



Fig.2: Locally produced oranges ready for to export to Bangladesh from Dawki



Fig.3: Bangladesh produced goods at the Dawki market.

Dynamics of Bilateral Trade through Dawki : Indo-Bangla Experience

Ashis Saha and Madhushree Das, Gauhati

Abstract

The main purpose of the study is to highlight the pattern of trade in the Dawki Land Customs Station (LCS) along the Indo-Bangladesh border of Meghalaya which possesses nine LCS and two border haats. Dawki is the oldest and most prominent trade point of the state. The region has vast potentiality, but infrastructural drawback restricts the region from emerging as the major trading block. The NH-40 is the major route connecting Shillong town, Dawki and Sylhet; but its condition is pitiable. The pattern of trade here is such that export from India is always higher than the import from Bangladesh. The study is based on both primary and secondary data. While the primary data has been collected by the direct field observation on the Dawki LCS with a well designed questionnaire cum schedule, the secondary information has been gathered from various related books and journals and also from the Dawki Customs office, Commissioner office, Shillong and NEDFi. The collected data has been analysed to derive a clear exposition.

Key Words: *Dawki, Land Customs Station, Potentiality, Infrastructure, Unidirectional, Export, Primary/Secondary.*

Introduction

Meghalaya, the abode of clouds, is one among the seven sister states of North East India. The region is the home of diverse ethnic tribes and shares its southern boundary with the neighbouring country Bangladesh. The entire plateau of Meghalaya slowly merges with the Bangladesh plain. As the region shares common boundary of 443 km with Bangladesh, naturally there is the practice of cross border bilateral trade. Having enormous potentiality of resources, the state possesses opportunity for the growth of trade with its neighbouring country Bangladesh. The trade has been practiced here since time immemorial among the tribes of the bordering areas, but its nature has been

subsistence and informal. It was limited only to some essential and necessary goods. But after independence, the whole scenario has changed and authorised Land Customs Stations (LCS) has been established along the major border points. Though there are as many as 11 trade points in Meghalaya the study focus on the Dawki point, the predominant trade centre and tries to investigate the pattern of trade from Dawki to Tamabil in Sylhet district of Bangladesh.

Objectives

The study is bases on the following objectives –

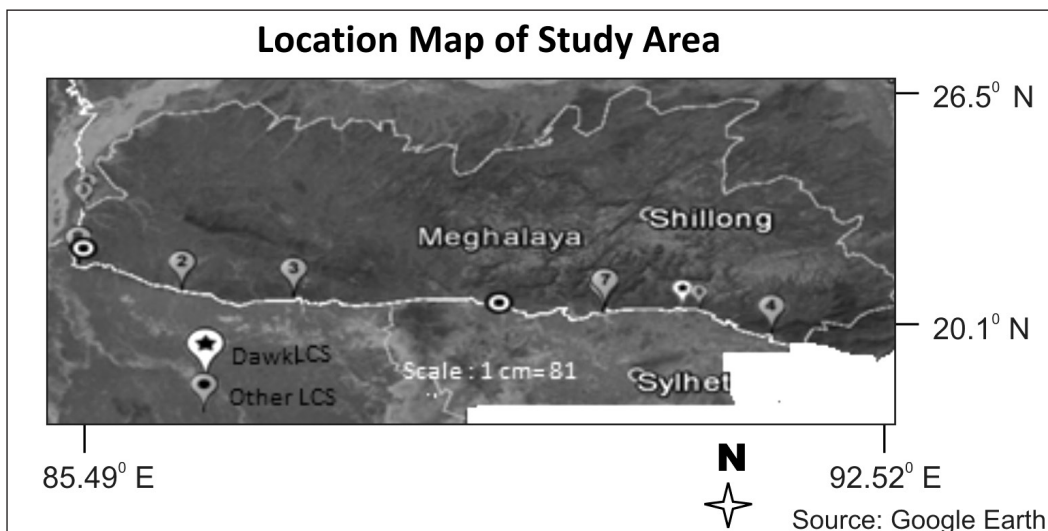
- i. to demarcate the major trade points with Bangladesh along Meghalaya international border.
- ii. to highlights Dawki as the major trade centre among the recognised LCS on economic basis.
- iii. to study the major problems faced by the traders along the border areas.
- iv. to study the future prospects of such trade points.

