



Strengthening Border Connectivity at India-Myanmar Border



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**Land Ports
Authority of India**
Systematic Seamless Secure

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Foreword

The Land Port at Moreh located along the international border between India and Myanmar was operationalized by the Land Ports Authority of India on 8th August 2018. It was formally inaugurated by the Hon'ble Prime Minister of India Shri Narendra Modi on 4th January 2019.

As India seeks to promote economic, strategic, and cultural relations with South-East Asian countries under the ambit of the 'Act East' policy, strengthening border connectivity via Moreh Land Port is of paramount importance. Given its strategic location, Land Port Moreh has the advantage of acting as India's Gateway to the East through the Moreh-Tamu border point. This is presently the only feasible land route for trade between India and Myanmar and other South-East Asian Countries. It is also situated along the proposed 1360 kms long India-Myanmar-Thailand Trilateral Highway. Strengthening of border infrastructure and connectivity at Moreh may generate strong catalytic power not only for facilitating trade between India and Myanmar and beyond, but also for improving the competitiveness of India's North-East Region.

The current Report sheds light on the economic principles underlying the Moreh border development and offers new ideas on how its potential can be better exploited in view of the Trilateral Highway. It identifies the constraints, challenges, and bottlenecks at Moreh, reviews the institutional arrangements and determines the key elements that may hinder the movement of goods and people across the border along the Trilateral Highway. The Report recommends a comprehensive list of measures which are very useful for LPAI to improve border connectivity. I am sure that the recommendations emanating from the study report are useful for other stakeholders of State and Central Government.

I thank the Study Team members, and Dr Prabir De, the Head of the Study Team, for coming out with this valuable Report.

Shri Aditya Mishra
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List of Abbreviations

ACH	Automated Clearing House
ACTS	ASEAN Customs Transit System
ADB	Asian Development Bank
ADC	Autonomous District Council
ADC	Additional District Commissioner
AEP	Act East Policy
AH	Asian Highway
AIC-RIS	ASEAN-India Centre-Research and Information System for Developing Countries
AIFTA	ASEAN-India Free Trade Agreement
ASEAN	Association of Southeast Asian Nations
ATM	Automated Teller Machine
BADP	Border Area Development Programme
BCIM	Bangladesh–China–India–Myanmar Forum for Regional Cooperation
BGF	Border Guarding Force
BIMSTEC	Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation
BRO	Border Roads Organisation
BSNL	Bharat Sanchar Nigam Limited
CBIC	Central Board of Indirect Taxes and Customs
CCS	Core Centrally Scheme
CHA	Customs House Agent
CIBMS	Comprehensive Integrated Border Management System
CICTT	Centre of Information & Communication Technology Training
CLMV	Cambodia, LaoPDR, Myanmar and Vietnam
CNPT	Chennai Port Trust
CSO	Chief Security Officer
DFTPS	Duty Free Tariff Preference Scheme
DGFT	Directorate General of Foreign Trade

ECTS	Electronic Cargo Tracking System
EDI System	Electronic Data Interchange System
Edu	Education
E-Visa	Electronic Visa
FIEO	Federation of Indian Export Organisations
FMCG	Fast Moving Consumer Goods
FMR	Free Movement Regime
FSSAI	Food Safety and Standards Authority of India
FTA	Free Trade Agreement
GDP	Gross Domestic Product
HS Code	Harmonized System
ICD	Inland Customs Depot
ICP	Integrated Check Posts
ICT	Information and Communication Technology
IMCEITS	India-Myanmar Centre for Enhancement of IT Skills
IT	Information Technology
IWAI	Inland Waterways Authority of India
IWT	Inland Water Transport
JNPT	Jawaharlal Nehru Port Trust
LCS	Land Customs Station
LDC	Least Developed Country
LOC	Letter of Credit
LPAI	Land Ports Authority of India
MDoNER	Ministry of Development of North Eastern Region
MEA	Ministry of External Affairs
MFN	Most Favoured Nation
MG	Meter Gauge
MGC	Mekong-Ganga Cooperation
MINICOM	Ministry of Trade and Industry
MOBC	Minorities and Other Backward Classes
MoHA	Ministry of Home Affairs
MoRTH	Ministry of Road Transport and Highways
MPAC	Master Plan on ASEAN Connectivity
MSDS	Manipur Skill Development Society
MSME	Micro, Small & Medium Enterprises
MSPCL	Manipur State Power Company Ltd.

List of Abbreviations

MSPDCL	Manipur State Power Distribution Company Ltd.
MVA	Motor Vehicle Agreement
MXCS	Mobile X-Ray Container Scanning System
NCTF	National Committee for Trade Facilitation
NEC	North-Eastern Council
NER	Northeastern Region
NH	National Highway
NHAI	National Highway Authority of India
NHIDCL	National Highways and Infrastructure Development Corporation Limited
NTFP	Non-Timber Forest Products
PDF	Project Development Fund
PHED	Minorities and Other Backward Classes
PPP	Public-Private Partnership
PRASAD	Pilgrimage Rejuvenation and Spiritual Augmentation Drive
PWD	Public Works Department
RBI	Reserve Bank of India
RCAC	Registration-cum-Allocation Certificate
RCMC	Registration-Cum-Membership Certificate
RFID	Radio Frequency Identification
UTES	Rail India Technical and Economic Service
RMSA	Rashtriya Madhyamik Shiksha Abhiyan
ROO	Rules of Origin
SASEC	South Asia Subregional Economic Cooperation
SBI	State Bank of India
SEZ	Special Economic Zone
SMEs	Small and Medium Enterprises
SOP	Standard Operating Procedure
SSA	Sarva Shiksha Abhiyan
TEU	Twenty Foot Equivalent Unit
TFA	Trade Facilitation Agreement
TH	Trilateral Highway
T-MVA	Trilateral Highway Motor Vehicle Agreement
UBI	Union Bank of India
UCO	United Commercial Bank
UT	Union Territory
WRD	Water Resources Department
WTO	World Trade Organisation

Introduction

The North Eastern Region of India (NER), consists of the states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim is the gateway to Southeast and East Asia. Surrounded by international borders, the NER plays a critical role to India's economic and strategic relations with the ASEAN. However, in relative terms, the NER is yet to become an economically prosperous region. On the other hand, no other region in India can outperform the NER in terms of availability of natural resources and in benefiting from its location as the international border. About 98 per cent of the NER's borders forms India's international boundaries; on one hand, it shares borders with South Asian countries like Bangladesh, Bhutan, and Nepal, and on the other, with growing Southeast and East Asian countries like Myanmar and China (Map 1).

In the past, the NER was a thriving region of India for over two centuries. With the partition of the Indian subcontinent in 1947, the NER became economically isolated from the rest of India. However, with the growth of NER states coupled with improvement of infrastructure sustained over decades, the NER has come back to the forefront of India's development. Today, with a diverse population housing India's rich

culture, heritage and natural flora and fauna, the NER is known as India's permanent place of happiness.

The reality is the NER suffers from economic isolation. The region imports almost every consumer goods from outside the region. The absence of adequate institutional and physical infrastructure, both national and international, coupled with insurgency, in part have slowed down the NER's development process. Nevertheless, given its strategic location, the NER can be developed as a thriving and essential base for India's growing economic linkages, not only with Southeast Asia but also with Bangladesh and China.

Several studies have identified that the NER has the potential to grow faster than its current pace, provided the region builds cross-border production links, particularly with Bangladesh, Myanmar, and other Southeast and East Asian countries such as Thailand, Malaysia, China, and Indonesia. However, the bottlenecks to cross-border production links are many, of which inadequate connectivity, logistics, and trade facilitation, more particularly at the border areas, are the major ones. The trade between the NER and Bangladesh, China, and Myanmar, its immediate neighbours, significantly suffers from not only infrastructure-related bottlenecks but

also regulatory burdens associated with customs, security, standards, and certification.

Border is seen as a connector and economy-building asset rather than a deterrent. In recent years, India's trade with Bangladesh and Myanmar witnessed steep rise in growth, which indirectly suggests the existence of a large trade potential. However, supply-side constraints, among others, inhibit the two-way trade across the borders with India's two neighbours (RIS 2011). Enhancing the NER's existing level of trade and economic linkages between Bangladesh and Myanmar would need infrastructure and institutional support, which would facilitate growth and remove the region's economic isolation (De and Majumdar 2014; Kathuria and Mathur, 2020). In a recent study, it has been observed that Northeastern states of India are

likely to gain more from the Trilateral Highway, compared to many other Indian states (De *et al.* 2019). Removing the status quo, therefore, means the NER has to invest in building physical and institutional infrastructures, which in return would lead to a higher production, both within and across borders, and enhance the economic linkages with the neighbouring countries.

To strengthen the strategic and economic linkages with the countries in the eastern neighbourhood, India has introduced the AEP with the following objectives:

- To promote economic development of the Northeast, towards an inclusive society;
- To build economic relations, cultural relations, and strategic relations with countries in the eastern neighbourhood; and

Map 1: North Eastern Region of India



Source: Maps of India (www.mapsofindia.com).

- To develop and strengthen the connectivity, particularly in Northeast India.

The AEP has several strategic pillars, of which the followings are important: (i) strengthening infrastructure linkages; (ii) facilitating trade, investment, and tourism; (iii) developing human resources; and (iv) protecting the environment and promoting the sustainable use of shared natural resources.

India's Act East Policy with major thrust on connectivity in the NER presents an opportunity to unlock the region's vast trade potential. Dealing with connectivity in the NER would thus call for an analysis on trade flows, infrastructure status, and linkages with neighbouring countries, which would then help us identify the challenges and also draw the way forward.

Assam is the largest economy in NER, the state alone contributes 57 per cent of NER GDP. Services is the mainstay of the economies of the NER states as it accounts for 62 per cent of NER GDP and is a major source of employment and livelihood in the region. Except Sikkim, remaining NER states are services-driven, which is very much consistent with the national trend. Agriculture sector contributes almost 27 per cent to NER GDP, which is also lifeline to NER economy. In contrast, industry has a small share in the NER economy (10 per cent). The existing industries of the NER include coke and refined petroleum products, food products, and a range of manufactured products including wood, furniture, beverages, pharmaceuticals, metal products, rubber and plastics products. Industries requiring large scale production such as petrochemicals, cement, steel and sugar are not present despite the fact that the region is a rich source of the basic raw materials required as inputs for such industries.

Despite four NER states share international border with Myanmar, border trade with Myanmar only happens via Moreh in Manipur and Zokhawthar in Mizoram. Since 2015, formal trade based on most-favoured nation (MFN) principle started between the two countries.

Even though, normal trade started at the border, no duty drawback or trade preference extended to traders in the border. The passenger movement between Tamu and Moreh border has increased considerably over the last few years. Trade at More-Tamu is mostly informal. Overall, India's total export potential is about US\$ 1.45 billion in 2018 as against India's actual export of US\$ 1.23 billion to Myanmar. India has export potential in the sectors like automobiles, pharmaceuticals, food processing items, mineral products and iron and steel. This unmet potential offers new business opportunities, provided the border barriers to trade are removed.

A major disadvantage to border trade is the lack of trade complementarities between India's Northeast region and Myanmar. Both regions share very similar economic structures, where agriculture and resource extraction dominate. Northeast India produces mainly tea, coal, limestone, fruits and vegetables, etc., and lacks an industrial capacity to produce the manufactured goods that Myanmar needs. This suggests that most of the border trade consists of informal trade (third country goods), which brings arguably lower economic benefits to the region. On top, the overland route carries high transaction costs, which make it a far less desirable option, compared to ocean transport.

Compared to major export and import between India and Myanmar, there are very few products those are traded through land borders of India and Myanmar. In other words, border trade potential between India and Myanmar is yet to be unlocked. Myanmar is the entry/exit to/from ASEAN. To strengthen the connectivity between India and ASEAN, the Trilateral Highway (TH) between India, Myanmar and Thailand is being developed and there is a plan to extend the TH to Cambodia, Lao PDR and Viet Nam. Completion of the TH is likely to facilitate faster movement of goods and people between India and ASEAN and may add growth impetus to the NER. Local industries may switch over to the land border for their trade with overseas once the TH is completed. In

the view of above, assessing the current profile of border trade between India and Myanmar is important in order to make an appropriate strategy-driven connectivity programme for augmenting the regional development in NER. Therefore, the completion of TH may generate new demand of trade through land border, particularly via Moreh and Tamu, which also calls for strengthening of border infrastructure at Moreh as well as other border posts.

Trade has special significance for the economies of the NER states. Growth potential is considerably high in NER when one considers its geographical proximity to growing Southeast and East Asian markets. However, such potentials remain unlocked due mainly to barriers at the border and behind the border. Besides, absence of proper institutional support and connectivity had pulled back the region's integration across border for a long time.

Today, given its geographical location, an enhanced engagement with the ASEAN under the Act East Policy (AEP) is found to be new hope. NER is also central to the AEP. The AEP is designed to provide economic opportunities to NER to benefit from its vast border and vibrant neighbours. NER's value chain potentials can be unlocked if border infrastructure and transportation networks, in particular, are improved. Today, there are substantial gaps between Moreh and Tamu in border infrastructure. In other words, improvement of border infrastructure coupled with enhanced transportation networks with the Southeast Asia may provide new opportunities to the NER and give a new impetus.

Strengthening of border infrastructure at Moreh in Manipur and backend connectivity would lead to facilitate not only India's overland trade with ASEAN countries but also complete the task of having a smart border which can serve as a gateway port between India and the Southeast and East Asia. A smart border will help improve the prevention and detection of smuggling and fraud.

NER suffers from infrastructure deficits. The region needs more quality infrastructure, both physical and social. A high level of infrastructure investment is a precursor to economic growth. From the supply side, strengthening the NER's existing level of trade and economic linkages with Bangladesh and Myanmar would need infrastructure and institutional support, which, gradually will facilitate local growth and remove the region's economic isolation. Therefore, investing in building physical and institutional infrastructures, which would, in return, lead to generate higher production, both within and across borders, and enhance the growth of the region.

Building infrastructure networks such as the Trilateral Highway and its potential extension to Mekong subregion may facilitate trade and integration between India and countries. Synergy between them may enable to realize the benefits of economic integration and generate new growth potential for NER. However, for an effective realisation of such networks, border connectivity requires a complete overhauling.

Improvement of border connectivity may generate jobs for the local people. Creation of adequate employment opportunities including self-employment as well as wage employment is being viewed as the most tangible and desirable output of the Trilateral Highway and related projects.

ASEAN has launched the ASEAN Customs Transit System (ACTS) on 30 November 2020. The prime objective of ACTS, among others, is to reduce intra-ASEAN transaction costs and time and promote trade and investment. The launch of ACTS is set to boost the overland trade between ASEAN and India, provided India connects with ACTS and Moreh becomes a gateway port with smart port facilities. Today, Moreh is having an ICP, which has started improving the border connectivity. However, to expand the benefits in a wider scale, border connectivity at Moreh needs further strengthening in a calibrated manner.

What follows is that the border infrastructure and trade facilitation have been regarded as essential to strengthen the country's global competitiveness. Strengthening Moreh border (and also at Tamu on other side) may generate strong catalytic force not only for facilitating trade between ASEAN and India but also for improving the country's competitiveness.

1.1 Objectives of the Study

In view of the above, the study has four major objectives:

- to shed light on the economic principles underlying the Moreh border development and to offer new ideas on how its potential can be better exploited in view of the TH development and backend connectivity with rest of India.
- to assess the status of intra- and inter-regional economic linkages of the NER.
- to identify the constraints, challenges and bottlenecks at the India-Myanmar border and recommends policy measures to augment the border connectivity for LPAI and other central and state agencies.
- to review the institutional arrangements and identify key elements that may hinder the movement of goods and people across the India-Myanmar border along the Trilateral Highway.

Overall, trade and transportation infrastructure in the NER is dominated by the distribution of goods and products that are sourced mostly from the rest of India. The region lags behind the rest of India in the pace of economic growth and has a relatively small regional market. Trade has special significance for the economies of the NER states. However, the region's growth potential is considerably high due to its geographical proximity to the growing Southeast and East Asian markets.

The NER's value chain potential can be unlocked if border infrastructure and transportation networks, in particular, are

improved. In other words, improvements in the border infrastructure coupled with enhanced transportation networks with Southeast Asia may provide new economic opportunities to the NER.

To strengthen the connectivity between India and ASEAN, the TH between India, Myanmar, and Thailand is being developed, and there is a plan to extend the TH to Cambodia, the Lao PDR, and Viet Nam. Completion of the TH is likely to facilitate faster movement of goods and people between India and ASEAN and add growth impetus to the NER.

The rest of the Report is organised as follows. Chapter 2 discusses the economic profile of Northeastern Region (NER) and Chapter 3 presents industrial development in NER and its challenges and opportunities for border trade. Chapter 4 discusses the border trade between India and Myanmar and explores the trends and patterns, value chain potentials and trade forecasting between India and Myanmar. Chapter 5 discusses border connectivity between India and Myanmar linkages in terms of land, air, water and digital mode between India and Myanmar via Moreh and Tamu border. Chapter 6 reviews the status of border infrastructure development at Moreh, Manipur. Chapter 7 observes the stakeholder's perception on border trade at Moreh. Chapter 8 covers policy recommendations for various ministries, departments and other stakeholders to strengthen the border infrastructure and proposed action plans to carry out at Moreh for regional connectivity and enhancing economic activity in the NER. Finally, conclusions are drawn in Chapter 9.

Directed by the LPAI, this study recommends that the NER has to improve its 'backend' infrastructure, which would not only help the region to raise its competitiveness but also narrow the development gaps. The NER states must complete ongoing rail, road, inland water transport, and aviation projects on a fast-track basis and improve border infrastructure with

adequate storage facilities, testing labs, etc. In parallel, we must work together to bring synergy in trade procedures with Bangladesh and Myanmar and build express corridors for special goods. Paperless trade and interoperability of the Customs Single Window should be taken up. Greater involvement of the development bank and partner countries will certainly pave the way for development of connectivity in

Northeast India. Stronger connectivity across the NER will build a stronger network of cross-border production chains, particularly with Southeast Asia and Bangladesh. Institutions are needed to support the connectivity programmes. The present institutional linkages are no doubt improving, but these have to be strengthened further to support the connectivity projects between India and Southeast Asia.

Economic Profile of Northeast Region (NER) of India

The Northeastern Region of India (NER), consisting of the states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim, is rich in natural resources. The region is endowed with not only vast natural resources such as oil, natural gas and hydropower but also agro-climatic conditions that help the region to grow some of the country's best agro-forestry products. A well-educated labour force, relatively high literacy rate and access to clean water are some of its unique strengths over other Indian states. As illustrated in Chapter 1, the NER is also surrounded by an international border, serving as India's gateway to the east. Against these strengths, there are weaknesses and threats that emanate to a large extent from the difficult terrain of the region and inadequate infrastructure.¹ These pose some of the greatest constraints to the economic growth of the NER. Transport and logistics bottlenecks have long been identified as serious constraints to the growth of the NER.²

The NER's border is 98 per cent, international with neighbouring countries like China, Bhutan, Myanmar, and Bangladesh (Table 1). Myanmar shares a 1,643 km international border with the NER in the states of Arunachal Pradesh (520 km), Manipur (389 km), Mizoram (510 km), and Nagaland (215 km). India and Bangladesh share

4,091 km of international borders, out of which the NER's share is almost 1,880 km (wherein 1,434 km island border and 446 km is riverine tract). Four NER states, Assam, Meghalaya, Tripura and Mizoram, have international borders with Bangladesh.

Although four NER states share an international border with Myanmar, border trade with Myanmar only happens through Moreh in Manipur and Zokhawthar in Mizoram. The India-Myanmar Border Trade Agreement was signed on 21 January 1994, and trade started through the LCSs of Moreh in Manipur, Zokhawthar in Mizoram, and Nampong in Arunachal Pradesh. Out of the three LCSs, only Moreh and Zokhawthar are functional border posts. Border trade through Moreh in Manipur (India) to Tamu in Myanmar was formally started on 12 April 1995, while border trade through Zokhawthar in Mizoram began operating on 30 January 2004, with a new LCS built by the Border Roads Organisation (BRO) on 14 September 2007.

The NER contributes about 2 per cent to India's GDP. Assam is the largest economy in the NER; the state alone contributes 57 per cent of the NER's GDP (Table 2). Services are the mainstay of the economies of the NER states, accounting for 62 per cent of the region's GDP and comprising a major source of employment

Table 1: Length of International Borders of NER States (km)

State/Country	Bangladesh	Bhutan	China	Myanmar	Nepal	Total
Arunachal Pradesh	-	217	1,080	520	-	1,817
Assam	263	267	-		-	530
Manipur	-	-	-	389	--	398
Meghalaya	443	-	-		-	443
Mizoram	318	-	-	510	-	828
Nagaland	-	-	-	215	-	215
Sikkim	-	32	220	-	97.8	350
Tripura	856	-	-	-	-	856
Total	1,880	516	1,300	1,643	97.8	-

Source: Ministry of Development of North Eastern Region, Government of India.

