CHAPTER - I

INTRODUCTION

The meaning of border as stated in the Dictionary of Geography (Smith, 1981) is the line separating one country from another. Border can be defined as a peripheral land of a country, adjacent to the international boundary. The borders have their own natural environment, human endowment, history, strategic importance and problems.

Trade is a natural activity, it is transaction of goods/products or exchange of things for the purpose of earning and meeting needs. The meaning of trade as given in the Dictionary of Human Geography (1981) is a flow of commodities from producer to consumer. If the exchange of goods is done on the international boundary line or in the vicinity of it by the people living there, it is known as 'Border Trade.' Owing to spatial proximity, the economic linkages develop automatically for the natural benefit of the people of the borders.

"Conventionally, trade is considered as an aggregate set of flows of one or more commodities between one or more urban, regional, national or International economies – hence the distinction between intra- and interurban, intra- and inter-regional, and intra- and international trade" (Johnston et al., 1981). "Trade is generally explained in terms of the law of comparative advantage, which suggests that only a relative advantage, measured in terms of opportunity costs, is necessary to make trade of benefit to all participants and, thereby to the economic system as a whole. Comparative advantage stems from geographical variations in the endowment of factors of production between places (Johnston et al., 1981)."
Trade taking place with Foreign countries beyond the boundary of a country is called international or external trade. International trade taking place mainly on the basis of geographical factors. ¹

Border Trade is instrumental in bringing about development in the border region. It has been postulated that the introduction of free trade crossing the borders will lead to an increase in the economy of the border people. “On the basis of the notion of Comparative advantage, the liberalization of trade is expected to improve economic efficiency and raise aggregate welfare in all countries. Yet conventional trade theory also suggests that free trade may increase income inequality within countries by altering patterns of demand and wages for skilled and unskilled workers” ² The free trade doctrine is supported by an enormous theoretical literature that has followed a path from Adam Smith to Ricardo, Hecksher, Ohlin and Samuelson, and most recently Helpman, Grossman and Krugman. ³

Trade is an engine of growth. The study of the relationship between trade and economic development has been receiving great attention. It also plays an important role in the development of a country or region irrespective of its size and structure. Trade and development are topics discussed separately as well as together for years now. The important thing is the change in the orientation of the discussion of the interrelation and the interdependence of trade and development in the last few years. Lately, a shift of emphasis to poverty eradication and income distribution is noticeable.

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The significance of trade and regional co-operation in the development of a country is a fairly well research area. But the role of trans-border co-operation and trade in the development of the border regions is a relatively recent field. Political geographers among others have engaged in the search for the solutions of border problems and the importance of border research is increasing in the last two decades in response to increasing problems (Socio-economic Political) around the boundaries round the world.

The border trade between India and Myanmar on land takes place in three border points, Viz, Moreh in Manipur, Champhai in Mizoram, and Lungwa in Nagaland. Though the trade between two countries was formally open 12 years back, the full swing of trade is yet to take off. Manipur is one of the border states in the North Eastern part of the country having an international boundary of about 352 Kms. Long stretch of land with Myanmar on the east. It is bounded by Nagaland on the North, Assam on the West and Mizoram on the South. Manipur continues to be one of the most backward states in India. The basic economic strategy in Manipur will be to encourage trade and investment resulting in overall economic development. Along the Indo-Myanmar border, out of the 3 LCS, only Moreh sector of Manipur has been officially opened for trade following the Indo-Myanmar Border Trade Agreement on January 21, 1994.

India's 'Look East Policy' for developing economic relations with Southeast Asian nations will bring a new vistas of development of North Eastern States and Myanmar will become the natural land bridge. As Myanmar becoming a member of ASEAN, a common market of

500 million strong consumers is at the doorstep of the Northeast for Burma, with a large surplus of certain commodities and an almost equally large deficit in other requirements, foreign trade is of vital importance.5

The Indo-Myanmar border trade through Momeh in Manipur state and Tamu in Sagaing division of Myanmar had become an important area of research for social scientists for its notorious trade and its impact. This trade was officially inaugurated at Tamu on April 12th 1995 by Burma’s then Trade Minister Lieutenant-General Tun Kyi and India’s then commerce Minister Mr. P. Chidambaram. However, even after one decade of initial agreement the trade has never been smooth and there are many obstacles and problems.