Methodology and data base

The study is based on both primary and secondary data. The secondary data regarding the various information of the trade points and the pattern and flow of trade, commodity exchanged, commodities

seized etc., have been collected from the particular Land Customs Station (LCS) of the bordering areas, the commissioner's office and Customs Preventive office of the state.

There are nine major trade points in the study region of which Dawki emerges as the major one. The trade points have been selected by purposive non-probability sampling and the data collected accordingly from the trade point to full fill objectives at hand with the help of a well designed questionnaire cum schedule. Besides these, questions relating to flow of different commodities, how the commodities are exchanged across the border and information relating to informal trade and other local facts have been directly gathered by interviewing 20 numbers of local traders in the market and by personal filed observation.



Source: Googl Earth.

Fig 1: Location of the study area with 9 LCS and 2 boarder haats

Study Area

The study is confined within the north eastern states of Meghalaya and major highlighted points are the Government authorised border trade points cum LCS along the Indo-Bangla border. The study area lies between 20.10N to 26.50N latitude and 85.490E to 92.520E longitudes. Due to topographical disorder and river cutting, the whole border area is not demarcated with the artificial fanching. The northern

and eastern boundary of the study area is shared with the state of Assam; again the western and southern boundary is shared with neighbouring country Bangladesh. The region has remained unexplored from the ancient time, but due to economic revolution with India's Look East Policy (LEP), government of India has taken the initiatives to convert the bilateral-subsistence-informal practice of trade into bilateral/multilateral-commercial and formal practice.

Table-1: Land Custom Station of Indo-Bangladesh border along Meghalaya sector

| Sl. No. | Name of LCS | Location | Link point in Bangladesh | Status |
|---------|--------------|------------------|-----------------------------|----------------|
| 01. | Dawki | Jaintia Hills | Tamabil(Sylhet) | Functional |
| 02. | Borsora | West Khasi Hills | Borsora (Sonamganj) | Functional |
| 03. | Bholaganj | East Khasi Hills | Chattak (Sonamganj) | Functional |
| 04. | Baghmara | West Khasi Hills | Bijoypur (Mymansing) | Functional |
| 05. | Dalu | West Garo Hills | Nakugaon (Mymansing) | Functional |
| 06. | Ghasuapara | South Garo Hills | Karaitoli (Mymansing) | Functional |
| 07. | Sellabazar | West Khasi Hills | Sonamganj(Sylhet) | Functional |
| 08. | Mahendraganj | West Garo Hills | Dhanua Kamalpur (Mymansing) | Functional |
| 09. | Ryngku | East Khasi Hills | Kalibari (Sonamganj) | Non Functional |

Source: Compiled from various sources by the authors

Besides these, there are two other functional border haats along the Indo-Bangla border, opened on April 22, 2012 (Assam Tribune, dated- April 22, 2012). Moreover, 22 other border haats (Times of India, December 7, 2013) site has been detected and proposal has been submitted to the NEC and central government to open all of these for promoting border trade.

Table: 2. Border haats along Meghalaya-Bangladesh border.

| | | | |
|----|-----------|-----------|------------|
| 1. | Balat | Lauwaghar | Functional |
| 2. | Kalaichar | Baliamari | Functional |

Source: Official record of Dawki LCS.

Pattern of formal trade and commodity flow :

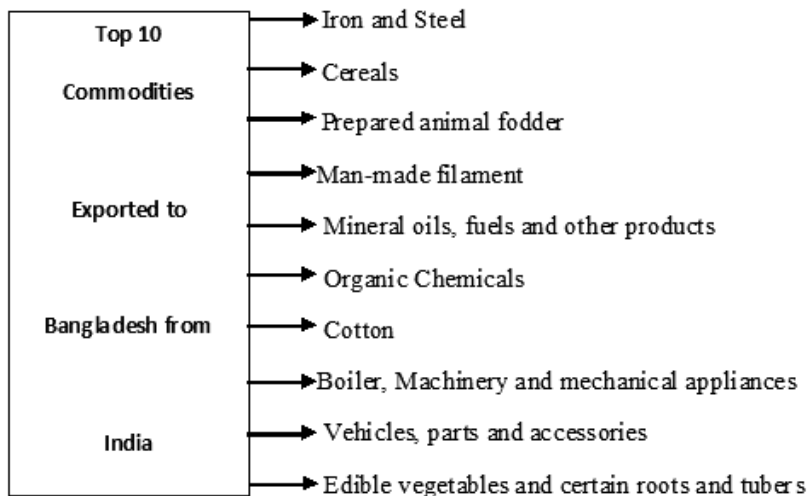
Meghalaya possesses nine + two = eleven authorised trade points, which are directly linked with the various districts of Bangladesh. Of these, 10 trade points are functional. It may be mentioned here that, all the trade points are not equally competent for international trade. Dawki is the oldest and most efficient LCS in the Jaintia hills district of Meghalaya, connected with the Tamabil LCS of Sylhet district of Bangladesh. Pattern of trade here is unidirectional because the formal export from India is much higher than the formal import. Nearly 500