Table 2: Economic Profile of the NER

State	Per Capita GSDP (2019-20)	GSDP (2019-20)	Sectoral Composition (2019-20)			Growth Rate** (2012-13 to 2019-20)
			Agriculture	Industry	Service	
	(Rs in 000's)	(Rs in Billion)	(%)			(%)
Arunachal Pradesh	93.19	140.9	12.9	27.0	38.4	4.4
Assam	60.69	1934.0	12.4	35.8	41.3	6.0
Manipur	51.18	165.1	8.5	18.2	62.3	4.8
Meghalaya	66.15	201.6	10.1	20.2	52.2	2.1
Mizoram	107.85	122.8	6.7	25.8	45.7	8.1
Nagaland	73.27	149.7	19.2	12.9	14.6	4.6
Tripura	89.28	140.9	11.4	25.9	48.1	9.2
NER	77.37	2855.00	11.6	23.7	43.2	5.6
India	108.25	145659.5	15.3	23.7	61.0	6.0

Notes: Per Capita GSDP = Gross State Domestic Product; GSDP = Gross State Domestic Product; *Values for 2019-2020; # CAGR * Annualised growth rate of SGDP

Source: Reserve Bank of India (RBI)

and livelihood in the region. Except for Sikkim, the remaining NER states are services-driven, which is very much consistent with the national trend. The agriculture sector contributes almost 11.6 per cent to the NER's GDP, which is another lifeline to the region's economy.

The per capita income of most of the NER states is relatively higher than the average for other Indian states, except Mizoram, Sikkim, and

Tripura (Table 1).³ In terms of per capita income, Sikkim is the richest state in the NER, followed by Tripura and Mizoram. The economic growth rates of most of the NER states are growing close to the average growth rate of other Indian states, except Mizoram and Tripura. Today, the rise in construction of public utilities in the NER is, thus, a manifestation of the NER's growth. The region is presently seeing the construction of

roads and highways, bridges, railways, airports, land ports, and many other such projects.⁴

2.1 Natural Resources

The NER is India's natural resource powerhouse. The region is endowed with not only vast natural resources such as oil and natural gas and hydropower but also an agro-climatic condition that has been helping the region to grow the country's precious agro-forest products. The principal minerals of some economic significance in Manipur are limestone, chromite, dimension stone, lignite and clay. Chromite deposits containing partly metallurgical-grade ore have been located at Kwatha and Khudengthabi in the district. The lignite, associated with clay, occurs in the Kangvai area of Southern Manipur. Minor occurrences of asbestos have been reported in the Moreh area, Khwatha, Nepali Basti in the district. Nickel, copper and cobalt are available in Nampesh and Kwatha in Chandel. Manipur is blessed with a large number of rare, endemic and endangered beautiful orchid species. With the increasing florist markets and global demand particularly for orchids, there is tremendous scope for the investors to establish commercial ventures for the production of orchids. Even within the State and the region, there is a huge demand for orchids. Nickel, copper and cobalt are available in Nampesh and Kwatha in Chandel. So, hill areas are abundant in mineral resources, which remain unexploited.

The Manipur state has conducive climatic conditions for tree species and bamboo species goods for the production of biofuels. Since there is global demand to shift from fossil fuels to green fuels, the State presents an excellent opportunity to the investors to come forward for investments in raising plantations and setting up a plant for the production of biofuels. The Forest Department would facilitate the establishment of such enterprises.

2.2 Profile of Domestic Infrastructure of the NER

The NER comprises eight Indian states, namely, Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura. These eight states together cover an area of 2,62,179 sq km, constituting 8 per cent of the country's total geographical area and accounting for around 4 per cent of the country's total population.⁵ The region shares a long international boundary of around 96 per cent with its neighbouring countries, with China and Bhutan in the north, Myanmar in the east, Nepal in the west, and Bangladesh in the south and west. Most of the hill states in the region like Arunachal Pradesh, Meghalaya, Mizoram, and Nagaland are largely inhabited by tribal people with a fairly high degree of diversity even within the tribal groups. There is considerable uniformity among the NER states, but, at the same time, they carry distinctive differences.

The NER has several logistics handicaps. Physical infrastructure such as electricity, communication, transportation, banking and finance are very sporadic and unevenly distributed among urban and rural areas. Amenities are limited in nature, and the lack of economic opportunities encourages migration, particularly that of skilled resources to work and live in better-developed and developing parts of India.

Compared to the other regions of India, the NER as a region suffers more from inadequate infrastructure. Barring air and road density, the NER's performance is worst among the regions of India in transport infrastructure (Table 3). However, performance in infrastructure varies across the NER states, since it comprises a heterogeneous group and is characterized by wide gaps in logistics and infrastructure. Table 4 presents basic infrastructure and logistics indicators of the NER. The profile suggests that the NER states are relatively better endowed

Table 3: Comparison of Transport Infrastructure, 2016

Region	No. of operational airports	Airport Density (per 1 lakh sq.km)	Rail length (km)	Rail density (per 1,000 sq km)	Road length (km)	Road density (per 100 sq km)
East	19	3.03	13,211	24.21	663,287	121.12
North	28	2.65	21,321	21.12	673,492	67.45
Northeast	12	4.2	2,873	9.98	367,342	130.11
South	25	3.77	13,893	22.87	1,034,521	159.02
West	26	2.7	17,324	21.38	563,409	69.54
National	110		66,856		3,993,132	

Source: Calculated based on various issues of statistical abstract, the government of India

Table 4: Infrastructure Indicators of NER States, 2015

States	Road*	Rail*	IWT*	Airport**	LCS*	Teledensity^	Electricity\$
Arunachal Pradesh	24.12	0.02		6.34	1.87	33.56	1.93
Assam	37.91	31.08	33.04	9.87	18.65	49.6	0.65
Manipur	43.11	0.06		6.2	6.12	39.32	0.61
Meghalaya	37.08			5.12	51.1	44.03	1.03
Mizoram	44.18	0.07	6.87	5.03	15.33	33.34	1.45
Nagaland	30.54	0.78	22.93	6.83	7.31	39.94	0.76
Sikkim	9.48				15.11	38.34	3.98
Tripura	811.25	14.49		10.93	78.74	43.11	0.83

Notes: * - km per 1000 sq km of area. ** - Number per 100,000 sq km of area. ^ - Per 100 population.

\$ - Installed electricity per 10,000 population.

Source: Calculated based on various issues of statistical abstract, government of India.

with roads, airports, land customs stations (LCSs), and teledensity, where the variation across the NER states is not very high except for the road density in Tripura. However, the NER suffers from the availability of electricity; many of the NER states are yet to receive an adequate supply of electricity. Next to electricity is the railway, where, barring Assam and Tripura, the remaining states have either no railway lines or have very negligible railway presence such as in Arunachal Pradesh and Manipur. Similarly, only three of the NER states use Inland Water Transport (IWT), among which Assam has the highest density in the NER. The remaining NER

states have yet to utilize the inland waterways for the transportation of goods and passengers. In what follows, the NER has gained teledensity but lacks much in the form of physical infrastructure and logistics.

2.2.1 Roads and highways

Roads are of particular importance in the NER because they provide access to inland parts of the NER. However, geographic constraints make the construction of roads an expensive endeavour in the NER. Till 2016, the NER had a total length of National Highway (NH) of 9,800 km, much lower than other regions

of India. The Government of India has taken steps to strengthen road networks in the NER under the National Highways Development Project (NHDP) and Special Accelerated Road Development Programme in North East (SARDP-NE) schemes (Table 5). Of this, the SARDP-NE Phase A and Arunachal Package will add 3,687 km of NH in NER. SARDP-NE aims to (i) upgrade National Highways to two to four lanes; (ii) provide connectivity of all 88 District Headquarters by two-lane road (47 connected already); (iii) establish connectivity to backward and remote areas of NER; (iv) improve roads of strategic importance, and (v) improve connectivity to neighbouring countries.

Among other road projects, the following needs a special mention. Under the Bharatmala Pariyojana, 5,301 km in the NER have been approved for improvement; out of this, 3,246 km of road for the development of the Economic Corridor in the Northeast. In 2018, the 9.15-km-long Dhola-Sadiya Bridge, India's longest river bridge, connecting Assam and Arunachal Pradesh, was inaugurated.

2.2.2 Railways

The presence of railways in the NER is more than 125 years old, originating around when the first passenger railway system came into operation in 1881 between Assam's Dibrugarh and Sadiya. Unfortunately, the railway system in the NER was severely disrupted with the

division of India in 1947. However, the creation of a new railway zone in 1958 for the NER, the Northeast Frontier Railway (NF Railway) helped in further development of the railway system in the NER.⁶ Challenges are difficult terrain, lack of appropriate technology, and shortage of funding.

There are at present five divisions that serve these eight Northeastern states, viz. Katihar, Alipurduar, Rangia, Lumding, and Tinsukia. Today, the NF Railway directly or indirectly serves all eight NER states alongside parts of West Bengal and Bihar. The present rail network in the NER comprised about a 3,176 km route (as of 31 March 2018). About 970 km of gauge conversion project was completed in the NER in the last three years. All operational Meter Gauge (MG) sections have been converted to broad gauge (BG), and there is no MG operation in the entire North Eastern Region. The railways' investment in the NER has been going up.

The aim is to connect all state capitals in Northeast India with railways. Mizoram and Manipur were connected by broad-gauge railway lines. Tripura was also already connected, and regular trains have been running. Projects for rail connectivity to state capitals of Sikkim, Meghalaya, Mizoram, Manipur, and Nagaland have been sanctioned by the Indian Railways. At present, the construction of a railway line from Jiribum to Imphal is going on, which is likely to be completed by 2023.

Table 5: Improvement of National Highways in the NER under Specific Programmes

East West Corridor (NHDP-II) by NHAI (4 lane From Srirampur in Assam Border to Silchar in Assam) – (PDC June 2015)	670 km
Under Phase A and Arunachal Package of SARDP-NE by NHAI, MoRTH, BRO and PWDs (two-lane highways) (PDC March 2018)	3687 km
NHDP-III by NHAI (two-lane highways) (PDC July 2016)	102 km
Under SARDP-NE, Phase B	1285 km
Total	5744 km

Source: Authors based on the NEC

On 4 January 2014, the first BG train from Guwahati to Tezpur via Rangiya was started. The train has started operating between Naharlagun and Delhi. In Arunachal Pradesh, Bhalukpong-Tenga-Tawang (378 km), North Lakhimpur-Bame-Aalo-Silapathar (247.85 km), and Pasighat-Tezu-Parsuram Kund-Rupai (227 km) were made operational.

While Manipur will be connected through a 111-km-long line from Jiribam to Imphal with 37 tunnels and 22 bridges, the capital city of Mizoram will be on the railways' map through a 52-km new line between Sairang near Aizawl and Bairabi bordering Assam. For providing connectivity to Gangtok, work up to Rangpo has been sanctioned, which is around 40 km short of the Assam capital, and, for Nagaland, NFR is building the Dhansiri-Sukhobi-Zubza 91.75-km line with 90 bridges and around 26 km of tunnels connecting it to Assam. Assam and Meghalaya will be connected through the Byrnihat-Shillong line of 108.4 km⁷

Indian Railways recently inaugurated the Bogibeel bridge in Assam. The Bogibeel bridge provides a connection between the Rangia-Murkongselek section of the Northeast Frontier Railway on the north bank of the Brahmaputra and the Lumding-Dibrugarh section that lies to the south of the Brahmaputra. The 4.9-km-long bridge on the Brahmaputra river boosts the connectivity in the NER. The bridge has a two-lane railway track on the lower deck and a three-lane road on the top deck. The bridge will reduce travel time from Assam to Arunachal Pradesh to four hours. It will also reduce the Delhi-to-Dibrugarh train travel time by about 3 hours to 34 hours as compared to 37 hours presently.

2.2.3 Inland waterways

The NER has many large and small rivers providing facilities for water transport. The Brahmaputra and Barak rivers commonly have been used as the medium of transport for a long time.⁸ In the country, 20 National Waterways

out of 111 are in the NER. It is estimated that the NER has about 1,800 km of river routes that can be used by steamers and larger country boats. At present, the river stretch from Sadiya to Dhubri (891 km) along the Brahmaputra River has been declared as a National Waterway 2 (NW 2), since 1988. At present, we have an inland water port at Pandu (Guwahati) with low- and high-level jetties, two warehouses, railway siding and open storage, etc. Floating terminals at Dhubri, Jogighopa, Tejpur, Silghat, Bishwanath Ghat, Neamati, Bogibil, Dibrugarh, Panbari, and Oriumghat are being maintained with a berthing pontoon and gangway. Floating terminals can be provided at other locations on an as-needed basis. Two shore cranes and five floating cranes are available for loading/unloading of cargo at the terminals. However, shallow drafted barges can only ply along the NW 2 due to low navigability. On top of that, night navigation is not possible in some parts along this stretch. However, night navigation aids have been installed between Dhubri (Bangladesh-India border) and Silghat (440 km).⁹ Differential Global Positioning System (DGPS) stations are set up at Dibrugarh, Silghat, Jogighopa and Dhubri. These DGPS stations will aid safe navigation using electronic charts. The river Barak between Bhangra to Lakhimpur (121 km) in Assam was also declared as a National Waterway.

The development of the Barak river is taken up in two phases for shipping and navigation purposes. In Phase-I, the development of the Bhangra-Silchar (71 km) stretch with upgradation of existing terminals at Karimganj and Badarpur is likely to be taken up soon. Dredging of the Barak river in Phase-I was commenced in November 2017. In Phase-II, the development of the Silchar-Lakhimpur (50 km) stretch with the setting up of new terminals at Silchar and Lakhimpur is proposed.

Some projects that have been completed are as follows:¹⁰ (i) navigational channel with a least available depth of 2.5 m. between Bangladesh Border-Neamati, 2.0 m. between Neamati-Dibrugarh, and 1.5 m. between

Dibrugarh-Sadiya/Oriumghat are maintained; (ii) a multimodal terminal at Pandu with a low-level and high-level jetty; (iii) the Ro-Ro terminal at Dhubri with RCC Ro-Ro Jetty; (iv) a floating terminal at 11 locations on NW 2 i.e. Hatsingimari, Jogighopa, Pandu, Tezpur, Silghat, Biswanathghat, Neamati, Bogibeel, Sengajan, Oakland/Dibrugarh, and Oriumghat; (v) a DGPS at Dhubri, Jogighopa, Biswanathghat, and Dibrugarh for safe navigation; (vi) Ro-Ro service for providing connectivity between the north bank (Dhubri) and south bank (Hatsingimari) of river Brahmaputra. The Ro-Ro service has created a direct link between Assam and Meghalaya, enabling trucks/vehicles to avoid a circuitous road route of approx. 220 km through Jogighopa Bridge. The Ro-Ro services between Dhubri and Hatsingimari started 7 January 2017; (vii) day navigational aids for safe shipping and navigation in entire stretches of NW 2; (viii) night navigational aids for safe shipping and navigation in Bangladesh Border-Pandu and Pandu-Silghat stretches of NW 2; (ix) river conservancy works like bandalling and dredging for maintaining navigable depth in shallow location; (x) fortnightly/monthly Thalweg Survey in entire stretches of NW 2; and (xi) regular cargo service on NW 2 is carried out by Inland Water Authority of India (IWAI) through departmental tug and a 400-tonne capacity barge (taken from IWT Assam).

The largest expected cargo movements in the North East Region shall arise from the ambitious power projects being implemented by various private-sector companies along with the National Hydroelectric Power Corporation Ltd (NHPC), North Eastern Electric Power Corporation Ltd. (NEEPCO), and National Thermal Power Corporation (NTPC) on various tributaries of the Brahmaputra, particularly in Arunachal Pradesh. These developments are expected to generate cargo movements of about 50–100 million metric tonnes over a period of 20 years (2.5–5.0 million metric tonnes per year). Accordingly, the infrastructure requirements for the same will be enormous in size. IWT can play the most

complementary role in catering to the needs of such large requirements. Other identified cargo movements include coal from Meghalaya, fly ash from Farakka to various destinations in the Northeast, limestone for cement plants, petroleum products from Numaligarh refinery, bitumen from Haldia, and food grains from Kolkata to various destinations in the Northeast for the Food Corporation of India Ltd. With the implementation of the India-Bangladesh coastal shipping agreement, cruise ships are likely to be operated between West Bengal and Bangladesh; West Bengal, Bangladesh, and Assam; and Assam and Bangladesh.

To encourage inland waterways, some recommendations are as follows: (i) long-term agreement of Indo-Bangladesh Trade and Transit Protocol, (ii) setting up Ro-Ro terminals at Dhubri and Hatsingimari (Phulbari), (iii) development of ship repair facility at Pandu (Guwahati), (iv) development of a multimodal terminal at Jogighopa, (v) construction of approach road to Pandu port for heavy/container traffic, (vi) development of the Ashuganj terminal in Bangladesh with road links and custom facilities for transit cargo to NER via the Akhaura land border, and (vii) linking of the Chittagong terminal in Bangladesh with road links and custom facilities for transit cargo to NER via the Sabroom land border.

2.2.4 Airways

In popular terms, the NER is connected with the rest of India by air. The NER's air density is the highest among all the regions of India. As noted in Table 6, Assam is the state that has the highest number of operational airports (5) in the NER, whereas Arunachal Pradesh is the only NER state that has the highest number of non-operational airports. Currently, 12 airports in the NER are served by airlines such as Agartala, Lengpui, Bagdogra (CE), Dibrugarh, Dimapur, Guwahati, Imphal, Jorhat (CE), Lilabari, Shillong, Silchar (CE), and Tezpur (CE). Pakyong airport in Sikkim has been inaugurated recently. While more airports are now connected by civil airlines,

Table 6: Airports in the NER

State	Operational	Non-Operational
Assam	6 3 IAF, 3 AAI	2
Arunachal Pradesh	-	5
Manipur	1	-
Meghalaya	1	1
Mizoram	1	1
Nagaland	1	-
Tripura	1	3
Sikkim	1	-
West Bengal	1	-
Total	12+1	12

Source: Authors' own based on the NEC

Table 7: Movement of Aircraft, Passengers, and Freight from the NER

	Aircraft Movements	Passengers	Freight
	(No.)		(tonnes)
2004-05	33,019	1,447,453	10,304
2010-11	67,395	4,590,271	24,087
2013-14	58,839	5,065,733	21,116
2015-16	68,734	5,649,842	28,064
2021-22	64,274	4,441,910	26,437

Source: Authors' own based on the NEC

there has been a deceleration in the movement of aircraft and freights in 2021-22, compared to 2010-11 (Table 7). However, the volume of passenger flows has gone up over time, thereby showing the huge potential of air transportation in the NER and investment opportunities in airlines and aviation infrastructure.

The Foundation stone for the new Integrated Terminal Building at Guwahati has been laid. New Greenfield Airport at Pakyong (Gangtok) was inaugurated in 2018. About 92 new routes will be opened in the region in the second round of the UDAN scheme. Guwahati airport is likely to be connected to seven Southeast Asian countries and Bangladesh under the UDAN scheme. To make this project financially viable,

the Assam government has decided to extend subsidies to passengers travelling to Southeast Asia from Guwahati by air.

2.3 Investment Potential and Trade Opportunities for Business Enterprises

The State Forest Department and the State's Industrial Policy provide a conducive mechanism to the business community for investment and development of business enterprises in the state. As the state's economy revolves around forests, there is tremendous potential to set up business enterprises for:

- Wood-based products like furniture, sports items, plywood/veneer, etc.;
- Bamboo based products like building materials, furniture, Tiles, minor items like chopsticks, etc.;
- Plant /Ayurvedic medicines based on Medicinal Plants;
- Processing and manufacturing of products out of NTFPs;
- Perfume manufacturing based on Agar Oil;
- Rubber Wood products like furniture, building material, etc.

Eco-tourism: As there are many National Parks and Sanctuaries with dense forests, meadows, lakes and endemic wildlife, the State provides an opportunity for tourists to appreciate the beauty of nature. The Forest department may have to encourage the private investment in PPP (Public-Private Partnership) mode to promote eco-tourism in its pristine areas having tremendous tourist potential. People from other regions of India and international tourists have shown great interest in exploring nature in Manipur.

Bio-fuels: The state has conducive climatic conditions for tree species and bamboo species good for the production of biofuels. Since there is global demand to shift from fossil fuels to green fuels, the State presents an excellent opportunity to the investors to come forward for investments in raising plantations and setting up a plant for the production of biofuels. The Forest Department would facilitate the establishment of such enterprises.

Commercial orchid farms: Manipur is blessed with a large number of rare, endemic and endangered beautiful orchid species. With the increasing florist markets and global demand particularly for orchids, there is tremendous scope for the investors to establish commercial ventures for the production of orchids. Even within the state and the region, there is a huge demand for orchids which is not being met at present.

2.4 Concluding Remarks

To conclude, the NER being surrounded by international borders serves as India's gateway to the east. The NER is India's natural resource powerhouse. The region is endowed with not only vast natural resources such as oil and natural gas and hydropower but also an agro-climatic condition that has been helping the region to grow the country's precious agro-forest products. To utilise the natural resources for the development of the NER, transport and logistics bottlenecks along with border barriers have to be removed.

The infrastructure development varies across the NER states. Except Assam and Tripura, the remaining states have either no railway lines or have very negligible railway presence such as in Arunachal Pradesh and Manipur. Only three of the NER states use inland water transport (IWT), among which Assam has the highest density in the NER. The rest NER states have yet to utilize the inland waterways for the transportation of goods and passengers. In what follows, the NER has gained teledensity but lacks much in the form of physical infrastructure and logistics.

The NER has huge potential for investment opportunities and industrial activities exploring the natural resources, skilled labours, taking advantage of export oriented industries such as food processing industries, wood and furniture, pharmaceuticals, metal products, rubber and plastic products etc. In this context, this study addresses the bottlenecks with respect to border connectivity and identifies the major challenges those need to be addressed while scaling up the economic relations in the neighbourhood.