1.1 LOCATION OF THE STUDY AREA

Moreh, a small town of Chandel district in Manipur is selected as the area of study. This border town on the eastern foothills of Manipur marks the last point of National Highway No. 39 (Indo-Myanmar road). It lies at an altitude of about 800 metres above sea level and roughly divide the 1640 Kms long Indo-Myanmar border into two equal parts. The location of Moreh on the slopes and plains of eastern foothills of Manipur provides the natural gateway to Kabow valley of Myanmar.

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1.2 HISTORICAL BACKGROUND

Manipur came under the British rule as a princely state in 1891. Manipur was again merged in the Indian Union on October 15, 1949 and was made a part ‘c’ state under a chief commissioner. Manipur became a full-fledged state on the 21st January 1972.

Myanmar was the fourth largest trading partner of India in 1940 with Indian exports totaling $37 million and Myanmarese exports at $98 million. Rice was one of the main import items from Myanmar to India till 1960’s. But after Burma’s (Myanmar) historic political isolation in 1964, Burma cut itself off from the rest of the world. Manipur has its international border with Myanmar in the South and the East. A boundary agreement between India and Myanmar was signed on 10th March, 1967.

“Tamu in Burma can be reached from Moreh within two hours on foot. It was emerged as an important transit point because under the Nehru-U Nu accord of 1953, Tamu is not a prohibited area. The accord met the claims of both Burma and India on the 100 square Kms Kabo valley [which is still claimed by the people of Manipur]. Thus 20 Kms on either side were declared as Freeway.”

Since time immemorial, Manipur has trade links with Burma (Myanmar) along with dubious history of boundary disputes, invasions, rebellions and conflicts. Of late, the Indo-Myanmar border trade agreement was signed on January 21, 1994. After that trade took place between Moreh town of India and Tamu town of Myanmar on a large scale.

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1.3 REVIEW OF LITERATURE

Over the last two decades, a number of important contributions have been made to the quantitative analysis of the border trade. "After the success story of European Union (EU) in the Western world and the Association of South East Asian Nations (ASEAN) in South East Asia, regional economic co-operation has become a sound practical proposition today. As a result of geographical proximity of North Eastern Region of India with Myanmar, there is a good scope of economic and industrial development of the region. Geographical isolation of NER [North Eastern Region] from the mainland of the country, which once considered as one of the causes of economic backwardness of the area now has become an opportunity for the entire region to accelerate growth." 7

The so-called globalization and its forces are trying to reach every remote corner of the world affecting many centres of border trade. Smith (2004) analysed the socio-economic and political transformation of many East Asian countries and its aftermath as a result of globalisation. He said: "in a wake of three decades of the East Asia Miracle, and Five years after the debacle of the East Asian crisis, there is little doubt that globalisation has come to the region, and with a vengeance

All the churning and ferment that accompanies the dramatic social, economic, and political transformation raise many questions. The very diversity of development trajectories and urban forms, functions, and dynamics in the region is a caution against facile and premature attempts at generalization." 8

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Morch has the geographical advantage of being one of the suitable trading points of India over land along Myanmar border. Advantage in terms of geographical location can become a major factor for boosting trade affairs (Das and Purayastha, cd. 2000). The basic objective of the Export-Import policy of India – the country’s transition to a globally oriented vibrant economy with a view to deriving maximum benefits from expanding global market opportunities – can be achieved by expanding new trade partner around the sub-continent. As a result, the Indo-Myanmar Border Trade Agreement was signed on 21-1-94 and operationalised w.e.f. 12-4-95.

Policies of central governmental will play a major role and can control the direction of social and economic change in border lands. “In recent years, it has taken on a new image of cooperation and optimism, as the four countries (Laos, Thailand, Myanmar, China) have been taking steps to eliminate tariffs and other barriers to trade so that goods will flow more freely across their mutual boundaries (Crooker, 2002).”

Steinberg (2000) noted that current conflicts in Columbia and Myanmar demonstrates the relationship between narcotics production and revolutionary movements or vogue governments. “Geographically, the country (Myanmar) is squeezed between two powerful neighbours, India and China, which have influenced it culturally and politically.”