loaded trucks filled with coal, lime stone, construction materials, boulders, raw hides and skin, etc. pass daily through this LCS to Bangladesh. Locally produced fruits like orange, pineapple, raw jackfruits, spices,

bamboo are also exported through this trade point with mini trucks (207DI, 709 Ex, 407, etc). From the last two decades Bangladesh has become the largest trading partner of India.

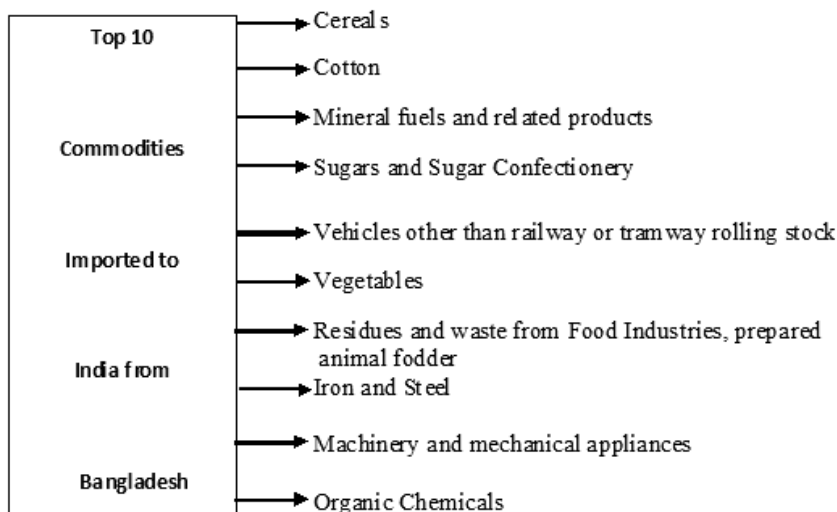
Chart –I

a) Top 10 commodities exported to Bangladesh through Dawki LCS.



Source: Dawki Land Customs Station, Meghalaya, 2013.

b) Top 10 commodities imported from Bangladesh through Dawki LCS.



Source: Dawki Land Customs Station, Meghalaya, 2013.

Table 3: Commodities exchanges informally through Dawki LCS area

| Exchange Informally to Bangladesh from India | Exchange informally from Bangladesh to India |
|--|--|
| <i>Grocery</i> Sugar, salt, sunflower seeds Rice, Dal, Milk product Spices Local Nuts(Cashew) Tea leaves <i>Medicine</i> Tablets Life saving drugs Injection Saline <i>Cloths</i> Cotton sarees lungi, Raw cotton Swal Bed sheet Woolen cloths <i>Cosmetics</i> Power Soap Perfume <i>Fruits</i> Local orange Pine apple Local Strawberry Apple. <i>Others</i> Bi-cycle Cycle parts Tyre Cooker CD-Cassette Hawai sandel Tooth paste Bidi, etc.. fuel oil | <i>Cloths/Woolen items</i> Lungies Special Maslin sarees Blanket Bed Sheet Fabricated cloths <i>Food items</i> Bakery products Local food Dry fish Sidol fish Vegetables Snacks Naamkins Condensed milk Fruit drink Juice Betel nuts Seoi <i>Cosmetic (Local & third Country products)</i> Powder Soap (Aeromatic, Keya) Perfume, <i>Others</i> Polythene Bags Torch lights Sands Umbrella Cigarette electronic goods, toys |

Source: As per seizure list at Dawki LCS, empirical study of LCS area.