Endnotes

1. See, for example, Sarma and Bezbaruah (2009).
2. See, for example, De (2011), Brunner (2010), RIS (2012a), and De and Kunaka (2019), to mention a few.
3. The data are based on per capita NSDP in US dollars at the current price for the year 2017-18.
4. See, for example, NITI Aayog (2018).

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5. While population refers to the year 2011, area refers to the latest year, sourced from the Census of India.
6. NF Railway was carved out of the North Eastern Railway with headquarters at Maligaon, Guwahati.
7. This has also faced severe opposition from the influential Khasi Students' Union, which has demanded a discussion with civil society groups and putting in place a 'comprehensive and an effective' mechanism to check influx of illegal immigrants before allowing work on the railway projects. In fact, there are also land-acquisition issues.
8. With the growth of the tea industry, these rivers became important carriers of trade. The East India Company started the water route along the Brahmaputra River from Kolkata to Dibrugarh in 1844, and steamships were introduced by the Joint Steamer Company in 1847. At about the same time, Silchar was linked with Kolkata along the Barak-Surma-Meghna navigation channel. However, with the partition of India in 1947, water transport in the NER faced slow progress.
9. Day navigation aids have been installed on the entire waterway from Dhubri to Sadiya/Oriumghat (891 km).
10. PIB's notification dated 26 July 2018.

Industrial Development in the NER: Challenges and Opportunities for Border Trade

The Northeastern Region (NER) of India is endowed with abundant untapped natural resources. The region also has advantages such as a young highly educated workforce and comparative advantage in a variety of agricultural and horticultural products. In addition, the NER is strategically located in close proximity to the domestic market of eastern states and shares borders with Bangladesh and Myanmar. Industrial development has many strong implications of border trade and border connectivity. A stronger and smart border is essential for an all round development of industries.

3.1 Industrial Activity Overview

The manufacturing sector in the region has a small share of the state gross domestic product. The industry has a share of 24 per cent in the NER's economy. In terms of industrial performance, about 6,372 factories in the NER, out of which, Assam holds the major share, followed by Tripura (621), Nagaland (187) and Manipur (197) (Table 1). The industrial activity in NER generated employment to about 2.66 lakh people in 2018-19. In terms of the share of investment of NER in the rest of India, it contributes only less than one per cent.

Once a thriving industrial belt, NER today is having a very negligible presence in industrial sector in India. However, the potential is immense, which is vastly unrealised, the NER can make an important stride in industrial growth provided the regulatory environment along with industrial infrastructure are improved.

3.2 Potential Sectors for Industrial Development

Only a few sectors have a major attraction for industrial activities in the NER. For instance, the existing industries of the NER include coke and refined petroleum products, food products, and a range of manufactured products including wood, furniture, beverages, pharmaceuticals, metal products, rubber, and plastics products have contributed to the industrial activity in the NER (see Table 2). Similarly, in terms of sectoral investment in the NER, food products, and a range of manufactured products including wood, furniture, beverages, pharmaceuticals, metal products, rubber, and plastics products are those sectors that have major investment flows in 2018-19 (see Table 3). However, there are high investment opportunities in the NER given the abundant natural resources and allied sectors,

Table 1: Industrial Statistics of NER

State	Number of Factories	Number of Employment	Investment (Rs Lakhs)
Arunachal Pradesh	115	2470	1750
Assam	5020	200433	253079
Manipur	197	7558	1147
Meghalaya	148	10802	16276
Nagaland	187	5073	429
Sikkim	84	17241	23203
Tripura	621	23398	4000
NER	6372	266975	299884
All India	242395	12798588	34465867
NER's share in India (%)	2.63	2.09	0.87

*Data correspondents for the year 2018-19

Source: MOSPI Database

Table 2: Potential Sectors for Industrial Development in NER

Sector	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Sikkim	Tripura
Agricultural, Horticultural and Floriculture, Sericulture and Silk Based Industries	√		√	√	√	√	√	√
Bamboo & Bamboo Products Processing Industries	√	√	√	√	√	√		√
Food Processing Industries	√	√			√	√		
Coffee, Tea and Rubber Plantation	√	√	√				√	√
Sugar and Cane Industries	√	√				√		
Jute Industries		√						
Handloom & Handicraft Industries	√		√		√		√	
Electronics and IT based Enterprises	√	√	√			√	√	
Mineral Based Industries	√		√	√	√	√		
Textile Industries	√	√	√		√			
Cold Chain & Cold Storage		√						
Plastic Industries		√						
Data Processing and Website Designing		√						
Pharmaceuticals		√				√		
Engineering and Allied Industries	√	√						
Automobile		√						
Hotels/Resorts/Nursing Homes		√		√				
Gas and Power Generation		√		√			√	√
BPO and Call Centre		√						
Tourism and Hospitality Industry, Health Tourism		√	√		√	√	√	

Table 2 continued...

...Table 2 continued

Facilitation and Development of Industrial Infrastructure	√							
Medical and Aromatic Plants Industries	√		√			√		
Spices			√	√				
Dairy and Allied Products			√			√		
Animal Husbandry and Meat Processing			√	√	√			
Animal Feed and Poultry Industries			√		√			
Sports Infrastructure and Services			√		√			
Accessories Industry and Entertainment and Music Industries			√					
Packaging industries			√					
Breweries, Cash Crops, Mushroom, Honey, Minor Forest Products			√				√	
Tissue Culture and Bio-Technology, Petrochemical Industries				√		√		
Oleoresin and other Essential Oils Units				√				
Processing of hill brooms					√			
Processing/manufacturing of indigenous Herbs & Natural Dyes						√		
Small-Scale Service & Business Enterprises						√		

Note: see Annexure Table 1 and Table 2 for details

Source: Authors' own based on NER States Industrial Policy Reports

which can be explored to produce goods and trade with the neighbouring countries.

As per the Udyam Registered MSMEs, about 1.68 per cent of MSMEs are from NER in all India levels as of 2020 (see Table 3). More than 90 per cent of the industries in NER are micro-enterprises, among which, Assam (63 per cent) and Manipur (19.5 per cent) have micro-enterprises as of 2020 (see Table 3 and Figure 1). In terms of small enterprises, most of the industries are registered in Assam, Tripura, Manipur and Meghalaya respectively. Only less than 5 per cent of NER have registered Medium enterprises.

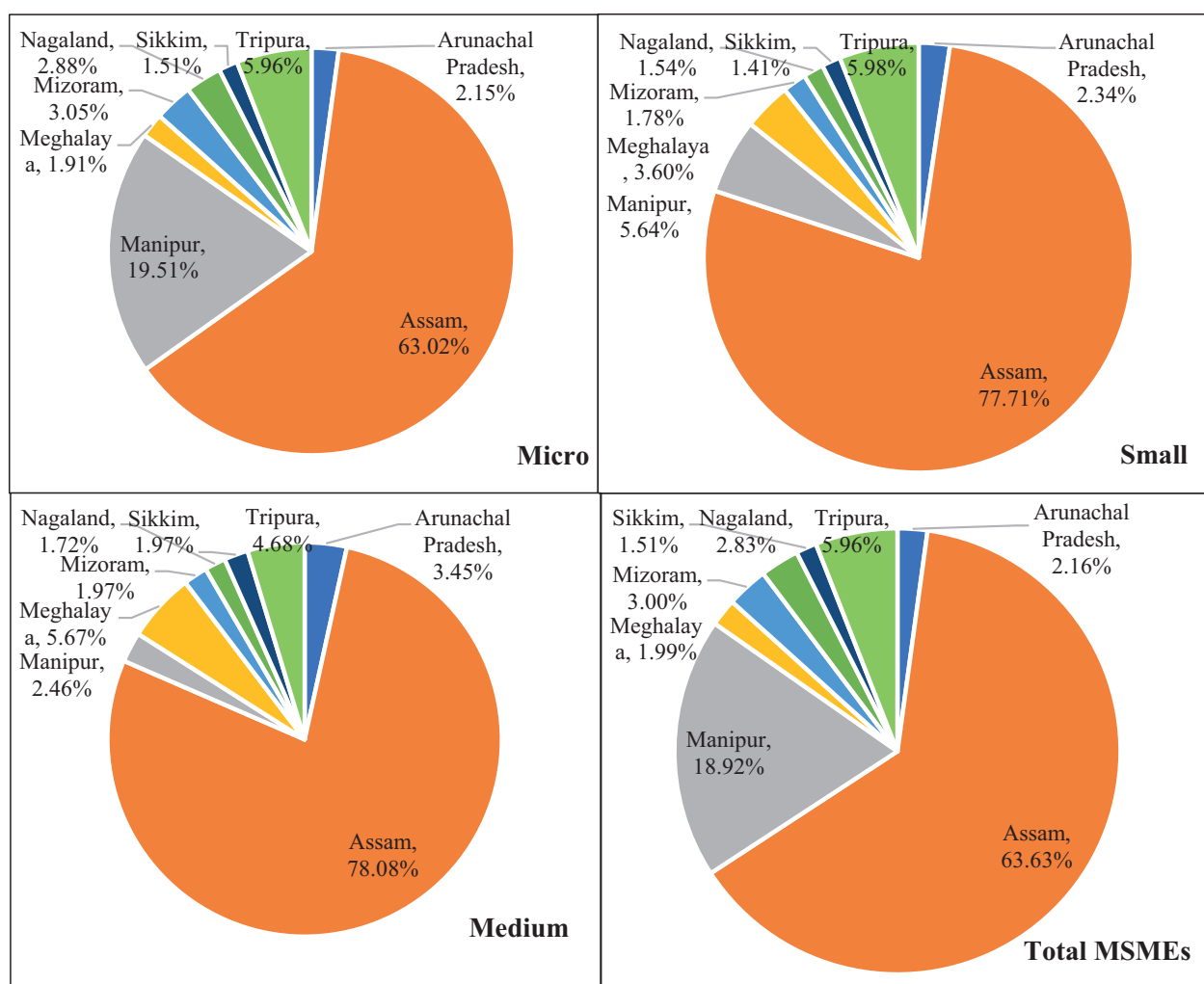
Only 60 khadi institutions are registered in NER compared to about 2632 (about 2.68 per cent) registered in 2018-19 in the case of India (Table 4). Most of the Handloom and Khadi institutions are located in Arunachal Pradesh and Sikkim. Very few institutes are registered in other NER including Manipur. In the case of employment

opportunities, Assam, Manipur and Nagaland have higher number of persons employed in the Khadi industries compared to other states in NER (Table 5).

3.3 Industrial Zones in the NER

Industrial parks are being developed as industrial model town for the development of industrial infrastructure facilities or built-up space with common facilities in any area allotted or earmarked to carry out integrated manufacturing activities, including research and development. The NER states have been actively participating in developing industrial parks such as mega food parks, which are designed to link agricultural production to the market by bringing together farmers, processors and retailers for maximizing value addition, minimizing wastage, increasing farmers income and creating employment opportunities, particularly in the rural sector (Table 6). The food

Figure 1: Share of Udyam Registered MSMEs in NER



Note: As on 19-02-2022

Source: www.msme.gov.in

Table 3: Udyam Registered MSMEs as on 2020

State	Micro	Small	Medium	Total MSMEs
Arunachal Pradesh	2519	109	14	2642
Assam	73712	3626	317	77655
Manipur	22823	263	10	23096
Meghalaya	2233	168	23	2424
Mizoram	3573	83	8	3664
Nagaland	3373	72	7	3452
Sikkim	1763	66	8	1837
Tripura	6977	279	19	7275
NER	116973	4666	406	122045
All India	6878878	334251	35001	7248130
NER Share in All India (%)	1.70	1.40	1.16	1.68

Note: As on 19-02-2022

Source: www.msme.gov.in

parks also focus on both backward and forward integration. They typically consist of supply chain infrastructure including collection centres, primary processing centers central processing centers, cold chain and fully developed industrial plots for entrepreneurs to set up food processing units.

To boost exports and increase foreign export earnings in the NER, Export Promotion Industrial

Park (EPIP) is being set up for creating physical infrastructure for industries and providing state-of-the-art common facilities (Table 6). The EPIP is a multiproduct export processing zone where quotas and tariffs are eliminated in the hope of attracting foreign investments and new business. The EPIP are labour intensive manufacturing centers where goods are imported and finished products are exported. The EPIPs also provide efficient and modern infrastructure to the

Table 4: Number of Registered Khadi Institutions

State	2016-17	2017-18	2018-19
Arunachal Pradesh	2	4	4
Assam	24	20	22
Manipur	13	4	4
Meghalaya	2	1	1
Mizoram	1	0	0
Nagaland	2	1	1
Tripura	1	0	0
Sikkim	1	0	0
NER	46	30	32
All India	2375	2518	2632
NER Share in All India (%)	1.94	1.19	1.22

Source: www.msme.gov.in

Table 5: Number of Persons Employed Under Khadi Activities

State	2016-17		2017-18		2018-19	
	Number	Share in NER (%)	Number	Share in NER (%)	Number	Share in NER (%)
Arunachal Pradesh	31	0.56	31	0.55	31	0.55
Assam	5043	90.64	4958	88.47	5083	89.60
Manipur	143	2.57	143	2.55	143	2.52
Meghalaya	38	0.68	38	0.68	107	1.89
Mizoram	14	0.25	14	0.25	14	0.25
Nagaland	295	5.30	395	7.05	295	5.20
Sikkim	0	0.00	0	0.00	0	0.00
Tripura	0	0.00	25	0.45	0	0.00
NER	5564	100.00	5604	100.00	5673	100.00

Source: www.msme.gov.in

Table 6: Industrial and Export Promotion Parks in NER

State	Industrial/ Export Promotion Parks
Arunachal Pradesh	Rongoge Mega Food Park at Papum Pare District
Assam	Plastic Park at Gelapukhuri Tinsukia District North East Mega Food Park at Nathkuchi, Nalbari District (Operational) Jute Park at Dhing, Nagaon District Tea Park at Choudhurypara, Chaygaon, Kamrup Amingaon export park at Kamrup District Bamboo Technology Park at Chaygaon, Kamrup District (Operational)
Manipur	Manipur Food Industries Corporation Ltd., Kakching Bamboo Technology Park at Jiribam
Meghalaya	Meghalaya Industrial Development Corporation Ltd. (MIDC), North Garo Hills Export Promotion Industrial Park, Byrnihat
Mizoram	Zoram Mega Food Park at Kolasib District (Operational) Export Promotion Industrial Park (EPIP), Lengte Bamboo Technology Park (BTP), Sairang
Nagaland	DoysAgri Resources Pvt. Ltd., Dimapur
Tripura	Sikaria Mega Food Park at Tulakona (Operational) R.K. Nagar Industrial Park Rubber Park at Bodhjungle Bamboo Park at Bodhjungle Textile Park Export Promotion Park

Source: NER Databank Web Portal, Department of Industries and Commerce, Government of Tripura; Industries and Commerce, Government of Assam; Ministry of Food Processing Industries

business unit within the park for manufacturing goods that are of world-class standards and which in turn are accepted in the international markets. The NER states also provide several fiscal and non-fiscal concessions to these parks which helps the business units in manufacturing quality goods at low costs (see Annexure Table 3). For example, a Bamboo Park has been set up at Bodhjungle, Tripura for promoting bamboo-based industries. The Bamboo Park provides physical infrastructure as well as state-of-the-art common facilities such as bamboo raw material depot, bamboo splitting & silvering unit, bamboo treatment and processing centre, drying chambers, testing labs, logistics hub, warehouse, machine maintenance centre, etc.

The first effort at establishing border trade by India can be traced to the reopening of the Nathu La Pass in Sikkim in 2006. Besides Nathu La pass, now there are two more points, through which border trade takes place with China's Tibet Autonomous Region - Shipkila in Himachal Pradesh and Lipulekh in Uttarakhand. Trade through Nathu La proved to be a means of livelihood for the people of this region.

With 5300 km of international borders, the region accounts for over 35 per cent of India's total length of land borders. Bangladesh-India border haats are established within five kilometres on either side of the international border. They are restricted marketplaces that usually open once a week, where only local people with prior

permission can enter and sell locally-produced goods. The core idea behind the border haats is to provide a formal arrangement of trade between the local communities of the two countries that have limited access to big markets, mainly due to

long distances. Currently, four border haats are operational along the India-Bangladesh border (see Table 7). Two border haats are located in Meghalaya at Kalaichar and Balat and two are located in Tripura at Srinagar and Kamalasagar.

Table 7: Major Products Traded at Border Haats

S. No.	Operational Border Haat	Location and Day of Operation	Products Sold from India Side	Product Sold from Bangladesh Side
1	Kalaichar-Balaimari Border haat (Operational Since 2011)	India: Kalaichar, West Garo Hills District, Meghalaya Bangladesh: Baliamari, Char Rajibpur, Kurigram District Day of operation: Wednesday	Toiletries, tea leaves, bakery, banana, spices, steel, baby food, diapers, branded chocolates, branded biscuits	Dry fish, garments, plastic, toys, agri-implements, bakery products (vermicelli, condensed milk, homemade biscuit), plastic products, melamine products
2	Srinagar-Chhagalnaiya Border haat (Operational Since 2015)	India: Srinagar, Sabroom Sub-Divison, South Tripura Bangladesh: Purba Madhugram, Chhagalnaiya, Feni District, Chittagong Division Day of operation: Tuesday	Cosmetics, tea, diapers, baby food, stationery items, biscuit, chocolates, saree, rice, dal, ceramic, spices, food items (horlicks, milk powder, cold drinks), seasonal vegetable, banana and other seasonal fruits,	Plastic products, crockeries, melamine, garments, packaged dry food, agriculture tools, electronic (third country product), daal, chocolate, onion, rope (nylon and jute), electronic items, seeds of vegetables, bags, fresh fish, dry fish, onion, plastic ropes, fresh fruits,
3	Balat-Dolura Border haat (Operational Since 2012)	India: Balat, East Khasi Hills District, Meghalaya Bangladesh: Lauwaghar, Dalora, Sunamganj Sadar, Sunamgang District Day of operation: Tuesday	Betel nut, oranges, tamarind, ginger, clothes	Processed betel nuts, garments including shawls, packet food (biscuits), fish, bed sheet
4	Kamalasagar-Kasba Border haat (Operational Since 2015)	India: Kamalasagar, Bishalgarh, Sepahijala District, Tripura Bangladesh: Purba Kasba, Brahmanberia Sadar Upazila, Chittagong Day of operation: Sunday	Bamboo products, betel nut, betel leaf, lemon, bamboo shoots, wild vegetables, broomstick, sweet potato, firewoods,	Melamine products, plastic products, vegetables, beverages like fruit juice, packaged dry food like biscuits, chips, green peas, Bangladeshi readymade garments products especially jeans and t-shirt

Source: CUTS (2020)

Six more border haats on the India-Bangladesh border are in the pipeline (see Table 8). Border haats have not only helped to strengthen ties between the two countries, but also promote industrial activities in both the region specific to products demanded.

3.4 Industrial Policy in NER

To promote industrial activities in the NER, both centre and state government have offered several incentives and subsidies such as, transport, capital investment, interest, insurance, income tax, power, excise duty exemption, sales tax and price preference (see Table 9). Barring few, most of the NER provides wide range of incentives and subsidies to the investors. Both Manipur and Nagaland have offered most of the incentives and subsidies. The North-East Industrial Development Scheme (NEIDS), with an outlay of Rs 3000 crore, was relaunched in 2018, which is aimed at encouraging MSMEs (see Box 1).

3.5 Challenges and Opportunities for Industrial Activity to Promote Border Trade

An important aim of the NER Vision 2020 is to

achieve a high level of human development. Raising the quality of education and health is as much a goal in itself as it is a means to enrich the quality of life for people, and expand their choices in life. An important aspect of human development is that of building capacities of the population, through raising the quality of, and access to, health and education. A development strategy based on the resources of the region will occur simultaneously with the emergence of a group of strong, indigenous entrepreneurs, which, in turn, shall call for enhancement in the skill levels of the region. Capacity development is as important for marketing private institutions as it is for Government institutions. Most of the economic activities in the region are government-dependent and, as very high proportions of the resources of the states in the region come from central assistance, development has remained dependent on the fund made available by the central government. The promotion of markets and institutions to disseminate information on the prices of products is extremely important. Small industries dominate the industrial scenario in the NER and, so, special efforts need to be made for their expansion and growth. Thus, the capacity building occupies a strategic position for the overall development of the region for which the NEC extends support to the NE states.

Box 1: Salient Features of North-East Industrial Development Scheme (NEIDS)

New units will get a reimbursement of the goods and services tax (GST) that they pay to the central government for a period of five years from the date of commencement of production. The units will also be reimbursed the centre's share of income tax for five years. These units will also get a 3 per cent interest subsidy on working capital credit for the first five years.

In addition, they will get a central capital investment incentive amounting to 30 per cent of the investment in plant and machinery, with an upper limit. They will also get full reimbursement of insurance premium on buildings, plants and machinery for five years.

To counter the geographical and logistical hardship of setting up units in the north-east, the scheme proposes a transport incentive. These units will get a transport incentive of 20 per cent of their cost of transportation using railways and inland waterways, and 33 per cent in the case of air freight for perishable items.

There is also an employment incentive wherein the central government will contribute up to 3.67 per cent of the employer's contribution to the employees provident fund.