10 Border Trade Vis - a - Vis Exim Policy, Koklen Global co. Imphal p 47
12 Steinberg, M. K. (2000) “Generals, Guerrillas, Drugs and Third World War - Making the geographical Review 90 (2) 155 - 200
(2005) study the problem of drug abuse in the urban environment, connecting with broader concerns about the progress and contradiction of city redevelopment and change. Smith (1996) analysed the city's working-class, minority, immigrant and homeless populations. He concluded that those population experience "a deepening villainization... through interlocking scripts of violence, drugs and crime." Harvey (1993) also studied about the illicit drug trade and abuse in city. He mentioned that "one significant feature of the uneven city is the increasing presence of the illicit drug trade and substance abuse, to the extent that hard drugs are now closely bound up with the Political economy of urban restructuring." Kubbler and Walti (2001) studied more on drugs trade and its affects in urban areas. They find out the multiple dimensions of drug trade as 'a constituent part of the informal economy at street level, the basis of a conflictual and generally criminalized sub-culture and a channel integrating marginalised youth into the global flows of an internationally traded commodity. They said that the urban is well adapted to all their dimensions, providing places of anonymity for dealing and using, links to efficient transportation networks, informal economic opportunities to raise financial resource and nodal points in drugs trafficking.

It is of interest to note that most countries in Europe have considerable traffic in border workers, especially those who live in Belgium and work in the Natherlands or France. "Trade

13 Punch, Michael (2005) "Problem Drug use and the Political economy of Urban restructuring. Class and Governance in Dublin". Antipode Vol 37 No 4 P 754
15 Harvey, D (1993) "Social Justice, postmodernism and the city" International Journal of urban and Regional research 16 (4) 588 - 569pp
16 Kubler, D and Walti, S (2001) "Drug Policy - making in metropolitan areas urban conflicts and governance" International Journal of Urban and regional research 25 (1) 35 - 54 pp
and exchange across cultural lines have played a crucial role in human history, being perhaps the most important external stimuli to change, leaving aside the immeasurable and less-benign influence of military conquest. Recent work in labour geography has encouraged a more active conceptualization of labour in understanding the shaping of economic and political landscape (Stenning, 2003).

Writers such as Herod (1997, 2001) and Sadler (2000) call attention to the ways in which labour shapes space through activities relating to, for example, local labour markets, conditions of employment and the wider aspects of local economic, political and cultural life.

Trade and its impact on economic development, social structure and population dynamics has become a major area of research in recent years. International trade can expand the size of markets leading to an increase in the incentives for investment and promotion of growth of income and savings through more efficient allocation of resource (Khathing, 2004). Hoy (1980) pointed out the importance of a stable government for economic growth. He said that "until political stability is attained, there is likely to be little if any real opportunity for economic growth and process only in those states that have achieved at least a credible level of peace and stability and outward looking government has economic progress been significant." 

18 Ibid 761 - 762 pp
19 a Herod, A (1997) "From geography of labor to a labor geography Labor’s spatial fix and the geography of Capitalism" Antipode 29 (1) 1 - 31
19 b Sadler, D (2000) "Organising European labour Governance, production, trade Unions and the question of scale," Transactions of the institute of British Geographers 25 (2) 135 - 152
19 c Sadler, D (2000) "Organising European labour Governance, production, trade Unions and the question of scale," Transactions of the institute of British Geographers 25 (2) 135 - 152
Amar Yumnam (2004) said that, “If the border region happens to be one where the state is contested and conflict situation prevails, the role of trade and co-operation is altogether different from the conventional ones. The Indo-Myanmar trade through Moreh has failed to generate the expected growth bonus for it has been subjected to overregulation, and thereby leading to trade more in the wrong goods. There is now an imperative to separate the security and trade perspective in this RTA (Regional Trading Arrangement) so that the growth bonus from trade can be generated and cumulative causation put to work.”

Technological improvement in transportation and communication service during the last twenty five years have brought about a remarkable degree of integration up both commodities and factors market throughout the world. Baldwin (1971) noted that, “the national boundaries are less and less important as a barriers to the movement of individuals, ideas, capital and goods among markets.”

Burton (1985) pointed out that, “the international trade, by permitting greater product specialisation and re-allocation of factors of production to more efficient uses, increase global efficiency, income and output.”

Economic growth of a region requires most efficient use of its resources and the gains are shared by all the countries that participate in International trade.”

