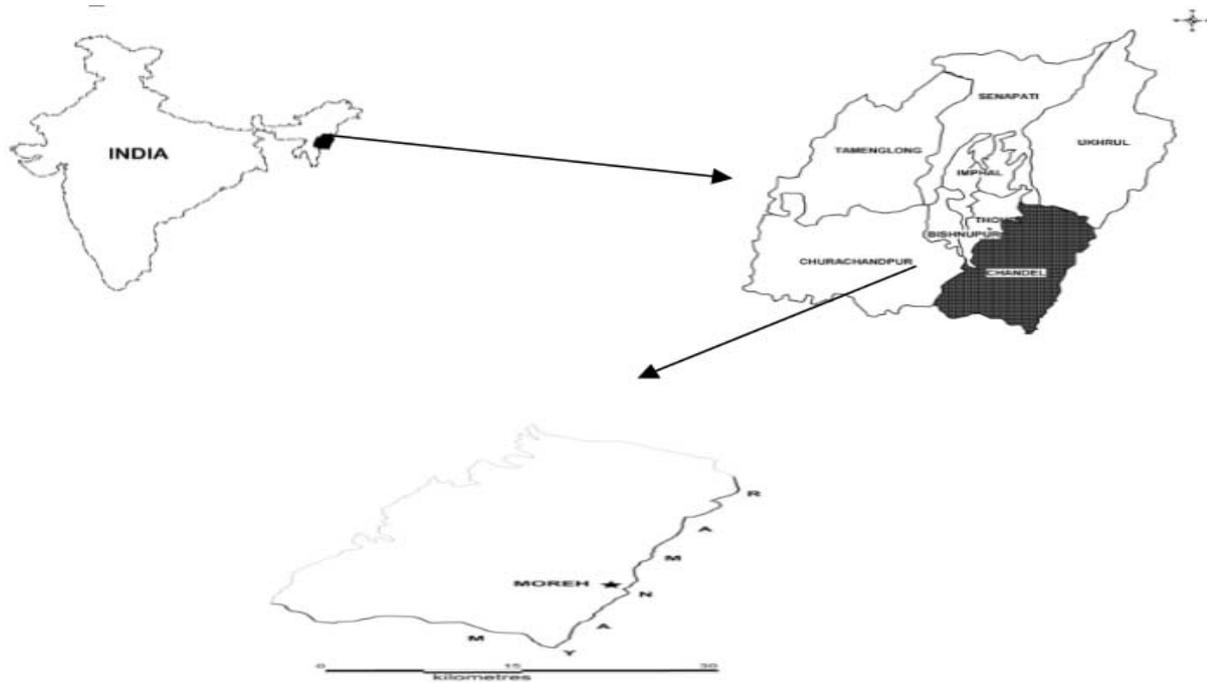
Moreh, the Border town of Chandel District in Manipur is located on the Indo-Myanmar road along National Highway No. 39 which is 110 Km south east of Imphal and lies at an altitude of 800 metres above sea level. The town extends between 93°30'E and 94°35'E longitude and 24°25'N and 24°35'N latitude. Being a commercial town, it attracts a number of people from nooks and corner of the country and thus marks with heterogeneity. The town is relatively isolated from the hill ranges of eastern Manipur and more open towards the Saigang division of north western Myanmar. The town is divided into nine wards of which

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1/3 is a level plain and have a close proximity towards Myanmar, the remaining wards are partly hills. With the official commencement of Border Trade within the two countries from this town it has acted as the retail centre for the people of the region. As per the Census of India 2011, the

town has the total population of 16,767. The study area is the natural gateway to Kabow Valley of Myanmar. Due to its similarity in culture, language and relatives and friends staying on both side of the border, it is difficult to distinguish the people.



Location of the study area

3. Data Base and Methodology

Data have been collected both from primary and secondary sources. Primary data have been gathered by field surveys through questionnaire by the researchers designed to elicit information from people who are involves in border trade. Random sampling technique is applied to select the respondent on the principle of one in every five traders. Secondary sources of data include information obtained from various government records, census handbook, books and journals.

4. Impacts of border trade on trading communities

Manipur is one of the most backward states of the Indian union. Although the resource endowment is rich in the states, it has not been able to exploit much because of the low level of economic development. Till date, large junk of the state finance is depended on central Government. Prior to the opening of formal trade in the area, agriculture was the main stay of their occupation. The crops grown are mainly rice, potato, cabbage, yam, beans, brinjal, etc. which are mainly for their subsistence and if there is surplus in a particular year, it was traded in the border market through barter system base on their needs.