Source: NEC

Table 8: Proposed and Sanctioned Border Haats

India	Bangladesh
Bholaganj, East Khasi Hills, Meghalaya	Bholaganj, Companiganj, Sylhet
Nalikata, South West Khasi Hills, Meghalaya	Saydabad, Tahirpur, Sunamganj
Shibbari, South Garo Hills, Meghalaya	Bhulyapara, Durgapur, Netrokona
Ryngku, East Khasi Hills, Meghalaya	Bagan Bari, Duara Bazar, Sunamganj
Kamalpur, Dhalai District, Tripura	Kurmaghat, Kamalganj, Moulvibazar District, Sylhet
Palbasti, Ragna District, Tripura	PashchimBatuli, JuriUpazilla, Moulvibazar District, Sylhet

Source: CUTS (2020)

Table 9: Central and State Level Incentives for Industries

Category	Central Government	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Tripura
Land Subsidy				√		√	√	√
Transport Subsidy	√	√		√		√	√	√
Capital Investment Subsidy	√	√	√	√	√	√	√	√
Interest Subsidy	√	√	√	√	√	√	√	√
Insurance Scheme	√							
Income Tax Exemption	√			√			√	
Power Subsidy	√	√	√	√	√	√	√	√
Excise duty exemption	√			√			√	
Sales Tax			√	√	√	√	√	√
Price preference		√		√		√	√	√

Source: See Annuxre Table 3 for details.

Border Trade Improvement

Cross-border trade is the most important medium of the current wave of globalisation. The NER has emerged into a new dimension of cross-border trade (informal trade) with neighbouring nations and that increases social welfare of the poor masses of the region. To

benefit from the cross-border trade initiatives, industries in the NER have to produce goods that can be traded to the neighbouring countries. Processing industries have to be set up to manufacture quality goods, which can be offered in international markets at acceptable prices. Infrastructure and connectivity improvements

in terms of strategic roads to border areas as well as Integrated Check Posts and border trade points have to be strengthened, which may considerably reduce the informal trade in the NER.

Poor infrastructure

Despite having high potential of MSMEs in NER, it still remains untapped. Enhancing infrastructure development, ensuring significant investments attractions by showing the NER would help to develop the industrial activity in the NER. Electricity power supply shortage is the major concern for industrial activity. Except for Meghalaya, all the states in the region face a power shortage, even though the Northeast has a huge reserve of hydroelectric potential (30,000 to 40,000 MW). Besides, there is a need to give special attention to telecom sector, healthcare services, and provide a support system to tap the agricultural industry and the region's rich biodiversity.

Lack of awareness

Lack of enough awareness among people about government schemes, motivation and easy availability of funds are the main deterrents in the growth of industrialization.

Lack of entrepreneurial enthusiasm

Policymakers attribute the lack of entrepreneurial spirit among people behind less number of business units in the region. Innovative initiatives are less in the region as compared to the other parts of India. People are reluctant to make big things happen.

Financial issues

Lack of financial access is the major concern in the NER. Most of the entrepreneurs fail

to get external funds due to the absence of tangible security and credit in the market. The procedure to avail of the loan facility is too time-consuming that its delay often disappoints the entrepreneurs.

3.6 Concluding Remarks

The NER has unique advantages. It is strategically located with access to the traditional domestic market of eastern India, along with proximity to the major states in the east and adjacent countries such as Bangladesh and Myanmar. The region is also an entry point for the Southeast Asian markets. The resource-rich NER also has a huge skilled human resource that could turn into one of India's most prosperous regions. The other strengths of the NER include a large resource base of agroforestry products, mineral deposits, figures among the mega-biodiversity hot spots in the world, water resources with hydel power potential, a highly literate population with a well-educated labour force. There is also vast potential for the development of tourism, handloom and handicrafts.

There is a need to accelerate the pace of development in the NER to bring it at par with the rest of the country and transforming the region as the gateway to Southeast Asia. There is a need to create a brand for NER to showcase the potential of the region to the rest of the world. Strengthening land, air and water connectivity in addition to digital connectivity would enable access to essential infrastructure development that could transform the region as the new engine of India's growth. Accelerating the border connectivity with the neighbouring countries would further bring business opportunities to the NER, which would enhance the industrial activities.

Annexure Table 1: Major Sector-wise Number of Factories in NER States

Sector	Arunachal Pradesh	Assam	Manipur	Meghalaya	Nagaland	Sikkim	Tripura	NER	All India (In Crore)	NER's share in India (%)
Manufacture of food products	22	1442	18	21	17		84	1604	38339	4.18
Manufacture of beverages	5	127	12	9	3		21	177	2240	7.90
Manufacture of tobacco products		17					13	30	3472	0.86
Manufacture of textiles		41	3					44	17699	0.25
Manufacture of wearing apparel		8						8	11331	0.07
Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	48	101	7	19	55		11	241	4678	5.15
Manufacture of pharmaceuticals, medicinal chemical and botanical products		47						47	5161	0.91
Manufacture of rubber and plastics products		305	4	8	6		7	330	14585	2.26
Manufacture of computer, electronic and optical products		5						5	2452	0.20
Manufacture of electrical equipment		99		3				102	7755	1.32

*Data correspondents for the year 2018-19

Source: MOSPI Database

Annexure Table 2: Major Sector-wise Investment in NER States (Rs. Lakhs)

Sector	Arunachal Pradesh	Assam	Manipur	Meghalaya	Nagaland	Sikkim	Tripura	NER	All India (In Crore)	NER's share in India (%)
Manufacture of food products	154	33877	40	444	41		2333	368.89	28180	1.31
Manufacture of beverages	185	2428	91	651	0		21	33.76	5451	0.62
Manufacture of tobacco products		531			54		-5	5.8	625	0.93
Manufacture of textiles		337	0				0	3.37	18933	0.02
Manufacture of wearing apparel		15						0.15	4564	0.003
Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	280	960	51	90			153	15.34	1070	1.43
Manufacture of pharmaceuticals, medicinal chemical and botanical products		1660						16.6	19322	0.09
Manufacture of rubber and plastics products		24433		274	26		88	248.21	18848	1.32
Manufacture of computer, electronic and optical products		94						0.94	6468	0.01
Manufacture of electrical equipment		856		13			0	8.69	10548	0.08

*Data correspondents for the year 2018-19

Source: MOSPI Database

Annexure Table 3: Thrust Areas and State Government Policies for Industries

State	Thrust Areas	State Incentives
Arunachal Pradesh	Agricultural, horticultural and plantation produce industries, bamboo, cane, medicinal plants/herbs, aromatic grass, tea, coffee etc., Textiles, Handicrafts and Sericulture, Electronics and IT based Enterprises, Mineral Based Industries, Facilitation and Development of Industrial Infrastructure including Power, Communications etc. under Public Private Partnership (PPP), Food Processing Industries, Engineering and Allied Industries	99% Sales Tax/VAT/Entry tax exemption to eligible industrial units for 7 years. 7.5 % Price preference for products produced by MSMEs and 7.5 % for cooperative ventures. 90%, 75% and 50% subsidy to micro, small, medium/large sector on cost of preparation of feasible project report (FPR). Exemption of stamp duty of up to 80% for 5 years. 20% subsidy as special incentives for food processing industries with a ceiling of Rs. 25 lakhs.
Assam	Food processing Industries, Cold Chain & Cold Storage, Bamboo Industries, Sugar Industries, Jute Industries, Plastic Industries, Pharmaceuticals, IT-ITES including Hardware, Software development, BPO, Call centre, data processing, website designing, Textile, Engineering, Rubber, Automobile, Hotels/ Resorts, River cruise, Generation of power through Green Technology	State Goods and Service Tax (SGST) reimbursement of 15 years subject to maximum of 200% (250%) of Fixed Capital Investment for micro enterprises (micro enterprises in special park). SGST reimbursement of 15 years subject to maximum of 150% of Fixed Capital Investment for small, medium and large enterprises. SGST reimbursement of 15 years subject to maximum of 150%-180% of Fixed Capital Investment for small medium and large enterprises in special parks. Power subsidy @ 2.00 per unit consumed for a period of 5(five) years with a ceiling of Rs. 50 lakhs per annum and not exceeding 100% of total investment. Subsidy on Generating set @ 50% of the cost with a ceiling of Rs. 20 lakhs. Stamp Duty Reimbursement Stamp Duty Reimbursement with a ceiling of Rs. 25 lakhs. Subsidy up to 75% on technology transfer and quality certification, ZED certification with a ceiling of Rs. 10 lakh per unit. 2% Interest subsidy on working capital loan for 5 years with a ceiling of Rs. 50 lakhs and not exceeding 100% of total investment. 30% subsidy to MSMEs listed in Stock Exchange with a ceiling of Rs. 5 lakhs. 50% subsidy for environmental compliance with a ceiling of Rs. 25 lakhs per unit. 30% subsidy to private sector infrastructure developer with a ceiling of Rs. 3 Crore.

Annexure Table 2 continued...

Strengthening Border Connectivity at India-Myanmar Border

Annexure Table 2 continued...

Manipur	Agro, Horti and Floriculture based industries, Medical and Aromatic Plants Industries, Bamboo & Bamboo Products Processing, Coffee, Tea and Rubber Plantation, Spices, Dairy and Allied Products, Meat Processing, Mushroom, Honey, Minor Forest Products, Animal Feed and Poultry Industries, Packaging industries, Breweries, Cash Crops, Mineral based Industries, Textile, Handloom and Handicraft Industries, IT and IT enabled services, Tourism and Hospitality Industry, Health tourism, Sports Infrastructure and Accessories Industry and Entertainment and Music Industries	Capital investment subsidy, comprehensive insurance subsidy, interest subsidy and transport freight subsidy. Priority consideration to young entrepreneurs under the age of 35 under Pradhan Mantri Employment Generation Programme (PMEGP). Provision of land for developing Food Parks in several districts by DGFT. Allotment of sheds to MSMEs in some districts. 35% subsidy on the project cost to innovator/inventor in manufacturing and services industries. 50% exemption of earnest money and security deposit for MSMEs. Power subsidy to industrial units for concessional pre-paid meters. Incentives for registration/renewal for obtaining BIS/ISI certification. Incentives for timely payments of stamp duty and registration fees. Tax incentives for all new units in the state and starting its commercial production and will be exempted from GST for 5 years.
Meghalaya	Agro & Horticulture Processing Unit, Processing of Plantation Crops, Tissue Culture and Bio-Technology, Spices, Oleoresin and other Essential Oils Units, Animal Husbandry and Meat Processing Industries, Mineral based Industries: Cement, Lime and hydrated Lime, Precipitated and Activated Calcium Carbonate, Calcium Carbide, Coal briquette and high temperature Carbonization Plant, Low Ash Metallurgical Coke/ Coke Breeze, Wall/Floor tiles, Earthen-wares, Stone wares, Fire bricks, Bamboo/ Reclaimed Wood based & Products, Hotel/Nursing Homes/Captive Power Generation	35% (30%) State Capital Investment Subsidy to micro (small and medium, large, mega and ultra-mega) enterprises with a ceiling of Rs. 7 (75 and 100) lakhs. 100% Subsidy on the cost incurred for Feasibility Study and Project Reports with a ceiling of Rs. 50000 for micro enterprises and Rs. 1 lakh for small enterprises. 75% Development Subsidy with a ceiling of Rs. 3 lakhs. 4% Subsidy on interest payments to Banks/ Financial Institutions with a ceiling of Rs. 1 lakh for 5 years for micro & small enterprises. 30% subsidy on power tariff for 5 years for micro and small (medium, large, mega and ultra-mega) enterprises with a ceiling of Rs. 25 (20) lakhs. 50% reimbursement of laboratory equipment for quality control and ISI/BIS certification with a ceiling of Rs. 5 lakhs. Price preference for eligible manufacturing units. 75% reimbursement of Stamps Duty & Registration Fees for micro & small (medium, large, mega and ultra-mega) enterprises with a ceiling of Rs. 3 (5) lakhs. 25% concession to enterprises set up by Tribal entrepreneur. (99%) Sales Tax (MVAT) remission to eligible micro & small (medium, large, mega and ultra-mega) enterprises on sale of finished goods within the State for 7 years. 100% reimbursement of Central Sales Tax for micro & small (medium, large, mega and ultra-mega)

Annexure Table 2 continued...

Industrial Development in the NER: Challenges and Opportunities for Border Trade

Annexure Table 2 continued...

		enterprises with a ceiling of Rs. 25 (100) lakhs. 15% capital investment subsidy for Micro & Small and all eligible Units/Enterprises set up in Border Areas within 10 Kms from the international border with a ceiling of Rs. 50 lakhs.
Mizoram	Bamboo and forest-based Industries, Processing of plantation crops, Food Processing Industries, Handloom & Handicraft Industries, Processing of hill brooms, Textile based industries, Farm Sector, Animal Husbandry, Animal Feed and poultry feed Industries, Tourism and Hospitality Industries, Sport and sports related Service Enterprises, Mines and Minerals, Sericulture and silk industries	75%, 50% and 25% subsidy on cost of project report for 1 year with a ceiling of Rs. 25,000, Rs. 50,000 and Rs. 75000 per unit. 25% land development subsidy to new MSME units inside notified industrial area for 5 years. 4% interest subsidy for new micro and small enterprises. 50%, 25% and 15% power subsidy of total expenditure for new MSME for 5 years. 50% subsidy on power line for new MSME within 1 year with a ceiling of Rs. 1,50,000. 50% subsidy on captive power generating set for new MSME for 5 years with a ceiling of Rs. 3,00,000 per unit. 50% subsidy on transportation of plants & and machineries for new MSME within 1 year of production commencement. Tax exemption for tribals. GST Reimbursement for Manufacturing Micro, Small & Medium Enterprises on raw materials and finished products for 5 years.
Nagaland	Food Processing Industries, Tourism Industry, Agro-based industries, Mineral based industries, Handloom and Handicrafts, Sericulture, Floriculture, Electronics and IT, Pharmaceuticals, Petrochemicals, Bio-tech Industries, Cane & Bamboo Processing/manufacturing Industries, Distillations of oils from Medicinal & Aromatic Plants including value added products, Processing/manufacturing of indigenous Herbs & Natural Dyes and Small-Scale Service & Business Enterprises.	Up to 25% reimbursement of the actual wage bill for local tribal employees employed by eligible units for 3 years with a ceiling of Rs. 1 lakh, 2.5 lakhs and 5 lakhs with investment in plant and machinery from 5-2 lakhs, 25-100 lakhs and above 100 lakhs. Power subsidy @ 30% and 25% for connected loads upto 1 MW and above 1 MW for 5 years with a ceiling of 2 lakhs annually. 50% subsidy for feasibility study cost with a ceiling of Rs. 1 lakh only for new units with investment in plant & machinery above Rs. 25 lakhs. 5% capital investment subsidy for 100% export-oriented units with a ceiling of Rs. 3 lakhs and sales tax exemption for one additional year. Reimbursement of laboratory equipment cost for quality control and ISI/BIS/ISO 9000 certification with a ceiling of 50,000 for SSI and Rs. 1 lakh for large & medium units. Total Sales Tax exemption for all new Industrial Units for 7 years with effect from 1.12.2000. Exemption of 50% Stamp Duty and Registration Fee for securing loans from Financial Institutions including Mortgage of fixed assets for 5 years. 15% Price Preference and exemption of Earnest Money on Govt. Store Purchase Programme.

Annexure Table 2 continued...

Strengthening Border Connectivity at India-Myanmar Border

Annexure Table 2 continued...

Sikkim	Agro-based industries, Floriculture, Animal Husbandry and Dairy Products, Minor Forest Based Produce, Handloom, Handicrafts and Village Industries, Tourism, Precision oriented, High Value, Low Volume products, Electronic and Software, Hydel power and Tea.	<p>Exemption from Central and State sales tax for a period of 9 (nine) years, from the date of commencement of actual commercial production.</p> <p>100% reimbursement of power bill for consuming upto Rs.50,000 per annum. For above Rs.50,000 the reimbursement will be to the extent of Rs. Rs.50,000 plus 25 percent of the balance of actual payment subject to a maximum of Rs.2 lakhs.</p> <p>Subsidy grant of 30 percent to power tariff to industrial units coming up Growth Centre or Thrust Areas.</p> <p>50% of the cost incurred on linking of power from the main line to the factory shed subject to a maximum ceiling of Rs 50,000.</p> <p>25% subsidy for purchase of Diesel generating sets subject to maximum ceiling of Rs.30,000.</p> <p>One-time subsidy on consultancy charge paid to an approved consultant.</p> <p>Reimbursement of the return journey expenses of second-class train and an allowance of Rs.1000 to entrepreneurs travelling for study tour or inplant training.</p> <p>Reimbursement of the return journey expense of second class by train and allowance of Rs.500 per worker belonging to the industrial unit.</p> <p>Reimbursement of up to 30% of the realistic wage bill for local tribal employees annually with ceiling of Rs. 1 Lakh.</p> <p>Exempted from payment of security deposits or earnest money for tenders or quotations for purchase of stores by Government Department.</p> <p>Reimbursement of maximum Rs. 10,000 for laboratory equipment for the purpose of quality control and ISI certification per unit if part of the project cost.</p> <p>Additional reimbursement of Rs.1, 00,000 to export oriented units committing to export at least fifty percent of the value of the turnover against quality control measures.</p>
Tripura	Bamboo, Rubber, Agri and Horticultural produce, Tea manufacturing and Gas.	<p>State Capital Investment Subsidy of 40% with ceiling of Rs. 70 lakhs per enterprise.</p> <p>Reimbursement of Interest on working capital loans actually paid to banks/ financial institutions to the extent of @4% with ceiling of Rs.3.00 lakhs per annum for 5 years.</p> <p>Reimbursement of Power Charges for 5 years @25% of the power charges actually paid by the enterprise with ceiling of Rs.12 lakhs per year.</p> <p>One-time full Reimbursement of Standard Certification Charges/Fees.</p>

Annexure Table 2 continued...

Industrial Development in the NER: Challenges and Opportunities for Border Trade

Annexure Table 2 continued...

		<p>Employment Cost subsidy: re-imbursement of ESI/EPF expenditure of employers upto 100% for micro, small and medium industries</p> <p>Subsidy on fees paid for Credit Guarantee of loans paid to micro and small enterprises on loans granted by Banks.</p> <p>Export Promotion subsidy on exporting goods through LCS in the state @10% on value of export with max. ceiling of Rs. 20 lakhs per annum.</p> <p>Subsidy for participation in fares and exhibitions @50% with ceiling of Rs. 50,000/- for each participation.</p>
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Source: NER States Industrial Policy Reports

Border Trade between India and Myanmar

International trade has been playing an important role in strengthening bilateral relations even before Myanmar became a sovereign nation since 1948. Myanmar is a land bridge connecting India and Southeast Asia. Today, India is Myanmar's fourth-largest trade partner. Bilateral trade has expanded manifolds since Myanmar introduced rapid reforms in 2011. Today, India and Myanmar enjoy an intense and active trade relation. Not only members of ASEAN-India FTA, India and Myanmar are also partners in several regional and bilateral regional initiatives such as BIMSTEC, SASEC, MGC and BCIM. In addition, India offers duty-free and quota-free market access to Myanmar.

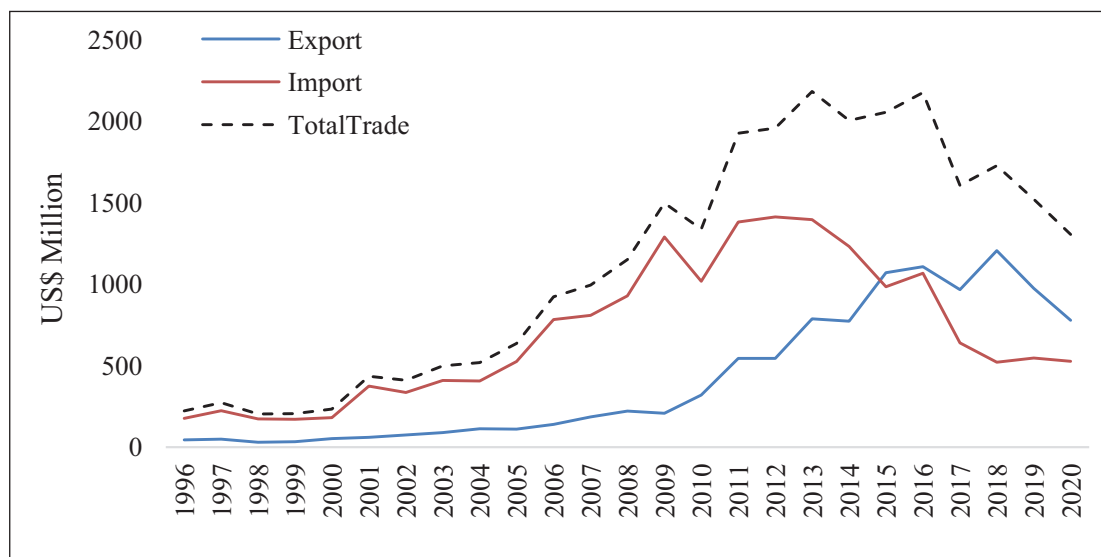
4.1. Trends in Trade in Goods

Bilateral trade between India and Myanmar grew steadily and reached a peak of US\$ 2.27 billion in 2014 and declined to US\$ 2.41 billion in 2020 (Figure 1). Trade at the border between India and Myanmar has grown much faster since 2015 when India removed the positive lists of trade. Nonetheless, trade at the border is mostly informal. India's introduction of quotas on pulses imports and hikes in a duty of about 40 per cent on imports of betel nuts from Myanmar led to a sharp decline in India's formal imports from Myanmar 2016 onwards. Myanmar

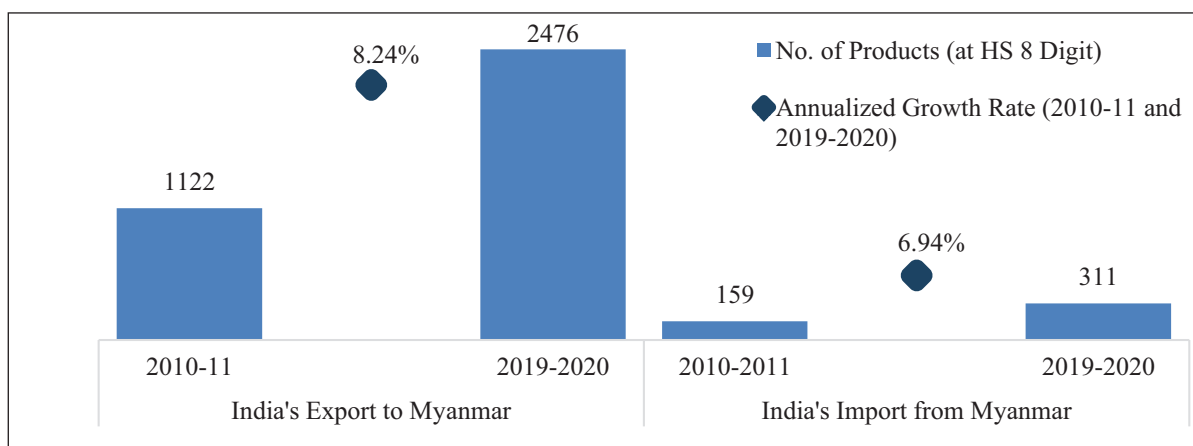
maintained a trade surplus with India until 2015, which turned into a trade deficit thereafter.