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25 Romer, PA (1987) New theories of economic growth Growth based on increasing return due to specialisation, P 56
(2005) said that, "the new theory is demand driven and can account for the type of intra industry trade that marks much of the pattern of commerce among the world's wealthier countries." Eric Sheppard (2005) studied the Free trade doctrine and concluded that the progress along this evolutionary path [of the Free Trade doctrine] has been substantial, and dispersion from its places of knowledge production has been extensive. 27

Das and Purkayastha (2000) described the commodity production structure of NER (North Eastern Region) and Myanmar. They noted that, "as the commodity production structure of NER in general and Manipur in particular is by and large similar to that of the Myanmar both producing primary products and importing manufactured goods, the economies of these two areas are basically competitive rather than complementary. 28." As a result the basis for trade between NER and Myanmar is very weak. But already smuggled Chinese goods abound in the markets of the North Eastern States these appear to be low-priced and of better quality (Das, 2004) 29

Silva and Leichenko (2004) investigated the effects of trade on income inequality across regions in the United States using both structural and price-based measures of regional trade involvement. 30 They also study the relationship between foreign trade and income inequality at the regional level. Agnew and Corbridge (1995) pointed out that "Globalization has stimulated

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26 Hanik, M and Cromly, R G (2005) "Geographic change with trade nared on comparative advantage" Annals of the Association of American Geographers, 95 (3) P 511
27 Eric Sheppard (2005) "Constructing Free trade from Manchester boosteism to Global management' Transactions of the institute of British Geographers, New Series 30 (2) 154p
the emergence of a worldwide system of regional economies that are subject to geographic constraints.

In the light of this process, a key feature of recent economic geography is that despite the increasing integration of regional economics, economics disparities remain endemic and, to some extent, have intensified as transport and communication costs have fallen (Scott 1998). Typically, regions that benefit the most from regional integration management have either prior advantages from economic agglomeration (Krugman and Livas, 1996), or location-specific externalities resulting from regional neighbourhood effects, as well as productive and natural-resource endowments that give rise to the formation of industrial centers (Hanson 1997, 2001).

Colin Flint (2003) concluded that, “Geographers needs a closer management with issue of war and peace, and with conflict studies in general knowledge of regional geopolitics, territoriality and borders, and geographic scale are the comparative advantages that we have with regard to further understanding the causes of war and the mechanism of creating and sustaining peace.”

One of the important aspects in cross-border trade is the pulling of diverse groups of

34(a) Hanson, G H (1997) “ Increasing returns, trade, and the regional structure of wages,” Economic Journal 107 113-33
34(b) (2001) Scale economies and the geographic concentration of industry Journal of Economic Geography 1 255-76
people or nationals around borderlands which ultimately created problems. Bloemraad (2000) noted that, 'Citizenship in western liberal democracies has traditionally been conceptualised as comprising of at least four discrete dimensions - legal status and rights as well as identity and participation.' The debate about identity has arisen as a direct response to the increasing numbers of immigrants. A burgeoning social and revived interest in the notion of Diaspora (Hall 1990, Clifford 1994, Collen 1997) attested to the manifold ways in which contemporary immigrants tend to forge and restain multistranded social relations that link together their societies of origin and settlement (Basch, Glick Schiller and Szanten 1994).

This literature also places a notable emphasis on capital accumulation. The spread of a global business culture has necessitated the acquisition of many specific kinds of proficiency through self-conscious cultural capital accumulation. Kayharyue Mitchell (1997) described this process as 'self-fashioning,' where certain family members are schooled in the language of the global economic subject. Ong (1999) similarly observe for Hong Kong business elite that [they] are not merely in profit making, they are also acquiring a many of symbolic capitals cultural acceptance in different geographical sites. Dolhinow (2005) described the rule of women and NGO's in

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36 Bloemraad, I (2000) "Citizenship and immigration". A current review journal of international migration and integration 1 (1) 9 - 8pp
37B Clifford, J (1999) 'Diasporas' cultural anthropology, 302 - 338 pp
39 Mitchell, K (1997) "Different diasporas and the type of hybridity", Environment and planning D Society and Space 15, 533 - 553 pp
40 Ong, A (1999) 'Flexible citizenship the cultural logics of transnationality Durham NC Duke University Press
41 Rebecca Dolhinow (2005) Caught in the middle The state, NGO's and the limits to Grassroots organising along the US - Mexico border, Antipode Vol 37, Number 3 575 pp
the processes of social reproduction in urban areas. He noted that 'Global economic restructuring and neoliberal policies lead women to take a greater responsibility in the processes of social reproduction, and NGOs play an important part in this repositioning of responsibility by providing technical and organisational support.' Pascal, Juliet and Jennifer (2005) said that 'Poverty concentration has a significant negative effect on the fiscal health of cities in that it increases spending on anti-poverty programmes and also raises the cost of providing more general public services such as police and fire protection. Thus the impact of poverty can transcend individuals and communities to affect the metropolitan level as well.' Ghost (1996) described the problem of sex tourism in many South-East Asian Nations. He said that the overwhelming majority of the foreign visitors were, however, attracted not for business activity but for the purpose of exploitation of women and girls.