Pattern of informal trade -

Import or export of goods without lawfully paying customs charges or duties is informal trade. Informal trade is mainly practised here by the people living in the bordering areas of both the countries. Though the Government of India and Bangladesh have opened the necessary trade routes for the export and import but they are confined with only limited items. The major commodities which were generally exchanged informally through the surrounding area of Dawki LCS of Meghalaya is shown in the following table:

It is important to note here that, the informal trade items which enter India, basically the electronic and related goods (battery operated toys, various types of lights, electronic equipments and parts, camera, calculator, mini TV, video games, CD, cassettes, etc.), blankets, cloths, cosmetics etc. are the third country products, not produced in Bangladesh. The electronic item which mainly comes from Bangladesh are produced in China, Taiwan, Japan and

Korea and the woollen cloths like jackets, blankets, sweater, etc. are the products from China and Korea.

It is interesting to note that, the volumes of major items which are exported informally to Bangladesh from India are many folds higher than that of the formal trade. The items which were generally exported to Bangladesh includes- grocery (Rice-basmati and non-basmati, sugar, cooking oil, tea, salt, spices, milk products, local Cashew nut-raw and finished, etc.) betel nut and leaves, cosmetics, cloths, raw materials of industry, dry fruits, juices, processed fruits, fishes, etc. It is to be noted that, some amounts of vegetables, raw fishes, various types of condensed milk like Danish, snacks, fruit Juice like frutilla, tobacco products, bakery biscuits like fulkuli, sonar bangle, breads, cakes, incense sticks, cigarette, cosmetics items, soap, shampoo, melamine utensils, cockeries, tea, show piece, etc. entered informally from Bangladesh even to the local daily market of Dawki and also to the Shillong daily market.

Table 4: Food items and medicines informally exported to Bangladesh from India through bordering areas of Meghalaya.

| Sl. No. | Commodities | Unit | Volume | Value (in Rs.) |
|-----------|--------------------------|---------|----------|----------------|
| 1. | <i>Food items</i> | | | |
| | Sugar | Kgs | 56,321 | 16,89,630 |
| | Salt | Kgs | 75,342 | 6,78,078 |
| | Rice | Bags | 9,56,332 | 137,32,30,080 |
| | Wheat flour | Bags | 56,271 | 11,25,42,000 |
| | Local fruits | Cartons | 87,422 | 69,93,760 |
| | Orange | Cartons | 79,463 | 1,39,06,025 |
| | Chilli | Kg | 75,234 | 39,12,168 |
| | Biscuit | Cartons | 7,84,525 | 9,02,20,375 |

| | | | | |
|-----------|----------------------------|----------------|-----------|------------------------|
| | Garlic | Kg | 36,472 | 14,58,880 |
| | Fish (Andhra) | Tons | 4,38,269 | 372,52,86,500 |
| | Betel leave (Bangla) | 1,000 nos. | 94,825 | 5,68,95,000 |
| | Betel leave (Local/Khasia) | 1,000 nos. | 8,45,342 | 59,17,39,280 |
| | Betel nut | Kgs | 6,74,241 | 5,39,39,280 |
| | Pulses | Tons | 4,738 | 3,55,35,000 |
| 2. | Medicines | | | |
| | Corex syrup | Bottles | 6,47,389 | 2,71,90,338 |
| | Incidal tablets | Dozens stp. | 85,67,429 | 11,82,30,520 |
| | Polybion injection | Dozens | 12,59,354 | 98,22,96,120 |
| | Bacadax tablets | Dozens stp. | 84,53,901 | 464,96,45,550 |
| | Barlagan tablets | Dozens stp. | 52,36,427 | 219,92,99,340 |
| | Saline | Dozens | 5,34,275 | 16,02,82,500 |
| | Syrinze | Dozens | 8,45,372 | 8,11,55,712 |
| | Cinkara | ----- | 63,554 | 41,31,010 |
| | Basphapen tablets | Dozens stp. | 8,65,903 | 36,23,38,290 |
| | Pain clear tablets | Dozens stp. | 95,46,371 | 334,12,29,850 |
| | Ointment | Dozens | 64,738 | 2,71,89,960 |
| | Total | | | 1,802,10,15,246 |

Source: as per seizer list of the Dawki Land Customs Station.