However, with the opening of formal trade it has change dramatically. A critical look at the occupational profile of the local people in the study area shows that major respondent (55%) claims they are engaged in border trade to support their livelihood as well as for their well beings. It is also pertinent to note that 40% are engaged in primary activities which are in turn use for sale/barter system in the border market. Other minutes percentages are distributed amongst teaching, public administration, artisan, forestry, transports operators, etc.

Table 1: Occupational structure

Types of Occupation	Percentage
Primary	40
Secondary	5
Tertiary	55
Total	100

Source: Field Work, 2012.

Another change which can be seen clearly from the respondent is their changing level of income. However, a closer look will reveal that most of the benefits go mainly to few rich and distant traders leaving the local with little profits, thus the change in their income level is rather slow.

Table 2: Average Income

Ward Number	% of Population	Average Income/month
1	17	2,000
2	12.3	4,400
3	11	16,000
4	4	10,000
5	13	2,000
6	5	14,000
7	18.7	2,500
8	7	6,000
9	12	2,000
Total	100	

Source: Census of Manipur, 2010 through ADC, Moreh.

Almost 3/4th (75%) of the population who are engaged in trade have an average income of Rs. 5,000/ and this are mainly confined to the local tribal community living in the town while the remaining population have an average income of more than Rs. 20,000/ who are specially migrant coming from mainland India. This is due to the fact that, the local traders do not have much capital like that of migrants who have large capital. Another typical thing which is visible in this town is that, Ward Number 3 which have the highest average income in the town are inhabited by the migrants coming from the southern part of India. The migrants mainly comprise of Tamils, Marwari, Punjabi, Bengali, etc. and these are the groups of people who dominate in the main business centres.

After the Trade Agreement, formal trade across the Moreh–Tamu sector started to take shape. In 1995 it was just Rs.15 Crores but by 1997, the trade volume quickly reached Rs. 62.39 Crores. But in the next year the volume fell sharply with the restriction imposed by Myanmar authorities that exports from India should precede imports from Myanmar with effect from 26th November 1997. In the following years and until now though there has been some recovery, the trade volume has not revived to anywhere near the levels of 1996-97 and 1997-98. Despite this fact, through the formal opening of trade, the preceding discussion shows that it has touch upon the people who live in the border areas. One reason why the border trade do not have much impact on the economy is that, greater junk of commodities are traded in informal trade. The value of informal trade along the Moreh transit point is estimated at about 2000 crores a year ^[1]. The study shows that items transacted under informal trade are much higher than the formal trading. Further, it is also interesting to note that commodities which are allowed in formal trade are also traded illegally. Compositions of informal export from India to Myanmar tend to be varied however this diversity of export has been reduced over the years. At present medicines, fertilizers, kerosene and bicycle parts accounts for more than 80%.

Table 3: Composition of Export through informal Channel in Moreh town

Commodities	Percentage
Medicine	50.4
Bicycle	10.5
Sewing machine	3.9
Kerosene	20.7
Manufactured food product	7
Farm equipment	7.5
Total	100

Source: Field Survey, 2012

On the other hand, major imports are the agricultural products, precious stones, drugs, ammunition, etc. which are not an origin of Myanmar products but from the third country which is either China, South Korea or ASEAN countries and thus the two border town of both the countries becomes only a transit point for goods movement and the real benefits goes on the other side.

5. Major findings responsible for Illegal trade

Despite the positive impact on the border communities by the formal trade opening along the border, there are various negative reasons which also prompted the traders to take up illegal/informal trade. Some of the main findings why illegal trade is on rise are discussed below.

a. Restricted tradable items

Only 40 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.

b. 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.

c. 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.

d. Popularity of foreign goods

Major junk of population especially the younger generation are influence by the culture of South Asian countries through movies which are flooded within the state. Thus, to immediate the styles, culture, dressing, ways of living, etc. the demand for this goods and products is very high. However most of these goods are originated from the third world countries and are not in the tradable items, as such have to be in informal trade.

6. Conclusion

Considering the gravity of trade in this border town, it would be wise from the part of the government be it the state of Manipur or the Indian Government to encourage these activity of trade specially to the local people in order to reduce unemployment by giving different assistance in setting up proper channel of trade. The setting up of manufacturing industry base on local produce will lighten the town as it has a great potential in this regards and if so, this will further ease unemployment problem in the town and its surrounding. The road that connects the Moreh through Imphal, the state capital is also in a pathetic condition and should look at the earliest.

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