1.4 STATEMENT OF THE PROBLEM

One of the characteristic features of the Indo-Myanmar trade at the Moreh sector of Manipur is the frequent fluctuations in the balance of trade. Trade along this border town has been influenced by the social, cultural, economic and political situation prevailing in the region (Myanmar and Manipur). Even after the signing of Indo-Myanmar border trade agreement on January 21, 1994 on Moreh sector, the total volume of formal trade has been distorting year by year and consequently the standard of living of border people didn’t improve much.

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But the amount of illegal trade for which Moreh sector is well known, many times larger than the legal ‘routes’ and it’s implications to the socio-economic structure is well known. Such large scale practiced of illegal trade has large scale consequences to the socio-economic structure of border people. Border trade is instrumental in bringing about development in the border region. A new strategy of regional development has to be designed in which social, economic and environmental dimensions will have to be integrated. But, even after one decade of trade agreement and function, the socio-economic condition of the border people didn’t improve and there are lots of socio-economic disparities and problems and needs to identify the exact factors for such consequences of border trade.

The small border town of Moreh (Manipur, India) bears a great deal of geographical, linguistic, social, cultural, religious and economic heterogeneity. Moreh town is growing and the need of the hour is to check the high rates of population growth and to stimulate the existing low rates of economic development. The earlier analysis of trade at Moreh town and related policy prescription both suffer from a lack of geographical understanding.

There are a lot of factors in shaping the Indo-Myanmar trade through Moreh town. In spite of having a long trade relations, India has failed to create any sizeable market for her exportable to Myanmar. In fact, India is having persistent deficit trade balance with Myanmar in most of the years since independence and the overall condition of trade and infrastructure is not satisfactory.

There are similarities in the demand structures of Manipur and Myanmar. As the commodity production structure of North-East India in general and Manipur in particular is by
and large, similar to that of the Myanmar both producing primary products and importing manufactured goods, the economies of the regions are basically competitive rather than complementary. As a result, the basis for trade between Myanmar and Manipur is very weak. Although transit trade has its own importance, the gain from trade is likely to go to distant operators leaving a marginal sum for local agents in the form of commission. The growth generating affects of such trade may not be felt in the transit area.

One of the important aspects in the cross-border trade is the pulling of diverse groups of people or nationals around borderlands which ultimately created problems. The debate about identity has arisen as a direct response to the increasing numbers of immigrants. A substantial number has in fact faced unforeseen financial consequences most notably business failure, unemployment and underemployment of skilled workers, and often, significant emotional strain. Such a failure may turn many to the wrong directions adding a lot of nasty problems. Therefore, the study also aims at looking into such social and economic problems with the progress of the trade.

1.5 OBJECTIVE AND HYPOTHESES

Objectives:

i) To study the factors responsible for thriving border trade in Moreh town

ii) To analyse the impact of border trade in the socio-economic structure of Moreh town

iii) To analyse the nature of border trade at Moreh and problems associated with it
HYPOTHESES:

i) Geographical isolation of Moreh from the mainland is the prime cause of thriving border trade.

ii) Ethnic-Cultural affinity among the people across the border is the main factor of emergence of trade.

iii) There are many negative impacts of this border trade on socio-economic structure of border people.

iv) Low level of infrastructure is the main factors for hindering border trade at Moreh town.

1.6 DATA BASE AND METHODOLOGY

DATABASE:

Data are collected from both primary and secondary sources. The primary data collection is done mostly on household survey through schedules covering all the aspects of socio-economic and cultural features of the study area. Interviews are also conducted with labour migrant, headmen, students, teachers, leaders of local NGOs, and custom officials.

The secondary data is based on Journals, books, census reports, statistical hand books, government reports and NGOs.
METHODOLOGY:

Forty (40) percent of the total households were investigated through Questionnaire to get the socio-economic information of the people. It was done through random sampling but provided that the selection was the best representation of the particular area. I interviewed most of the leaders of the NGOs for different communities to know the benefits and difficulties in trading activities and its impacts.

The collected data (both primary and secondary) and the relevant literature is analyzed, processed and interpreted under certain framework. I made conclusion or suggestion on the basis of analysis for every chapters and find out the relations and interdependence among themselves. I depend heavily on the various social organizations for getting information of socio-cultural impacts of border trade and census of India for various data related to socio-economic attributes of Moreh town.