Table 5: Restricted items along with other commodities informally exported to Bangladesh from India through the Meghalaya sector.

| Sl. No. | Commodities | Units | Volume | Value (in Rs.) |
|-----------|-------------------------|------------|-----------|----------------|
| 1. | Restricted items | | | |
| | Biri | 1,000 nos. | 98,47,362 | 113,24,46,630 |
| | Cigarette | Dozens | 56,375 | 1,69,12,500 |
| | Tobacco leaves | Tons | 647 | 2,26,45,000 |
| | Alcohol | Bottles | 98,46,372 | 738477900 |
| | Fancy dyle | Bottles | 6,47,394 | 4,85,54,550 |

| | | | | |
|-----------|----------------------|---------|-------------|----------------------|
| 2. | Other items | | | |
| | Kerosene | Litters | 95,68,337 | 33,48,91,795 |
| | Wood | Tons | 56,471 | 25,41,19,500 |
| | Bicycle | Pieces | 9,75,643 | 175,61,57,400 |
| | Bicycle parts | Dozens | 9,546 | 85,91,400 |
| | Inverter battery | Pieces | 7,856 | 1,17,84,000 |
| | Leather | ----- | 7,84,631 | 11,76,94,650 |
| | Automobile parts | Packets | 9,43,726 | 21,23,38,350 |
| | Plastic shoes | Pairs | 11,02,894 | 4,86,01,290 |
| | Plastic sandals | Pairs | 46,73,002 | 16,35,55,070 |
| | Shoes | Pairs | 56,739 | 1,98,58,650 |
| | Watches | Pieces | 78,453 | 1,68,67,395 |
| | Wall clock | Pieces | 7,84,561 | 9,03,24,515 |
| | Paints | Packets | 9,86,753 | 17,26,81,755 |
| | Brush | Dozens | 95,34,214 | 171,61,58,520 |
| | Blue | Dozens | 7,98,54,632 | 14,37,38,376 |
| | Pidilite | Kgs | 37,84,920 | 11,35,47,600 |
| | Painting accessories | Dozens | 8,54,635 | 5,12,78,100 |
| | Stone chips | Tractor | 5,64,934 | 33,89,60,400 |
| | Sand stone | Tractor | 4,78,301 | 16,74,05,350 |
| | Total | | | 769,75,90,696 |

Source: as per seizer list of the Dawki Land Customs Station.

The above tables highlights that among the various groups of informal commodities, medicines gets special priority, and an amount of Rs. 11.95 billion is smuggled to the neighbouring Bangladesh through the various routes of Meghalaya. Food items get the second position, and worth of Rs.6.06 billion is smuggled to Bangladesh; tobacco and tobacco products occupies the third position in the smuggling list.

Requirement of necessary infrastructure –

Infrastructures always play an important and basic role for the smooth functioning of any economy. There always exists a positive co-relation between the infrastructure and economic development. Though Dawki is the oldest and second largest trade route with Bangladesh, through Meghalaya, its infrastructure is not up to the mark. After direct interaction with the local traders at

Dawki, it is noted that they face various problems which needs to be improved or changed completely. From empirical observations, it is seen that the major problem is with the transport network and the deplorable condition of national highway no.40, beyond Cherrapunjee which connects Shillong with Dawki town. The highway is too narrow and its condition is very pathetic and in some places it is very difficult to distinguish whether it is national highway or an ordinary road. Besides these, there are the limited passenger buses and light vehicles connecting Shillong town with Dawki, and their services are also irregular. Due to high bus fares and high costs of transporting the commodity the traders are forced to sell their goods at a cheap rate to the middle man of the border area. Again, there is one and only State Bank of India branch for transaction which causes heavy rush and it takes much time to serve the customers. The other problem of infrastructure is that there is not even a single lodge or hotel facility for the traders as well as the tourist. Though the bilateral trade with Bangladesh through this region is growing very rapidly and there appears a huge potentiality, but still it is not so much developed as per the requirements. The state government in connection with the central government should take the initiative to develop the required infrastructure to flourish the trade of the region in general and the country in particular.

The state government along with the local trader and chambers of commerce of Dawki area should bring to the notice of the North East Council about the potentiality and current status of trade through this LCS and the various problems they face also place their demand to ameliorate them.