Despite the recent fall in bilateral trade, both India and Myanmar have greatly increased their exchange of goods. For example, the number of export items from India to Myanmar has increased from 1,122 in 2010–11 to 2,476 in 2019–20, representing an annual rise of 8.24 per cent in this period. Myanmar, too, has nearly doubled the number of export items to India, from 159 in 2010–11 to 311 in 2019–20 (see Figure 2). This trend indicates increased consumer confidence in the free trade open economies, leading to generate more trade opportunities between the two countries.

The growing merchandise trade between India and Myanmar also suggests that India's exports to Myanmar are diverse, whereas India's imports from Myanmar are restricted to a few items. Pharmaceuticals, meat, automobile products, electrical equipment, machinery and mechanical appliances, cotton, and food processing were India's major exports to Myanmar in 2019–20 at 2-digit HS level, accounting for roughly 84 per cent of the country's overall exports to Myanmar (Table 1 and Figure 3). On the other hand, edible vegetables, timber and wood goods, cereals, sea food, rubber, zinc products, oil seeds, lead products, coffee, tea, and spices, etc. were

Figure 1: India's Trade with Myanmar

Source: DOTS, IMF

Figure 2: Number of Products Traded in India's Exports to and Imports from Myanmar (at the HS 8-digit level)

Source: Export-Import Databank, Government of India.

India's major imports from Myanmar at 2-digit HS level, which, taken together, accounted for almost 99 per cent of India's total imports from Myanmar (Table 2 and Figure 4). The growth in Indian export of automobiles to Myanmar between 2010-11 and 2019-20 is phenomenal. About 37 per cent of total exports to Myanmar

in 2019-20 were contributed by pharmaceuticals alone, thereby showing high dependence on Indian pharmaceuticals. On the other, India's imports of oil seeds, fishes, etc. from Myanmar have witnessed high rise in 2019-20, compared to 2010-11 (Table 2). Although declined by 5 per cent between 2019-20 and 2010-11, import

of vegetable products from Myanmar is still the major import of India (Figure 4). Contrary to popular belief, most of the bilateral trade between the two countries is carried out through sea.

While the current trend of bilateral trade indicates a set of fixed items in export and import, the secondary data analysis indicates a promising scenario (see Appendix Table 3). There are many items, which have the potential to trade with Myanmar in addition to India's major traded products. Larger volumes of automobiles, medicines, processed foods, mineral products,

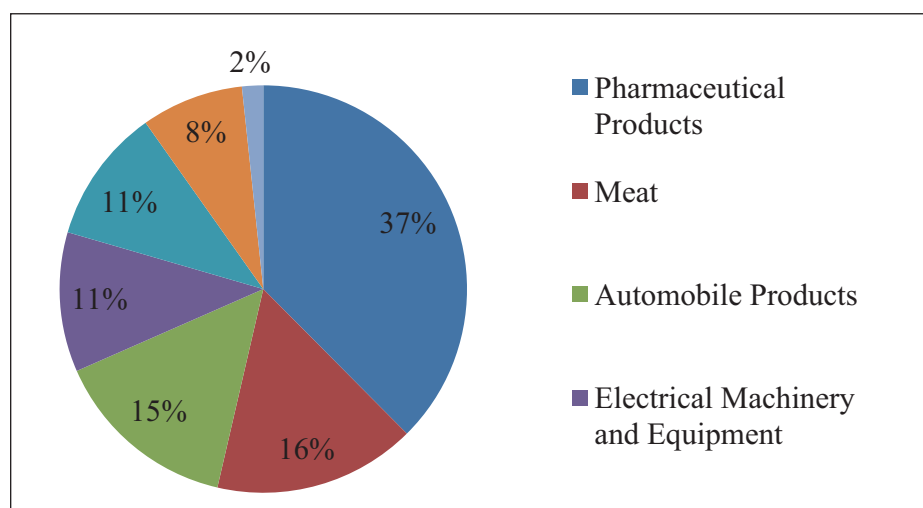
iron and steel, etc. are some of the items which show high export potentials (Table 3). Similarly, Myanmar has high export potential of liquefied natural gas, copper and related items, precious and semi-precious stones, iron & steel, oil seeds, footwear-related items, men or boys trousers, sports footwear-related items, etc. to India. Mineral fuels, intermediate commodities for automobiles, electrical equipment, iron and steel, mechanical equipment, pharmaceutical products, and telecommunication products are some of the most prevalent potential trade products.

Table 1: India's Major Exports to Myanmar: 2019-20 (US\$ million)

HS Code	Commodity	2010-2011	2019-2020	CAGR (2010-11 to 2019-20) (%)
30	Pharmaceutical Products	61.92	221.78	13.61
2	Meat	71.5	94.87	2.87
87	Automobile Products	5.6	87.37	31.62
85	Electrical Machinery and Equipment	16.88	65.46	14.51
84	Machinery and Mechanical Appliances	19.6	63.16	12.41
52	Cotton	9.36	47.99	17.76
9	Coffee, Tea and Spices	0.79	9.92	6.73

Source: Export-Import Databank, Government of India.

Figure 3: Share of India's Major Exports to Total Exports to Myanmar (2019-20)

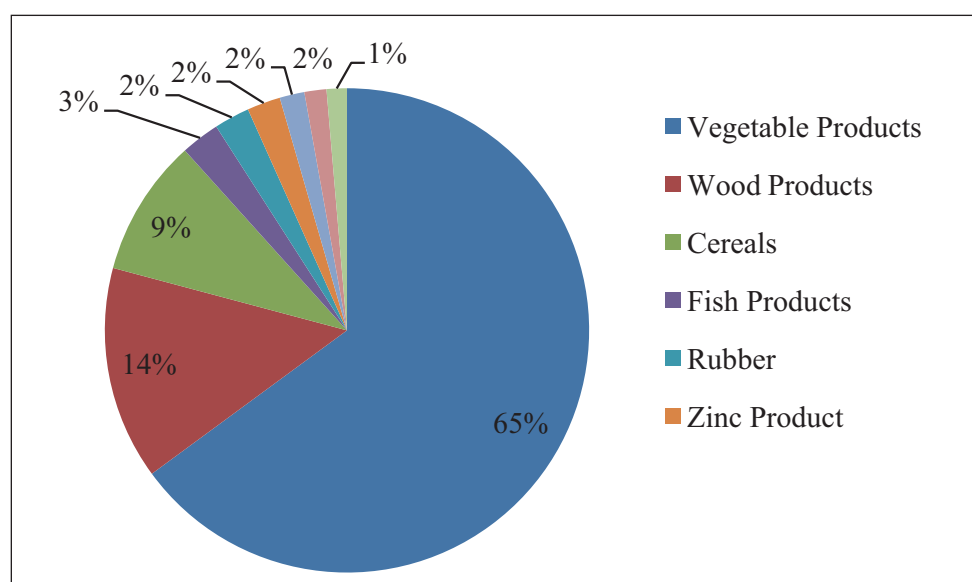


Source: Export-Import Databank, Government of India.

Table 2: India's Major Imports from Myanmar: 2019-20 (US\$ million)

HS Code	Commodity	2010-2011	2019-2020	CAGR (2010-11 to 2019-20) (%)
7	Vegetable Products	570.82	344.07	-4.9
44	Wood Products	419.16	75.47	-15.8
10	Cereals	-	48.63	-
3	Fish Products	0.11	13.75	62.1
40	Rubber	2.56	12.58	17.3
79	Zinc Product	-	11.81	-
12	Oil Seeds	0.47	8.77	34.0
78	Lead Products	-	7.8	-
9	Coffee, Tea and Spices	2.94	7.16	9.3

Source: Export-Import Databank, Government of India.

Figure 4: Share of India's Major Imports in Total Imports from Myanmar (2019-20)

Source: Export-Import Databank, Government of India.

What follows is that the bilateral trade between India and Myanmar can be unlocked if trade barriers are removed. This also calls for re-energising bilateral trade measures including removal of non-tariff measures, improvement of connectivity and trade facilitation. Further liberalisation of trading arrangements between the two countries may generate new trade amidst ongoing global uncertainties.

4.2. Trade Forecast between India and Myanmar

To forecast the trade between India and Myanmar, first, we have estimated the ASEAN-India trade till 2040 based on an augmented Gravity model (refer Appendix 4 for estimated gravity model methodology), and second, we have derived the bilateral trade forecast between India and Myanmar. India and ASEAN have an

FTA in goods and Myanmar is a member state of the ASEAN. It is worth deriving a robust estimator from the entire ASEAN-India trade while forecasting the bilateral trade between India and Myanmar.

Due to the ongoing pandemic, trade between ASEAN and India has declined to US\$ 84.1 billion in 2021 from US\$ 90.1 billion in 2019. However, the Covid-19 is a passing fad, and we anticipate a sharp increase in ASEAN-India trade, as well as a recovery of ASEAN economies and India from the current crisis. According to the forecast of this study, the ASEAN-India trade might reach US\$ 337 billion by 2040 (Figure 5). Reviewing the ASEAN-India FTA (AIFTA) and ensuring its full and efficient implementation could assist in achieving the goals and encouraging sustainable and inclusive economic growth for both ASEAN and India. The rise in ASEAN-India trade also has implications for trade at the India-Myanmar border, particularly for the Moreh ICP.

The gravity estimates also suggest a possible rise in bilateral trade between India and Myanmar. Figure 6 presents the bilateral trade

forecast between India and Myanmar. India-Myanmar bilateral trade is likely to touch US\$ 1.6 billion by 2025 and US\$ 2 billion by 2030, *ceteris paribus*. The usual caveat is that this trade forecast is based on business as usual model and one has to be careful while explaining the forecasted data. Appendix 5 presents the estimated bilateral trade forecast for all ASEAN countries.

4.3. Border Trade between Moreh and Tamu

When comparing trade between India and Myanmar, there are very few products that are traded through land borders. The potential for border trade between India and Myanmar is yet to be realised. Myanmar serves as a gateway to and from Southeast Asia and also a bridge-head between India and ASEAN.

The border trade between India and Myanmar has increased significantly since 2005 (Figure 7(a)). However, the bilateral border trade volume between India and Myanmar is not substantial

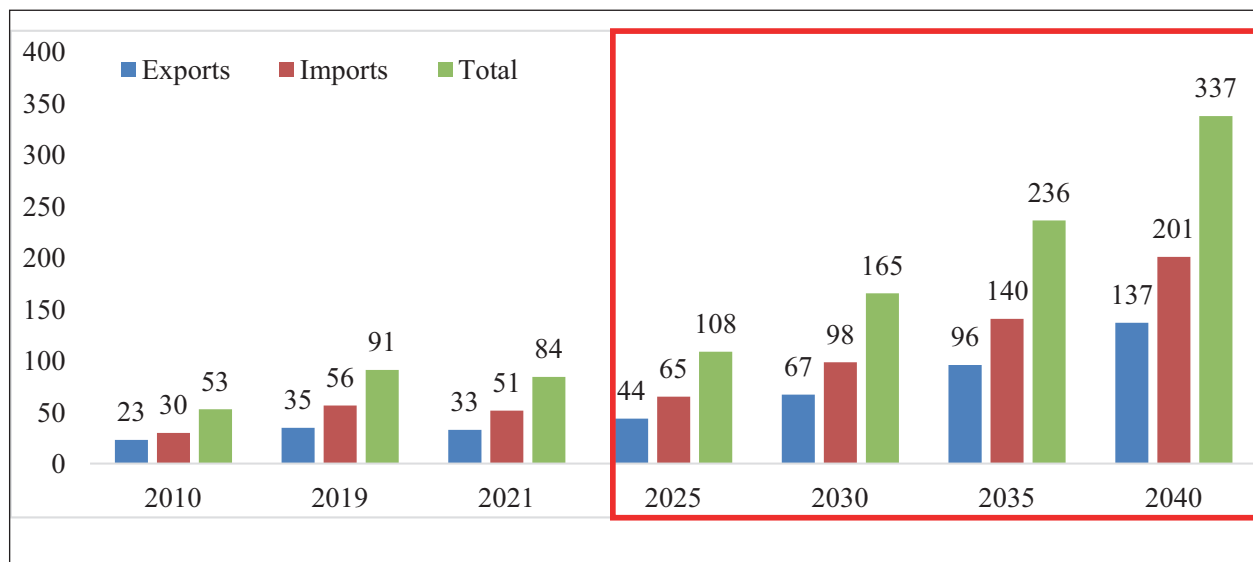
Table 3: Trade Performance between India and Myanmar

India's Major Exports	India's Major Imports
Pharmaceutical Products, Meat, Parts and Components of Transport Equipments, Electrical Machinery, Machinery and Mechanical Appliances, Cotton, Food Processing, Iron and Steel, Plastic materials, Tobacco products, Mineral Oil and Fuel products, Chemical Products,	Vegetables, Wood products, Cereals, Sea Foods, Zinc products, Oil Seeds, Coffee and Tea, Apparels and Accessories, Footwear, Electrical Machinery and Equipment, Leather products, Glass materials, Transport Equipments parts and components
India's Export Potential with Myanmar	Myanmar's Export Potential with India
Mineral Fuels, Oils, Waxes & Bituminous Sub; Ships, Boats, & Floating Structures; Misc. Edible Preparations (Food Preparations); Vehicles Tramway Rolling Stock (Motorcycle Related); Pharmaceutical Products; Plastics & Articles Thereof; Iron & Steel; Electrical Machinery & Telecommunications; Frozen, Boneless Meat of Bovine Animals	Natural Gas, liquefied; Copper and Related; Precious Stones and Semi-Precious Stones; Iron & Steel; Oil Seeds; Footwear Related; Men or Boys Trousers; Sports Footwear Related; Handbags and Related

Note: See Appendix Tables 1, 2 and 3

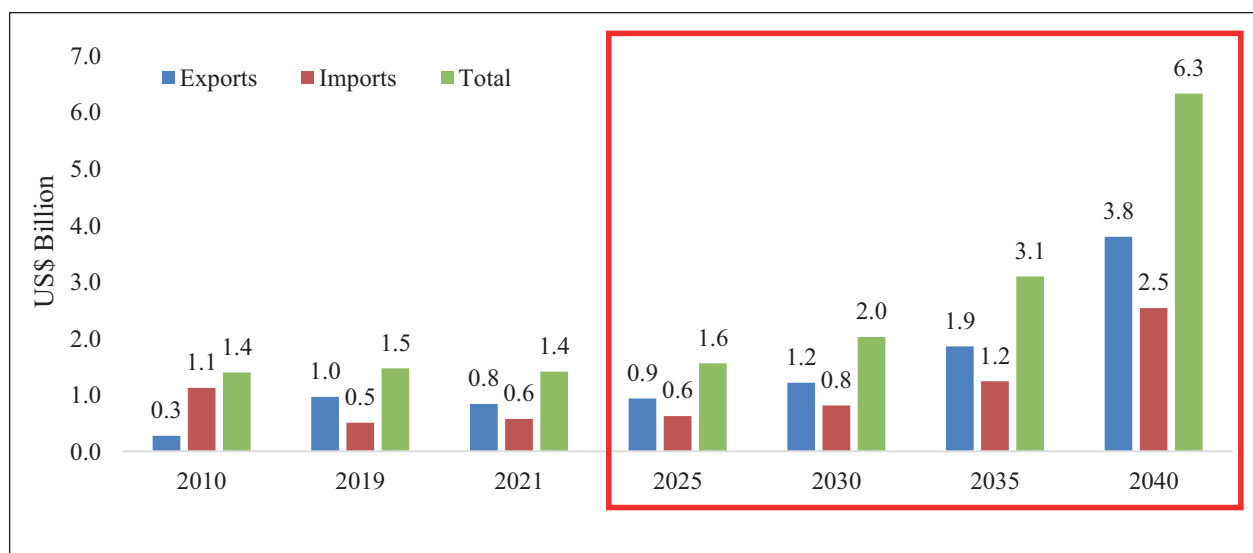
Source: Export-Import Databank, Government of India and ITC Trademap.

**Figure 5: Trade Projection based on Gravity Model
India's Exports to and Imports from ASEAN till 2040**



Note: For the year 2021, we assume the growth rate of GDP at 4 per cent for India and adjusted the growth rate between 3 to 4 per cent based on the last five-year growth rate of GDP. For the year 2025, we assume the growth rate of GDP at 7 per cent and for the ASEAN countries, it ranges between 5 to 7 per cent based on the past five years of GDP.

**Figure 6: Trade Projection based on Gravity Model
India's Exports to and Imports from Myanmar till 2040**



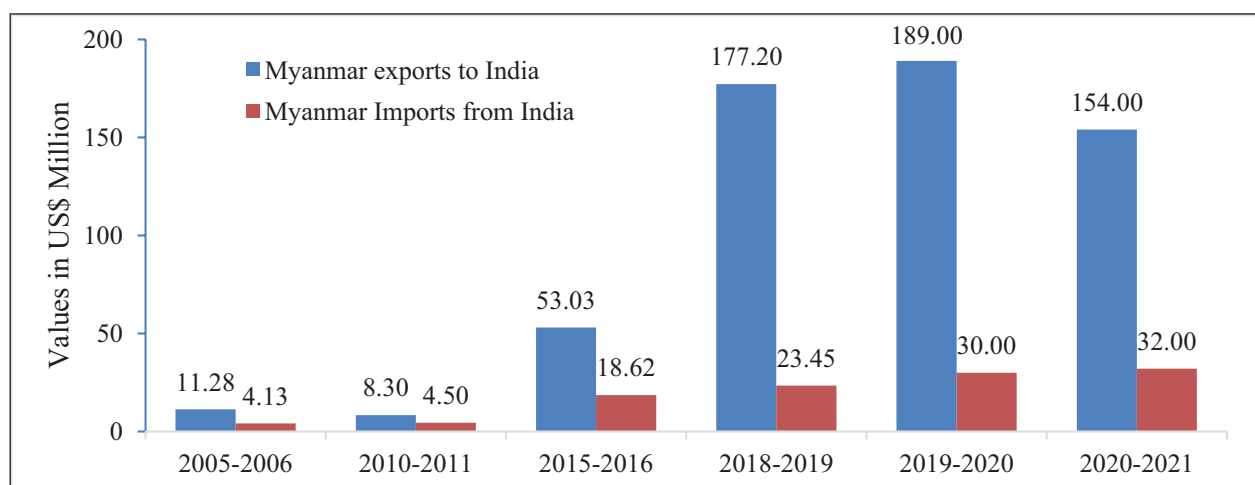
Note: For the year 2021, we assume the growth rate of GDP at 4 per cent for India and adjusted the growth rate between 3 to 4 per cent based on last five year growth rate of GDP. For the year 2025, we assume the growth rate of GDP at 7 per cent and for Myanmar it ranges between 5 to 7 per cent based on past five years of GDP.

when compared with Myanmar's border trade with China or Thailand (Figure 7(b)).¹ The bilateral border trade volume may go up if we factor in the volume of informal trade between India and Myanmar.

A substantial part of the bilateral trade at the Moreh-Tamu border is carried out informally.

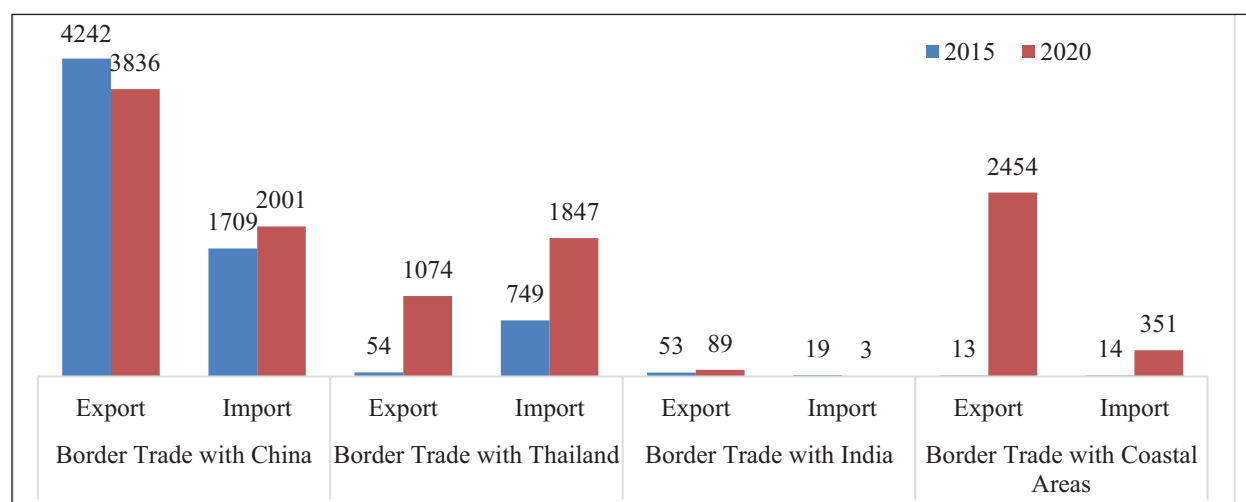
Since the majority of the trade that happens at Moreh is informal, which are recorded in Myanmar, but not in India. In the formal sector, Myanmar's exports to India through the Tamu border have increased from US\$ 11.28 million in 2005-06 to US\$ 154.00 million in 2020-21. Meanwhile, India's export to Myanmar through

Figure 7(a): India-Myanmar Border Trade at the Moreh-Tamu Border



Source: Embassy of India, Yangon (from 2005-06 onwards) and 2018-19 data from Myanmar Customs, Ministry of Commerce, Myanmar.

Figure 7(b): Myanmar's Border Trade with Neighbouring Countries (US\$ million)



Note: China: Muse, Lweijel, Chin Shwehaw, Kanpitete, Kyaing Tong; Thailand: Tarchileik, Myawaddy, Mawtaung, Mese; India: Tamu and Rhi and Coastal Areas: Nabulae/Htee Khee, Mawtaung, Mese, Sittwe, Maung Daw.

Source: Ministry of Commerce, Government of Myanmar.

Moreh has increased from US\$ 4 million in 2005–06 to only US\$ 32.45 million in 2020–21. India's major exports to Myanmar through Moreh are high-speed diesel, wallpaper, wheat flour, methyl bromide, and fertiliser; whereas, India's major imports from Myanmar through Moreh are betel nuts, fresh vegetables, and fruits² (Table 4). If the trade at border maintains the rising trend, this would effectively create fresh demand for trade across the land border, particularly through the Moreh Integrated Check Post (ICP).

Myanmar's exports to India do not pay any export duty for those items that are allowed to be exported to India. However, some of Myanmar's exports pay 2 - 5 per cent duty to the Myanmar government.³ At present, 13 items are not

allowed to be exported from Myanmar to India, and three items are not allowed to be imported from India to Myanmar. Out of the 10,000 tariff line export items, only 3,500 tariff line products need an export license.⁴ On the other hand, only 4,800 tariff line products need an import license. The rest of the products do not require any license and can be exported and imported without major documentation or compliance. The Tamu Chamber of Commerce is the nodal agency involved in facilitating Myanmar's trade with India through the Tamu border.

The major export item from Myanmar to India is primarily betel nuts (Table 5). Myanmar, being a least developed country (LDC), receives duty-free quota market access from India. However, India has raised the import duty on betel nuts

Table 4: Major Commodities Traded between India and Myanmar via Moreh

India's Exports to Myanmar	India's Imports from Myanmar
High-speed diesel, wheat flour, wallpaper, methyl bromide, fertiliser, soya bean meal, pharmaceuticals, motorbikes, non-alloy steel, oil cakes, cotton yarn and auto parts, Cumin seeds, sugar, wheat flour, bleaching power, masuri pulses, peas, w. flour, dry grapes, dry chilli, chemicals for restoration and lead acid flooded battery, gasoil ppm sulphur (HSD03) refined paraffin wax, lab equipment, methyl bromide and decorative paper, auto spare parts, men's wallet, LED torch, abrasive cutting discs, plate load test equipment, shuttering material, staging Material, excavator backhoe loader, bull dozer, spigot connector, channel, heavy duty prop jack, horizontal ledgers, horizontal ledgers , adjustable stirrup head, cuplocks vertical, light duty channel soldier, hydraulic excavator along with standard accessories with bucket HD, Luigong soil compactor, along with standard accessories, HSD Gas Oil, Wet Mix Macadam, Packages of Sport Shoe (Nivia), Sport Shoe (Nivia), Weigh Bridge, Auto Parts, Fancy Smoking Pipe Glass, Wallet (Leather) under MEIS Fancy Smoking Pipe Glass, hydraulic mobile crane, concrete pump, drainage composite pipe, drip stand; refrigerator; autoclaves; medical air compressor, High Pressure Hydraulic jack -1, Kanwar High Power pack-1, high pressure Hydraulic hose-1. Dial gauge, Hincol Emulsion, Ballistic Helmet Ammunition, Crusher Spare Parts, Bitumin Emulsion, Geotextiles, Drainage Composite Materials, Shuttering for RCC Girder Heavy Duty Prop Jack, Waller Tube, Single Clip for 40 NB Pipe, Tie Rod with wing nut & washer, Connecting Bolt, Wedge & Clip, etc.	Betel nuts, dry ginger, green mung beans, turmeric roots, ginger, saffron, bay leaves, medicinal herbs, fresh vegetables and fruits, fishery items, Fresh ginger, Betel nuts (Areca Nuts), cement

Note: Data collected during June 2019 and December 2021

Source: Survey (2021)

from 0 per cent to 40 per cent. As a result, import of betel nuts from Myanmar to India through formal channels has considerably fallen from US\$ 1067.25 million in 2016–17 to US\$ 457 million in 2018–19. However, this has encouraged the rise of informal trade of betel nuts through the land border.⁵ Since April 2020, the official trade through Moreh has been closed due to pandemic, resulting in rise of informal trade through different informal channel.

A major disadvantage to border trade is the lack of trade complementarities between India's Northeast and Myanmar. Both regions share very similar economic structures, where agriculture and resource extraction dominate. Northeast

India produces mainly tea, coal, limestone, fruits and vegetables, etc. and lacks the industrial capacity to produce the manufactured goods that Myanmar needs.⁶ This suggests that most of the border trade consists of informal trade, which brings arguably lower economic benefits to the region. Additionally, the overland route carries high transaction costs, which make it a far less desirable option, compared to ocean transport.⁷

All border areas of India and Myanmar are tribal areas. Moreh is controlled by several powerful chiefs of tribal communities, which indeed made the implementation of developmental activities in Moreh more difficult. There is a need to encourage the participation

Table 5: Trends in Indian Imports of Betel Nuts from Myanmar

Year	Import of Betel Nuts		Total Imports from Myanmar	Share of Betel Nut Imports in Total Imports from Myanmar
	HS 8028010 - Whole	HS 8028020 - Split		
	(US\$ million)			(%)
2019-20	-	-	-	
2018-19	-	-	457.10	
2017-18	-	-	639.64	
2016-17	0.91	5.50	1,067.25	0.006
2015-16	2.05	12.65	984.27	0.015
2014-15	2.87	4.81	1,231.54	0.006
2013-14	0.64	0.70	1,395.67	0.001
2012-13	3.93	-	1,412.69	0.003
2011-12	0.20	-	1,381.15	0.000
2010-11	0.82	-	1,017.67	0.001
2009-10	1.71	-	1,289.80	0.001
2008-09	0.12	-	928.97	0.000
2007-08	3.14	-	808.63	0.004
2006-07	0.59	-	782.65	0.001
2005-06	0.62	-	525.96	0.001
2004-05	1.00	-	405.91	0.002
2003-04	1.49	-	409.01	0.004
2002-03	2.23	0.01	336.04	0.007
2001-02	1.18	-	374.43	0.003
2000-01	1.91	0.68	181.69	0.014

Note: Data are on imports through official routes.

Source: Export-Import Databank, Government of India.

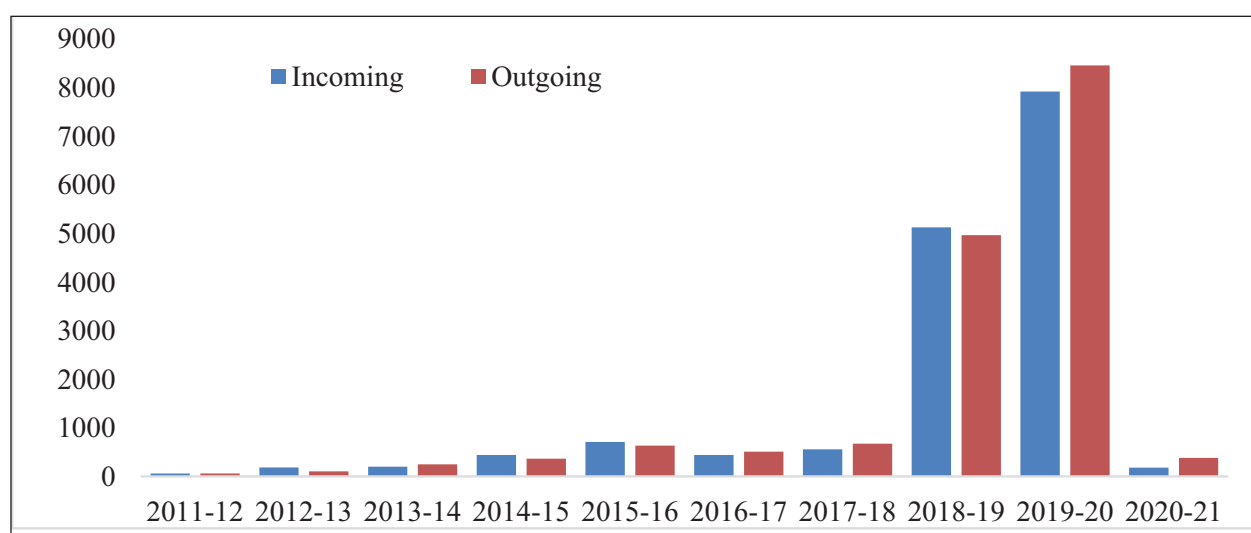
of the people in the trade. There are several challenges in terms of promoting formal trade. Most of the trade is happening through cash transactions between Moreh and Tamu. There is also a lack of financial infrastructure to facilitate international exchange between the countries such as 'Letter of Credit' facilities at banks in Moreh. There is a strong demand among the traders that a new Indo-Myanmar Border Trade

Agreement needs to be negotiated if at all there is to be a fast-track formalisation of informal trade.

4.4. Passenger Movement between India and Myanmar through Moreh

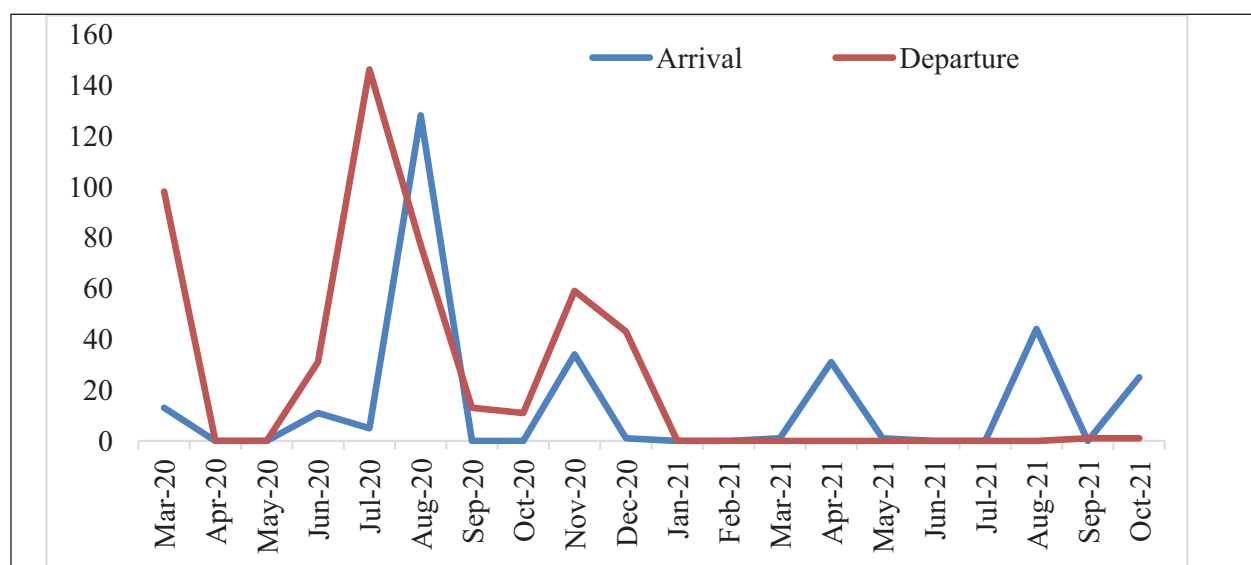
Passenger movement through the Tamu and Moreh border has increased considerably over

Figure 8(a): Yearly Passenger Movement at the Moreh-Tamu Border



Source: Land Ports Authority of India (LPAI)

Figure 8(b): Month-wise Passenger Movement at the Moreh-Tamu Border



Source: Land Ports Authority of India (LPAI)

the last few years (Figure 8(a)). The passenger movement has picked up since the border was opened for passenger movement between the two countries at Moreh and Tamu on 8 August 2018.⁸ Due to the Covid-19 pandemic, passenger movement between Tamu and Moreh has declined significantly for the last two years (Figure 8(b)). Compared to 2018–19, passenger movement at Moreh declined sharply in 2020–21.

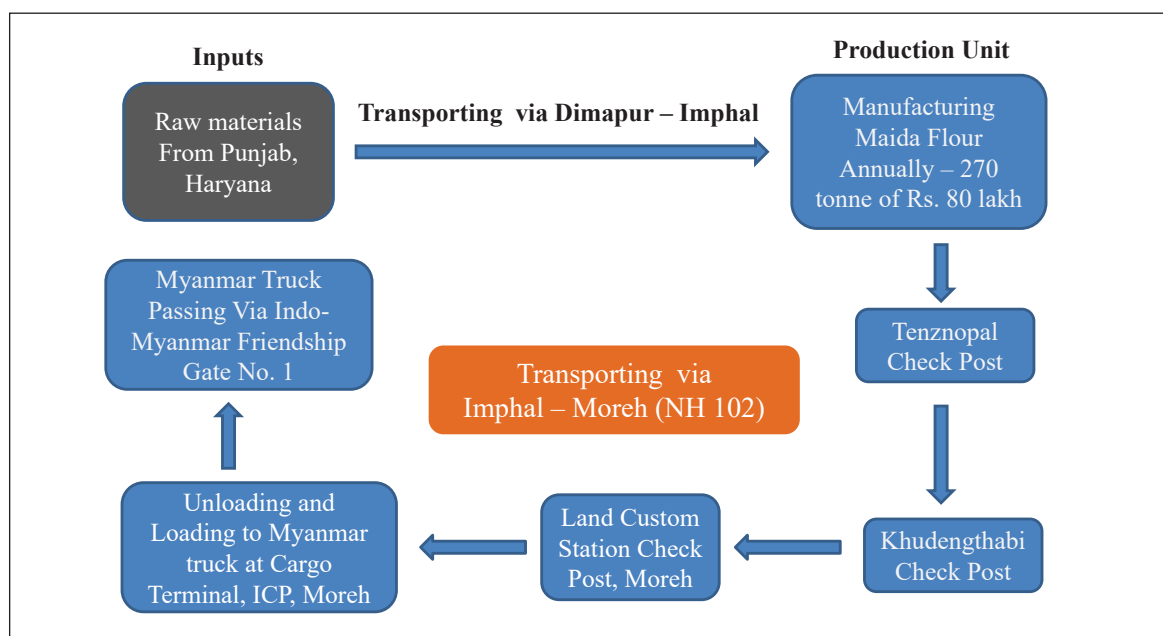
The Indian Missions in Myanmar have issued about 40–45 per cent of yearly visas to Myanmar people who wish to go to India through the land border. The majority of Myanmar nationals travel to India for business, tourism, pilgrimage, medical treatment, and other reasons. Medical tourism has been a success between the two countries (e.g. the case of Shija Hospital in Imphal). People from Manipur, on the other hand, want to travel to Myanmar for a variety of reasons, including culture, tourism, and business. Travelling to India via Tamu is substantially less expensive for Myanmar nationals. The number of individuals crossing the Tamu border has increased, especially when the Moreh ICP opened.

4.5. Value Chain Potentials in Food Processing Industries

Industrial activities in NER have enormous potential, with potential value chain linkages to Myanmar and other Southeast Asian countries. ERIA-RIS conducted a field survey in Nila Kothi, Imphal's Food Park. Shri Balaji Flour Mill has been exporting maida to Myanmar via a third party since 2017. They export roughly 225 to 270 metric tonnes of maida each year. They exported roughly 90 metric tonnes of Maida through the Moreh border in 2018-19. The company also exports Soyabean, Mattar Dal, and Besan to Myanmar over the Moreh border, in addition to Maida. Sri Balaji Flour Mill procured raw supplies such as wheat from Punjab and Haryana and shipped them via Dimapur to the Imphal factory. Punjab provides the majority of the agricultural raw materials. Rail transports raw resources to Dimapur, and road connectivity connects Dimapur and Imphal. The company has been affected due to the Insurgency, particularly on the road connecting Dimapur and Imphal.

The process of turning wheat into *maida* for both domestic and international consumption

Figure 9: Value Chain in Food Processing, Imphal



Source: Authors' own.

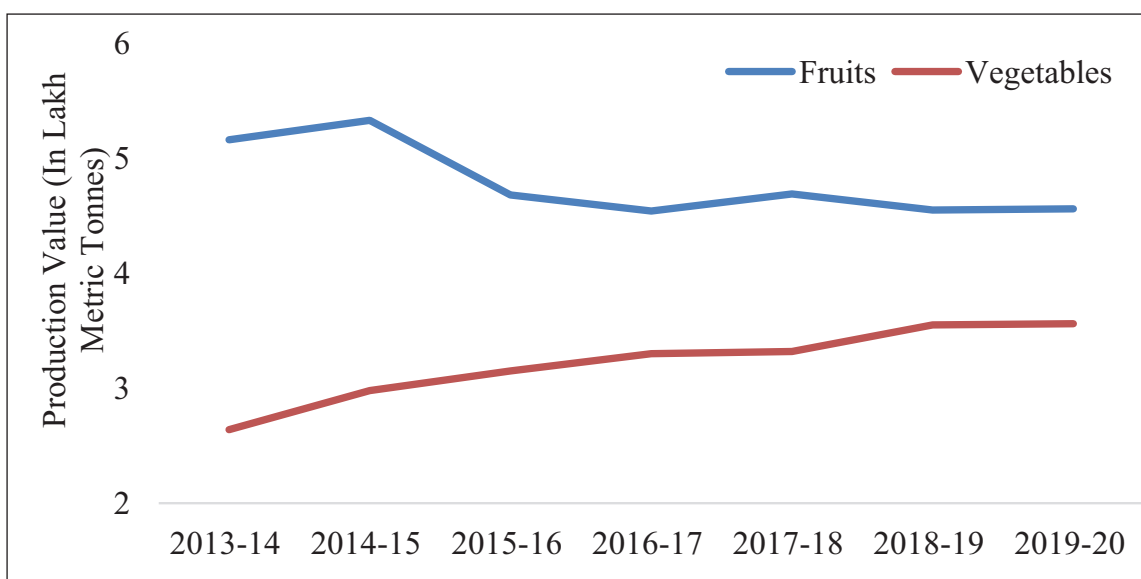
is illustrated in Figure 9. Figure 9 illustrates the food processing industry's value chain activities in Imphal. The vehicles must pass through Tenznopal and Khudengthabi checkpoints, as well as the Land Customs Station Checkpoint in Moreh, on its way to the Moreh-Tamu border. Then unloading and loading from and to Myanmar trucks at Moreh ICP. The Friendship Gate No. 1 has been used for cargo between India and Myanmar.

The sector that assumes significance for the NER states is the food processing industry. The NER is known for agriculture and horticulture crops including organic farming. In recent years, the region has witnessed significant growth in the production of fruits, spices and plantation crops. Among the NER states, Assam and Tripura have more units in food processing than other states in NER.⁹ There are several challenges that the food processing industries face in the NER, which includes lack of transportation, inadequate cold storage facilities, lack of post-harvest technologies and processing of farm produce, lack of market access and other factors.¹⁰ Because of the growing production of fruits and vegetables in Manipur (see Figure

10), the food processing industry has unmet value chain potentials, but it may need initial government support to compete in the local market, as well as support for exporting the products in the form of subsidies, incentives, tax concessions, and so on.

The central and state governments have implemented several schemes for the promotion and development of food processing industries in the NER. The schemes cover an entire spectrum of issues such as food parks, cold chains, value addition and preservation infrastructure, food testing laboratories, research and development, and modernization of food processing industries. The number of projects sanctioned under the two schemes notably the National Mission on Food Processing and Technology Upgradation/Modernization of Food Processing Industries schemes are higher than other schemes. For instance, there are hardly one or a few projects under the Mega Food Parks scheme, Integrated Cold Chain, Value Addition & Preservation Infrastructure and Research & Development for all the northeastern states except for 19 projects for Assam under the Research & Development scheme.¹¹

Figure 10: Trends of Fruits and Vegetables Production in Manipur



Source: MDoNER.