Findings of the study and Remedial measures

After a close look at the Dawki and other LCS, it is observed that the region has vast potentiality for further development of bilateral overland trade with the Sylhet division along with the whole northern districts of Bangladesh, if the necessary requirements are fulfilled.

The transport facility needs to develop for regular passenger, traders and freight to the LCS. At the same time the condition of National Highways 40, which is pathetic in the Shillong- Dawki route desires enhancement.

It is essential to establish the hotel and lodging facility for the traders as well as the tourists in the LCS area as there is no facility of staying overnight except the DC bungalow which is not available for everyone.

Though slight involvement of police can solve the local problems like clash between the traders, raising local tax from loaded vehicles etc, as in the case of Dalu LCS of West Garo Hills district, where the police plays an active role and the police station is located at a distance of two and half km from the boarder; but in case of Dawki such a facility is not available.

It is to be noted that only 10 commodities each are formally exchanged between India and Bangladesh through Dawki LCS (Chart I a & b). If the number of formal trade items can be increased from 10 by including more number of essential goods, the informal trade/ smuggling can be reduced.

It is encouraging to note that the region has a vast potentiality for exporting the locally available fruits which exist in enormous quantity, but there is lack of necessary cold storage system which needs to be developed.

Government of India and Meghalaya should take up the initiative to open and widen banking facilities for serving the traders and tourists better.

As the trade in this region is increasing very rapidly, the commercial hub should be established to enhance the bilateral trade with Bangladesh.

The government of Meghalaya along with the central government should establish the authorised money exchanging system, i.e., INR to Bangladeshi Taka and vice-versa. It will ultimately help the traders in particular and reduce the middle man interference in trade and transaction.

As coal is the major trading items almost in all the LCS of Meghalaya, the North East Council in collaboration with the Central Government should establish the authorised coal markets especially for selling, loading and unloading of coal.

Last but not the least, it may be summarised by saying that the districts of Meghalaya has enormous potentiality for further development of economy of North East India in particular and the economy of the country in general, but the potentiality needs to be harnessed in proper perspective. The study reveals that the infrastructure bottle neck plays a crucial role in paralysing the region's potentiality of trade. Among the various infrastructure hindrances,

connectivity is one such that affects the entire system. Thus, it is to be concluded by stating the voice of a local trader "if the infrastructure of the region is further developed and official inclusion of export – import items enhanced, the continuing informal or unofficial exchange/smuggling of commodities would drastically decline". Now it is the task of the central and state government to take necessary initiative to tackle the local problems for making the region a Special Economic Zone (SEZ) for promoting international trade.

References

- Bezbaruah, M.P. (2007): "Indo-Myanmar Border Trade: The Stakes for North East India", A Journal of Astha Bharati, New Delhi, vol. 9 No. 1.
- Chakraborty, G. (2007): "Economic Policy and the North East: Looking Beyond Neo-classical Praxis", Concept Publishing Company, New Delhi- 59.
- Chalfin, B. (2001): "Border Zone Trade and The Economic Boundaries of the state in North East Ghana" Journal of the International African Institute, vol. 71, No. 2, pp-202-224.
- Das, G (Ed.) (2000): "Trade Between the North-Eastern Region and Neighbouring Countries: Structure and Implications for Development", Akansha Publishing House, New Delhi- 59.
- Kangujam, S.(2009): "Trade, Security and Strategic Concerns: The Politics of India's Look East Policy", Concept Publishing Company, New Delhi- 59.
- Samalia, A. (2011): "Exchange and Marketing Across the Borders: A study of Informal Cross-Border Trade in Nigeria-Niger Border

Areas, 1960-1999”, Journal of the Historical Society of Nigeria, Vol. 20, pp. 183-192.

Womack, B.(1994): “Sino-Vietnamese Border Trade: The Edge of Normalization”, A Journal of Asian Survey, Vol. 34, No. 6, pp. 495-512.

Ashis Saha

Research Scholar,
Gauhati University Institute of
North East India Studies (GUINEIS),
Guwahati – 781014
ashis.ma07@gmail.com

Dr. Madhushree Das

Assistant Professor,
Department of Geography,
Gauhati University, Guwahati -781014,
madhushreedas@yahoo.com