4.6. Modal Shift: Comparing Ocean and Land Routes in India-Myanmar Trade

The ICP at Moreh has the potential to enhance the border trade between India and Myanmar. Because of border connectivity between Moreh and Tamu, the ICP Moreh has not only promoted the industrial activities in the NER but also in the other parts of India. For instance, India has majorly exported automobile, pharmaceuticals and food products like coffee and tea to Myanmar in 2019-20, which was equivalent to 5941 containers (TEUs) exported to Myanmar mostly via ocean route (Table 6).¹² On the other, in the case of India's major imports, fruits and vegetables, cereals and wood products, about 35,381 containers (TEUs) were imported from Myanmar mostly via ocean routes (Table 7).¹³ Appendix 7 presents the methodology for calculation of ocean and land route rates.

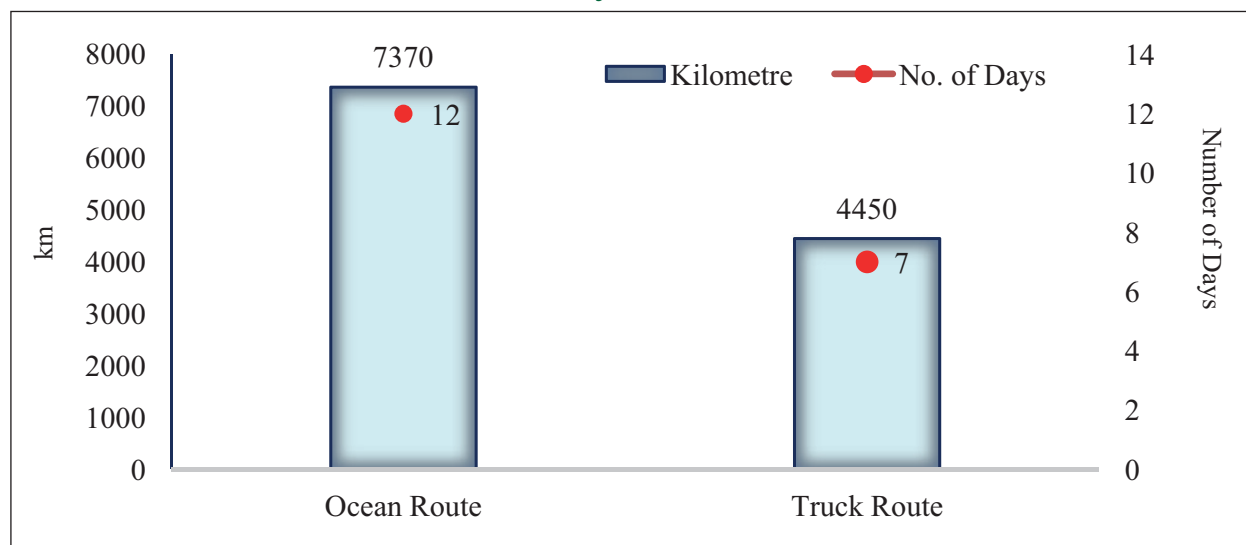
Travel time

In terms of travel time, it takes about 12 days via ocean route from Mumbai to Yangon via Colombo, Singapore, Malaysia (excluding dwelling time at each port) (Figure 11). On the other, in terms of land routes, it takes only 7 days from Mumbai to Yangon (assuming the truck travel at a speed of 50 km per hour for 12 hours in a day) (Figure 11). Therefore, the existing sea route is almost 60 per cent higher than land route of about 7370 km from JNPT, Mumbai to Port of Yangon, Myanmar. Hence, land transportation via Moreh clearly shows the benefit on travel time.

Transportation cost

In terms of transportation cost, ocean routes appear to be much cost effective than the land routes. Our calculations in Table 6 indicate that transportation cost through land routes for India's exports to Myanmar is calculated

Figure 11: Cargo Handles through Ocean and Land Routes between India and Myanmar



Note: For the Ocean route, we have converted the 3969 nautical mile distance to 7370 km. Both Ocean and land routes are calculated between Jawaharlal Nehru Port (JPPT), Mumbai to Port of Yangon, Myanmar. The number of days of transport is calculated by assuming 14 nm per hour via ocean route (excluding dwelling time at the port) and by assuming 50 km/hour for 12 hours of travel a day via truck route.

Source: Authors' own

Table 6: Major Exports from India to Myanmar via Ocean and Land Routes

Products	TEU (22 MT)	Total Export (Rs. Lakh) 2019-20	Shipping/Land Route Rates		Transportation Cost (%)	
			Shipping Rate between India (Mumbai JNPT) and Myanmar (Yangon Port) (Rs. Lakh)	Land Transportation Rate between India (Mumbai) to Myanmar (Yangon) (Rs. Lakh)	Shipping Route	Land Route
Automobiles	300	25438.83	149	1170	0.59	4.60
Pharmaceuticals	1116	152073.04	554	4351	0.36	2.86
Coffee/Tea	39	2884.82	19	152	0.66	5.27
Total	5941	180396.69	11974	23163	6.64	12.84

Note: Shipping rates and land transportation rates are calculated based on the authors own sources, which can be shared if needed, to interested readers.

Source: Authors' own estimates.

Table 7: Major Imports by India from Myanmar via Ocean and Land Routes

Products	TEU (22 MT)	Total Import (Rs lakh) 2019-20	Shipping/Land Route Rates		Transportation Cost (%)	
			Shipping Rate between India (Mumbai JNPT) and Myanmar (Yangon Port) (Rs. Lakh)	Land Transportation Rate between India (Mumbai) to Myanmar (Yangon) (Rs. Lakh)	Shipping Route	Land Route
Fruits and Vegetables	15753	172019	7816	61420	4.54	35.71
Cereals	8464	34469	4200	33000	12.18	95.74
Wood Products	2542	35071	1261	9911	3.60	28.26
Total	35381	241559	17555	137945	7.27	57.11

Note: Shipping rates and land transportation rates are calculated based on the authors own sources, which can be shared if needed, to interested readers.

Source: Authors' own estimates.

as 12.8 per cent, which is almost double than the shipping cost. In case of import, calculated transport cost through land routes has come out even higher (Table 7). Since costs are not static, it is possible to reduce it through improvement of infrastructure linkages, adding higher endowments and strengthening institutions.

Despite the ocean route takes long time to reach the destination, it is relatively cost effective because it carries huge bulk or large quantities of different types of cargo (containers, dry bulk and

tanker) in one go, covering several destinations. On the other hand, for the land routes to be cost effective, it requires adequate road and rail infrastructure development for reaching the destination in time without hinderance and also, able to carry large quantity of cargo in one go (for instance, rail or road transport's ability to carry large container or multiple containers through land route).

In addition, there is a huge scope for strengthening border connectivity between

Moreh and Tamu to facilitate smooth trading process (the detailed challenges with border connectivity are given in Chapter 6).

With the ongoing improvement of quality of infrastructure and connectivity projects backend, there is huge scope to beat the transportation cost through the land routes. In addition, with the help of multi-modal connectivity to connect the Moreh border with the rest of India, land routes may become cost-effective over time for trading with Myanmar and beyond.

4.7. Why Informal Trade (and not Formal) Trade Preferences

Informal trade is preferred by the majority of traders on both sides of the borders. This is a legacy of the abrogated Indo-Myanmar Trade Agreement of 1994:

- Contradictions and loopholes within the abrogated Indo-Myanmar Border Trade Agreement of 1994.
- Rent-seeking behaviour of border agencies.
- Weak trade facilitation measures on the ground at the LCS.
- Non-conclusion and non-operationalization of India-Myanmar and India-ASEAN trade facilitation measures like the MVA and non-liberalisation of other various tariff and non-tariff barriers to trade.

For example, the Border Trade Agreement mandated that a trader had to be both an exporter and an importer and balance of trade in export and import or otherwise face a fine. As this was impractical as well as bad in efficiency principles of specialization, traders resorted to 'Formal' head-load trade with minimal or no documentation needs rather than 'Formal' barter trade with full documentation needs. Multiple head-loads became the basis of cross-border trade with marginal customs revenues, both agencies and traders pocketing the bulk of the revenue or avoiding payments. On the other hand, the non-operation of foreign exchange and LOC banking facilities, unsettled exchange rates

and the US dollar being the trading currency through the ACH mechanisms led to high transaction costs and preference for traditional head load trade and no takers for 'normal trade' that was the third official means of trade at Moreh LCS. When the border trade agreement was replaced by normal trade regimes in 2015, informal head-load trade had become deeply entrenched in Indo-Myanmar trade, in terms of informal currency exchange of Rupee and Kyat and payment mechanisms, besides informal networks of transport, logistics, warehousing and trading. The whole process involved large numbers of petty informal traders, middlemen, distributors, transporters and powerful fixers on both sides of the borders. In a way Indo-Myanmar informal trade had acquired the interests of the underemployed masses, trading and non-trading elite and rent-seeking elements on both sides of the borders, thereby nurturing a political economy of informal trade.

Informal trade preferences have been also reinforced by the trading regimes, formal and informal that are in force and practised in Myanmar.

- Myanmar Customs at Tamu records all exports and imports, considered by them as legal, into India.
- All goods exported to or imported from India are levied formal duties of varying 'trader negotiated' rates.
- Traders in Myanmar prefer cash transactions in Myanmar and Indian currencies as they are yet to have full faith in Myanmar's banking system and their transaction efficiency.
- Third country goods are allowed to cross the border if an import tax of 2.5 per cent and a 'commercial' or 'income' tax of 2.5 per cent are paid.
- Bank transfer mechanisms are gaining ground but LOC mechanisms are not preferred because of a circuitous route and as solid banking agreements are yet to be established between India and Myanmar.

Informal trade preferences on the Indian side have been expressed because of the following reasons.

- Most of the goods traded at Moreh are in the Positive and Negative list of the Duty Free Tariff Preference Scheme (DFTPS) concessions given to Myanmar, while 96 per cent of the rest of the tariff lines are of zero duty. Some duty drawbacks on the negative and positive list need to be reconsidered at the Moreh LCS.
- Higher-order traders who preferred formal large volume trading through the ICP are discouraged that basic cost-cutting facilities like mechanised lifters and trade facilitating agencies are not available at the ICP and that ICP should not wait for trade volume to increase to be fully functional.
- Most traded goods are of third country origin and as such trading cannot be profitably done unless the ROO, MVA and transit trade agreements are negotiated and implemented on the ground.
- Elements of high business risks are there on both sides of the border because of militancy and weak law enforcing institutional structures.
- Informal taxes and extortions plus high formal duties reduce profit margins of formal trade to critical non-tradable levels.

Way Towards Formalisation of Informal Trade

There is a growing consensus among the traders in Manipur that formal trading through the ICP at Moreh is the only sustainable trading mechanism. There are two distinct sets of traders in Manipur. The first and primary traders are those who have been long associated with informal trading at the Moreh LCS. The second set is the new generation of commercial entrepreneurs based in the capital town of Imphal and outside, who have considerable investments in local trading and are expanding into international trade with ASEAN and China.

Both the groups strongly feel that for this to happen many impediments to formal trade has to be removed and active and aggressive handholding measures by State and Central agencies needs to be taken up immediately. While the progressive traders based in Imphal are better organized and knowledgeable of international trade regimes, the ones at Moreh have huge gaps in information, knowledge of institutional frameworks and trade regimes. There is therefore a need for dualism in building capacities and trade facilitation of the two sets of traders, in pursuing trade formalisation policies at the ICP Moreh.

Some grievances and suggestions emerging from the trading community on trade and connectivity are as follows:

- The ICP at Moreh should be made fully functional by the time the international borders are opened up for border trade to avoid a 'vicious circle' of inaction towards the formalization of trade.
- Transaction costs of trade are extremely high on both sides of the border and thus appropriate forums or stakeholder boards of the trade bodies of Manipur/India and Myanmar have to be evolved to address mutually acceptable and beneficial terms.
- There is an urgent need to identify a few gainfully and immediately tradable goods through the ICP within the given normal trade regimes. Allotment of trade Quotas in Maize and Pulses at LCS Moreh could create a trade rush much larger than the trade rush created by Betel Nuts imports recently.
- For ease of doing business, Exim Bank, periodic DGFT visits and consultations at ICP and Imphal, withdrawal of entry fee at Tamu, Visa stamping at Tamu for Myanmar nationals or a visa collection centre near the border for E-Visas to be meaningful.
- A transit house at Moreh for small-time traders and tourists of various types was suggested besides the Three Star planned hotel within ICP.

- On the issue of road and air connectivity, pioneer local entrepreneurs felt that their maiden ventures could not be continued because of India Government's unwillingness, for example, an air service agreement between India and Myanmar is still not in place. Direct flights to Myanmar from Northeast India have been strongly felt necessary.

4.8. Concluding Remarks

Myanmar is a gateway as well as a land bridge connecting India and Southeast Asia. India is Myanmar's fourth-largest trading partner having intense trade relations between them. Trade at the border between India and Myanmar has been increasing, but mostly through informal channels. Due to the rise in quotas on pulses and duties on betel nuts, formal import from Myanmar has declined from 2016 onwards. The bilateral border trade volume may go up if we count volume of informal trade between India and Myanmar. Following are the key findings:

The number of export items from India to Myanmar has increased from 1,122 to 2,476 in 2010-11 to 2019-20, indicating increased consumer confidence in the free trade open economies.

The study shows that India's exports to Myanmar are diverse in nature, whereas India's imports from Myanmar are restricted in few items. Pharmaceuticals, meat, automobile products, electrical equipment, machinery and mechanical appliances, cotton, and food processing were majorly exported by India from Myanmar. While edible vegetables, timber and wood goods, cereals, seafood, rubber, oilseeds, lead products, coffee, tea, spices, etc. were majorly imported by India from Myanmar.

Border trade between India and Myanmar have increased significantly since 2005. India's export to Myanmar through Moreh has increased from US\$ 4 million in 2005-06 to only US\$ 32.45 million in 2020-21. However, very few products

are being traded through land borders when compared with Myanmar's border trade with China or Thailand. India's major exports to Myanmar through Moreh are high-speed diesel, wallpaper, wheat flour, methyl bromide, and fertiliser; whereas, India's major imports from Myanmar through Moreh are betel nuts, fresh vegetables, and fruits.

The Augmented Gravity Model estimates show that the ASEAN-India trade might reach US\$ 337 billion by 2040, which also has strong implications for trade at the India-Myanmar border, particularly for the Moreh ICP. The trade forecast also suggests a possible rise in bilateral trade between India and Myanmar, which is likely to touch US\$ 1.6 billion by 2025 and US\$ 2 billion by 2030.

The potential for border trade between India and Myanmar is still unrealised. Mineral fuels, intermediate commodities for automobiles, electrical equipment, iron and steel, mechanical equipment, pharmaceutical products, and telecommunication products are some products that have high trade potentials.

The major import item from Myanmar to India is betel nuts. Import of betel nuts from Myanmar to India through formal channels has considerably declined from US\$ 1067.25 million in 2016-17 to US\$ 457 million in 2018-19. However, this has encouraged the rise of informal trade of betel nuts through the land border.

The passenger movement has increased through the Tamu and Moreh border with the opening of the border for passenger movement since August 2018. The number of passengers crossing the Tamu border has increased, especially with the opening of the Moreh ICP.

The sector that assumes significance for the NER states is the food processing industry. Because of the growing production of fruits and vegetables in Manipur, the food processing industry has unmet value chain potentials,

but it may need initial government support to compete in the local market, as well as support for exporting the products.

The ocean and land route rates analysis shows that it takes about 12 days to ship cargo containers from JNPT, Mumbai to Port of Yangon via Colombo (Sri Lanka), Singapore, Malaysia (excluding dwelling time at each port) through the ocean routes. It takes only 7 days to ship cargo containers from Mumbai to Yangon through land routes.

The study also finds that transportation cost through ocean routes (6.64 per cent) has appeared to be more cost-effective than the land routes (12.84 per cent) for India's exports to Myanmar. While transportation cost for imports through land routes (57.11 per cent) has come out to be even higher than ocean routes (7.27 per cent).

Endnotes

1. See Appendix Table 6 for Myanmar's border post-wise trade and the growth in total trade between 2015 and 2018.
2. Exports through the ICP in 2018–2019: (i) February 2019: pesticides (methyl bromide), one cargo of 5,000 kg, US\$ 36,600; (ii) March 2019: wallpaper, one consignment of 940 kg, US\$ 37,000; and (iii) April 2019: High-speed diesel, 16.95 metric tons, US\$ 11,230.
3. See, for example, RIS Survey 2019 and 2021
4. See, for example, RIS Survey 2019
5. Indian Customs claim that betel nut consignments that enter into India through Moreh are not necessarily of Myanmar origin. While Indian Customs insist on COO for imports of betel nuts, the Myanmar authority at Tamu claims that the green betel nut variety is produced in Kalay town in Sagaing region and areas along the Chindwin River (RIS Survey, 2019).
6. See, for example, Nath (2018).
7. See, for example, Chong (2018).
8. This benefit was also extended to all other border points across Myanmar. Third-country nationals with valid visas can enter and/or exit from any land border post that has been notified by Myanmar.
9. Based on NEC (2019)
10. Refer, Rais *et al.* (2014), World Bank (2019)
11. Based on NEC (2019)
12. To compute the truck rates we have collected data from Business Line and stakeholder consultation. First, we collected the truck rates for Mumbai to Guwahati from Business Line. Then, from Guwahati to Yangon we collected the data from stakeholder consultation.
13. To compute the ocean rates we have collected data from stakeholder consultation for the route between Jawaharlal Nehru Port Trust (JNPT), India and Port of Yangon, Myanmar.

**Appendix Table 1: India's Major Commodity Exports to Myanmar
(at the HS 2-digit level)**

HS Code	Commodity	2019-2020 (US\$ Million)	Share in 2019-20, (%)	CAGR (2010-11 to 2019-20), (%)
30	Pharmaceutical Products	221.78	22.77	13.61
2	Meat and Edible Meat Offal.	94.87	9.74	2.87
87	Vehicles Other Than Railway or Tramway Rolling Stock, And Parts and Accessories Thereof.	87.37	8.97	31.62
85	Electrical Machinery and Equipment and Parts Thereof; Sound Recorders and Reproducers, Television Image and Sound Recorders and Reproducers, and Parts.	65.46	6.72	14.51
84	Nuclear Reactors, Boilers, Machinery and Mechanical Appliances; Parts Thereof.	63.16	6.49	12.41
52	Cotton.	47.99	4.93	17.76
23	Residues and Waste from The Food Industries; Prepared Animal Fodder.	32.16	3.30	6.73
72	Iron and Steel	31.5	3.23	3.77
93	Arms and Ammunition; Parts and Accessories Thereof.	26.27	2.70	
39	Plastic and Articles Thereof.	22.41	2.30	14.30
24	Tobacco and Manufactured Tobacco Substitutes.	18.21	1.87	66.68
96	Miscellaneous Manufactured Articles.	17.58	1.81	13.63
27	Mineral Fuels, Mineral Oils and Products of Their Distillation; Bituminous Substances; Mineral Waxes.	17.32	1.78	18.70
38	Miscellaneous Chemical Products.	16.06	1.65	13.98
42	Articles of Leather, Saddlery and Harness; Travel Goods, Handbags and Similar Cont. Articles of Animal Gut (Other Than Silk-Worm) Gut.	14.58	1.50	
73	Articles of Iron or Steel	14.4	1.48	5.50
9	Coffee, Tea, Mate and Spices.	9.92	1.02	28.79
33	Essential Oils and Resinoids; Perfumery, Cosmetic or Toilet Preparations.	9.75	1.00	10.48

Source: Export-Import Databank, Government of India.

**Appendix Table 2: India's Major Commodity Imports from Myanmar
(at the HS 2-digit level)**

HS Code	Commodity	2019-2020 (US\$ Million)	Share in 2019-20, (%)	CAGR (2010-11 to 2019-20), (%)
7	Edible Vegetables and Certain Roots and Tubers.	344.07	62.87	-4.94
44	Wood and Articles of Wood; Wood Charcoal.	75.47	13.79	-15.76
10	Cereals.	48.63	8.89	
3	Fish and Crustaceans, Molluscs and Other Aquatic Invertebrates.	13.75	2.51	62.07
40	Rubber and Articles Thereof.	12.58	2.30	17.26
79	Zinc and Articles Thereof.	11.81	2.16	
12	Oil Seeds and Olea. Fruits; Misc. Grains, Seeds and Fruit; Industrial or Medicinal Plants; Straw and Fodder.	8.77	1.60	34.00
78	Lead and Articles Thereof.	7.8	1.43	
9	Coffee, Tea, Mate and Spices.	7.16	1.31	9.31
62	Articles of Apparel and Clothing Accessories, Not Knitted or Crocheted.	2.73	0.50	
61	Articles of Apparel and Clothing Accessories, Knitted or Crocheted.	2.12	0.39	
64	Footwear, Gaiters and The Like; Parts of Such Articles.	1.48	0.27	
85	Electrical Machinery and Equipment and Parts Thereof; Sound Recorders and Reproducers, Television Image and Sound Recorders and Reproducers, and Parts.	1.46	0.27	1.48
21	Miscellaneous Edible Preparations.	1.42	0.26	
72	Iron and Steel	1.06	0.19	
41	Raw Hides and Skins (Other Than Fur skins) And Leather	1.01	0.18	-13.97
76	Aluminium and Articles Thereof.	0.8	0.15	34.93
70	Glass and Glassware.	0.56	0.10	49.56
42	Articles of Leather, Saddlery and Harness; Travel Goods, Handbags and Similar Cont. Articles of Animal Gut (Other Than Silk-Worm) Gut.	0.51	0.09	
87	Vehicles Other Than Railway or Tramway Rolling Stock, And Parts and Accessories Thereof.	0.47	0.09	31.67
47	Pulp of Wood or Of Other Fibrous Cellulosic Material; Waste and Scrap of Paper or Paperboard.	0.42	0.08	

Appendix Table 2 continued...

Border Trade between India and Myanmar

Appendix Table 2 continued...

90	Optical, Photographic Cinematographic Measuring, Checking Precision, Medical or Surgical Inst. and Apparatus Parts and Accessories Thereof;	0.37	0.07	28.56
96	Miscellaneous Manufactured Articles.	0.32	0.06	1.34
32	Tanning or Dyeing Extracts; Tannins and Their Deri. Dyes, Pigments and Other Colouring Matter; Paints and Ver; Putty and Other Mastics; Inks.	0.31	0.06	13.16
84	Nuclear Reactors, Boilers, Machinery and Mechanical Appliances; Parts Thereof.	0.29	0.05	17.06
94	Furniture; Bedding, Mattresses, Mattress Supports, Cushions and Similar Stuffed Furnishing; Lamps and Lighting Fittings Not Elsewhere Specified or Inc	0.29	0.05	30.66

Source: Export-Import Databank, Government of India

Appendix Table 3: India's Actual Exports to Myanmar and the Potential in 2021
(at the HS 6-digit level)

HS Code	Product Label	India's Actual Exports to Myanmar	India's Export Potential
		(US\$ Million)	
	All Products	457.12	531.9
3004Xb	Medicaments consisting of mixed or unmixed products, for retail sale	153.1	148.1
871120	Motorcycles, piston engine >50cm ³ but ≤250cm ³	7.5	121.4
170199	Cane or beet sugar & chemically pure sucrose	87.9	69.4
20230	Bovine cuts boneless, frozen	49.2	33.3
6907	Unglazed ceramic flags, paving, hearth, wall tiles, mosaic cubes & the like, nes	0.42	30.9
3808	Insecticides, rodenticides, fungicides, herbicides & similar	11.4	25.8
300450	Medicaments containing (pro)vitamins & derivatives, for retail sale	21.4	11.8
8701XX	Tractors, nes	21.2	21.5
300420	Medicaments containing antibiotics, for retail sale	20.9	17.9
50100	Human hair, unworked	17.8	17.1
8703XX	Motor vehicles for the transport of persons, nes	16.4	10.9
300410	Medicaments containing penicillins or derivatives thereof, nes	14.2	8.2
730820	Towers & lattice masts	12.7	8
0904XX	Pepper (Capsicum or Pimenta), dried, crushed or ground	12.6	6.4
210111	Coffee extracts	10.4	1.2

Note: ITC uses a gravity model specified at the product level for estimating the export potential.” For details refer, https://umbraco.exportpotential.intracen.org/media/1089/epa-methodology_141216.pdf.

Source: ITC Export Potential Map, International Trade Centre (ITC).

Appendix 4: Estimated Gravity Model

To estimate the determinants of India's trade with ASEAN, we have used least square dummy variable (LSDV) model based on augmented gravity model framework as given in equation (1) using cross-section data for the year 2019.

$$\ln X_{ij} = \alpha + \beta_1 \ln Y_i + \beta_2 \ln Y_j + \beta_3 D_{ij} + \beta_4 \text{common_lang}_{ij} + \beta_5 \text{contig}_{ij} + \beta_6 \text{colony}_{ij} + \beta_7 \text{common_currency}_{ij} + \beta_8 \text{fta_wto}_{ij} + \beta_9 \text{Trade Costs}_{ij} + u_{ij} \quad (1)$$

where,

i is the exporting country

j is the importing country

X_{ij} is export of country i to country j

Y_i is GDP of the country i

Y_j is GDP of the country j

D_{ij} is distance between country i and j

contig stands as dummy for common border (1 if the two countries share a common border and 0 otherwise)

common_lang is a dummy for common language (1 if both countries have a common language, 0 otherwise)

colony is dummy for colony (1 if both countries had a colonial relationship and 0 otherwise)

comcur is dummy for common currency (1 if both the countries are sharing common currency and 0 otherwise)

fta_wto stands as dummy for member for free trade agreement (1 if both the countries are members of FTA and 0 otherwise)

Trade Costs is the entry cost of the reporter and partner country.

Our analysis covers maximum possible geographical coverage of world bilateral trade flows covering about 150 countries. In addition, the set of other explanatory variables that may influence the level of trade often includes dummy variables such as common language, common border, colony, common currency, FTA. The Gravity model is commonly used for assessing the effect of FTA / PTA on trade flows. The FTA dummy is used to capture the trade creation and trade diversion effects of an existing FTA or PTA in the Gravity model. The Gravity data such as distance, colonial, common currency, free trade agreements, and others are collected from CEPII database. In addition, GDP, GDP per capita, population, and other variables are available in the World Development Indicators (WDI) of the World Bank. The aggregate level bilateral trade data is available in DOTS, IMF; and more disaggregate level bilateral data are available in UNCTAD Database and WITS Database.

Based on Gravity modelling framework, we then projected the India-ASEAN trade for the years 2025 and 2040. The forecast in 2025 is based on the IMF's forecasted GDP growth rate (IMF, 2021). In case of the year 2025, we assume the growth rate of GDP for India is at 7 per cent for India, and, for the ASEAN countries, it ranges between 5 to 7 per cent based on past five-year growth rate of GDP."

Appendix Table 5: Trade Projection based on Gravity Model India's Exports to and Imports from ASEAN Countries till 2040

	2021			2025			2030			2035			2040		
	Exports	Imports	Total	Exports	Imports	Total	Exports	Imports	Total	Exports	Imports	Total	Exports	Imports	Total
Brunei	0.1	0.4	0.5	0.1	0.5	0.5	0.1	0.6	0.7	0.1	1.0	1.1	0.3	2.0	2.2
Cambodia	0.1	0.0	0.2	0.2	0.0	0.2	0.2	0.1	0.3	0.3	0.1	0.4	0.7	0.2	0.8
Indonesia	4.4	12.0	16.4	4.8	13.6	18.4	6.3	17.6	23.9	9.6	27.0	36.6	19.6	55.2	74.8
Lao PDR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.1	0.0	0.1
Malaysia	6.2	7.4	13.6	6.8	8.4	15.2	8.9	11.0	19.8	13.5	16.8	30.3	27.7	34.3	62.0
Myanmar	0.8	0.6	1.4	0.9	0.6	1.6	1.2	0.8	2.0	1.9	1.2	3.1	3.8	2.5	6.3
The Philippines	1.4	0.5	1.9	1.6	0.6	2.1	2.1	0.7	2.8	3.1	1.1	4.3	6.4	2.3	8.7
Singapore	8.3	12.3	20.6	9.4	13.8	23.2	12.2	18.0	30.1	18.6	27.5	46.1	38.0	56.2	94.3
Thailand	3.8	5.2	9.0	4.2	5.9	10.1	5.5	7.7	13.2	8.4	11.8	20.2	17.1	24.1	41.2
Vietnam	4.5	5.6	10.0	5.0	6.3	11.3	6.6	8.2	14.7	10.0	12.5	22.6	20.5	25.6	46.1
ASEAN	29.6	44.0	73.6	33.0	49.7	82.7	42.9	64.7	107.6	65.7	98.9	164.6	134.3	202.3	336.6

Note: For the year 2021, we assume the growth rate of GDP at 4 per cent for India and adjusted the growth rate between 3 to 4 per cent based on last five year growth rate of GDP. For the year 2025, we assume the growth rate of GDP at 7 per cent and for the ASEAN countries it ranges between 5 to 7 per cent based on past five years of GDP.

Appendix Table 6: Myanmar's Border Trade with Neighbouring Countries

Station	Exports (US\$ million)		Imports (US\$ million)		Total Trade (US\$ million)		CAGR of Total Trade (%)
	2015	2018	2015	2018	2015	2018	(2015–2018)
China	4,242.12	4,123.56	1,708.56	1,627.61	5,950.68	5,751.17	-1.13
Muse	3,809.52	3,465.47	1,568.36	1,542.8	5,377.87	5,008.27	-2.35
Lwejel	64.34	143.31	12.62	12.83	76.96	156.14	26.59
Chin Shwehaw	332.99	368.36	52.79	49.41	385.78	417.77	2.69
Kanpitetee	28.79	145.55	67.45	20.86	96.24	166.4	20.02
Kyaing Tong	6.48	0.88	7.35	1.72	13.83	2.6	-42.71
Thailand	53.84	387.81	749.35	856.05	803.19	1,243.86	15.70
Tarchileik	9.66	13.38	64.93	63.08	74.59	76.45	0.82
Myawaddy	43.79	97.65	682.33	675.42	726.11	773.07	2.11
Mawtaung	0.4	134.11	2.1	31.72	2.49	165.83	305.34
Mese		142.68		85.83		228.51	
India	53.03	149.85	18.62	20.43	71.65	170.28	33.45
Tamu	32.78	112.6	12.79	1.72	45.57	114.31	35.87
Rhi	20.26	37.26	5.83	18.72	26.08	55.97	28.99
Coastal Areas	13.127	1,164.74	14.34	209	27.47	1,373.74	268.42
Nabulae/Htee Khee	2.01	940.63	11.18	137.11	13.19	1,077.75	333.93
Mawtaung	0.4	9.04	2.11	7.05	2.51	16.08	85.73
Mese		1.02		0.48		1.50	
Sittwe	5.35	205.58	0.98	64.33	6.33	269.91	249.36
Maung Daw	5.37	8.48	0.07	0.03	5.44	8.51	16.09

Source: Ministry of Commerce, Government of Myanmar.

Appendix 7

Methodology for Land and Ocean Route Rates Calculation

The selection of truck and ocean route rates is based on three stage analysis. First, calculate truck and ocean route rates at HS 8-digit level that are valued more than Rs. 5 lakh in 2019-20 and convert the quantities in to 22 metric tonnes (TEU). The truck and shipping rates have been taken for the year 2021. Second, from the selected list of products, we sorted out the products based on SITC 2-digit level broad category. Third, we calculate the transportation cost in per cent term.

Let Product Quantity = x_{kl}

where $k = 1, 2, 3, \dots, n$ represent exported product and $l = 1, 2, 3, \dots, n$ represent imported product. Quantity is measured in 22 metric tonnes (TEU).

Let Truck Route Rate = y_{ij}

where i represents India (Mumbai) and j represents Myanmar (Yangon). The truck route rates are measured in INR lakh.

Let Ocean Route Rate = z_{ij}

where i represents India (Mumbai) and j represents Myanmar (Yangon). The shipping rates through ocean route are measured in INR lakh.

Let Export/Import Product value = w_{kl}

Where, $k = 1, 2, 3, \dots, n$ represent exported product and $l = 1, 2, 3, \dots, n$ represents imported product.

The equation for calculating the truck route rates is as following:

$$\begin{aligned}\text{Land Route Rate} &= \text{Product Quantity} \times \text{Truck Rate} \\ &= x_{kl} \cdot y_{ij}\end{aligned}\quad (1)$$

The land route rate between India (Mumbai) to Myanmar (Yangon) is calculated by multiplying product quantity and truck rate.

The equation for calculating the ocean route rates is as following:

$$\begin{aligned}\text{Ocean Route Rate} &= \text{Product Quantity} \times \text{Shipping Rate} \\ &= x_{kl} \cdot z_{ij}\end{aligned}\quad (2)$$

The ocean route rate between India (Mumbai) to Myanmar (Yangon) is calculated by multiplying product quantity and shipping rate.

The equation for calculating transportation cost through land is as following:

$$\text{Transportation Cost} = \frac{y_{ij}}{w_{kl}} \cdot 100 \quad (3)$$

The transportation cost between India (Mumbai) to Myanmar (Yangon) through land is calculated by dividing truck route rate into export/import value in per cent term.

Similarly, the equation for calculating transportation cost through ocean is as following:

$$\text{Transportation Cost} = \frac{z_{ij}}{w_{kl}} \cdot 100 \quad (4)$$

The transportation cost between India (Mumbai) to Myanmar (Yangon) through ocean is calculated by dividing shipping route rate into export/import value in per cent term.

Border Connectivity between India and Myanmar

Well-designed connectivity is essential to strengthen economic, industrial trade and people-to-people links between India and her neighbours in Southeast Asia including Myanmar. This would, among others, expand trade and investment, build regional value chains, create jobs, and increase people-to-people interaction.

Myanmar is the land bridge that connects Southeast Asia with India. Connectivity between India and Myanmar is critical to ASEAN-India economic relations. Here, we briefly review the status of physical connectivity between India and Myanmar, which is having implications on India's Northeast.

Increased trade, services, and people movement between India and Southeast Asian countries show implications on ICP Moreh. Appendix Table 1 highlights several connectivity initiatives that are currently underway between India and Myanmar. Some of the projects need a special mention such as the road connectivity from Imphal to Moreh as a part of the Trilateral Highway (TH), bus service between Imphal and Mandalay, development of border infrastructure at Moreh and Zokhawthar, among others. In addition, Myanmar has also established cross-border fibre optic networks with a number of its neighbours, notably India. The first cross-border

fibre optic link between India and Myanmar was established in February 2009, stretching 500 km from Moreh to Mandalay. Tamu, Kampatwa, Kyi Gone, Shwebo, Monywa, and Monywa, Sagaing are all on this optical fibre route.¹ Building cross-border connectivity would benefit from better collaboration between Myanmar and India. Missing rail and road linkages in Myanmar are obstructing overland connectivity between India and Southeast Asia to a large extent. Myanmar's road conditions and railway infrastructure must be enhanced and modernised. Therefore, digital and land connectivity between India and Myanmar may act as notable catalysts for greater integration of the borderlands.

Northeast Indian states have been witnessing rapid but sporadic expansion in the agriculture and industrial sectors. Linking India's Act East Policy (AEP) to the productive base of the region and creation of value chains in view of the Trilateral Highway (TH) can take off when the NER develops efficient value chains and industrial clusters (ERIA, 2019).

5.1 Road Connectivity

5.1.1 Road Connectivity of Imphal/ Moreh with NER

The Ministry of Road Transport and Highways

Box 1: Bharatmala Project

Bharatmala project aims to strengthen the infrastructure connectivity project to optimize the efficiency of freight along with smooth passenger movement across the nation. As per the Phase-1 in October 2017, about 34,800 km of roads will be constructed and developed through economic corridors (9000 km), inter-corridors and feeder routes (6000 km) development along with the efficient movement in the national corridors (5000 km), international and border connectivity roadways (2000 km), port and coastal connectivity roadways (2000 km), the green-field expressways (800 km) and NHDP roads (10000 km). Besides, under Phase 2, the National Highway Authority of India (NHAI) has identified that 5,000 km will be covered.

It calls for improvement in efficiency of existing corridors through development of Multimodal Logistics Parks and elimination of choke points. It enhances focus on improving connectivity in North East and leveraging synergies with Inland Waterways. North East Economic Corridor aims for enhancing connectivity to state capitals and key towns. Multimodal freight movement via 7 Waterway terminals on River Brahmaputra – Dhubri, Silghat, Biswanath Ghat, Neamati, Dibrugarh, Sengajan, Oriyamgh. It emphasizes on the use of technology & scientific planning for project preparation and asset monitoring. It calls for seamless connectivity with neighbouring countries: 24 ICPs identified Transit through Bangladesh to improve North East connectivity Integrating Bangladesh – Bhutan – Nepal and Myanmar – Thailand corridors which will make North East hub of East Asia Satellite mapping of corridors to identify upgradation requirements.

Source: Various Media Articles

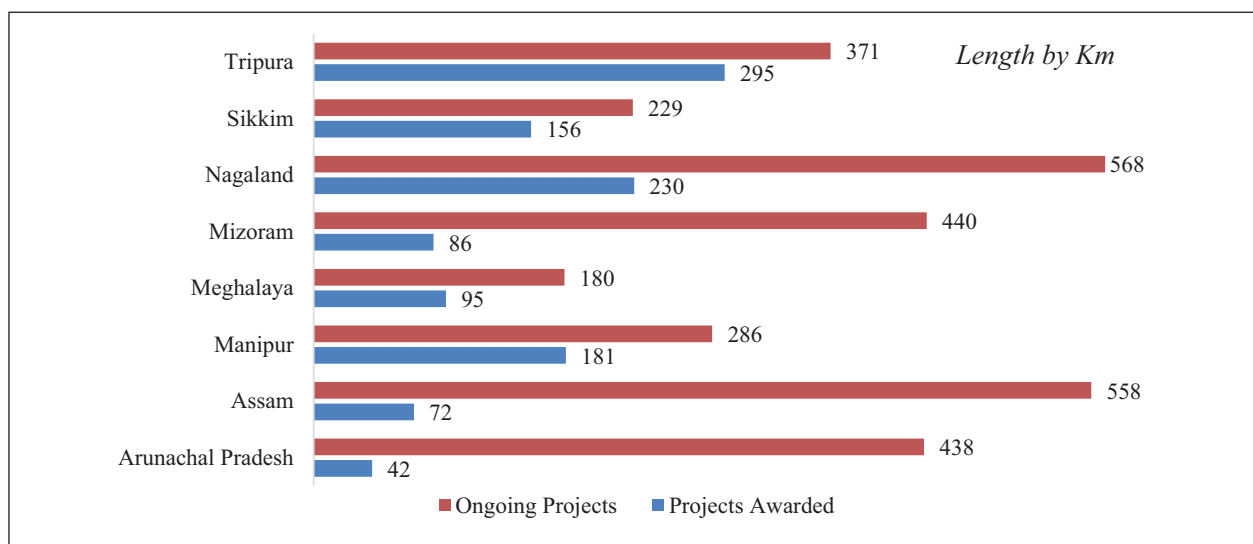
(MoRTH) has been paying special attention to the development of National Highways in the NER. Several road connectivity projects in the NER have been undertaken broadly by four agencies, namely, PWDs, BRO, NHAI and NHIDCL. Of the total length of 13,658 km, about 12,063 km is being constructed by National Highways and Infrastructure Development Corporation Limited (NHIDCL) including the international trade corridors in NER, particularly as a part of the Bharatmala project and economic corridor initiatives (see Box 1). The Bharatmala Pariyojana is scheduled to construct almost 80-90 per cent of the road connectivity in the NER by 2023.

In Manipur, 18 stretches for a total length of 286 km and at an estimated project cost of Rs. 2911.70 crore are under implementation, out of which about 181 km at a cost of Rs. 2,939 crore are awarded and 41 km of length and 118 km of strengthening was completed during the financial year 2020-21 (see Figure 1(a) and 1(b)). Besides, the NHIDCL plays a vital role in

developing international connectivity, centring the Northeast. For instance, the construction of the Imphal-Moreh road and Moreh bypass road will facilitate trade with Myanmar.

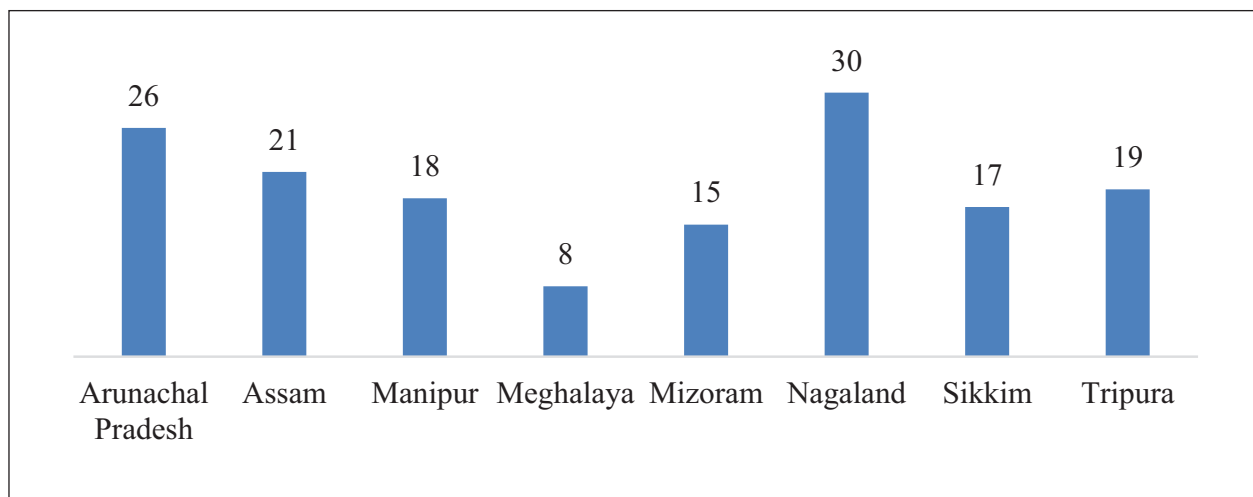
Internal connectedness is critical for strengthening bilateral ties, and both state and union governments should pay close attention to it. It is crucial to evaluate the northeast's internal connectivity to Manipur's border town of Moreh. The NH 39 connects Moreh with Imphal. Imphal is connected to Guwahati, the NER's main hub, by NHs 36, 37, and 39 (Map 1). The travel from Imphal to Guwahati takes roughly 12 hours by road at the moment, and several sections of the road are in poor condition. Another option for commuting from Imphal to Guwahati is to take the Haflong path, which is shorter but a more challenging route. Road connectivity between Imphal and Silchar is good, and two small bridges and one large bridge are now being expanded.

Figure 1 (a): State-wise Status of Ongoing Projects and Projects Awarded by NHIDCL (as on 8 December 2020)



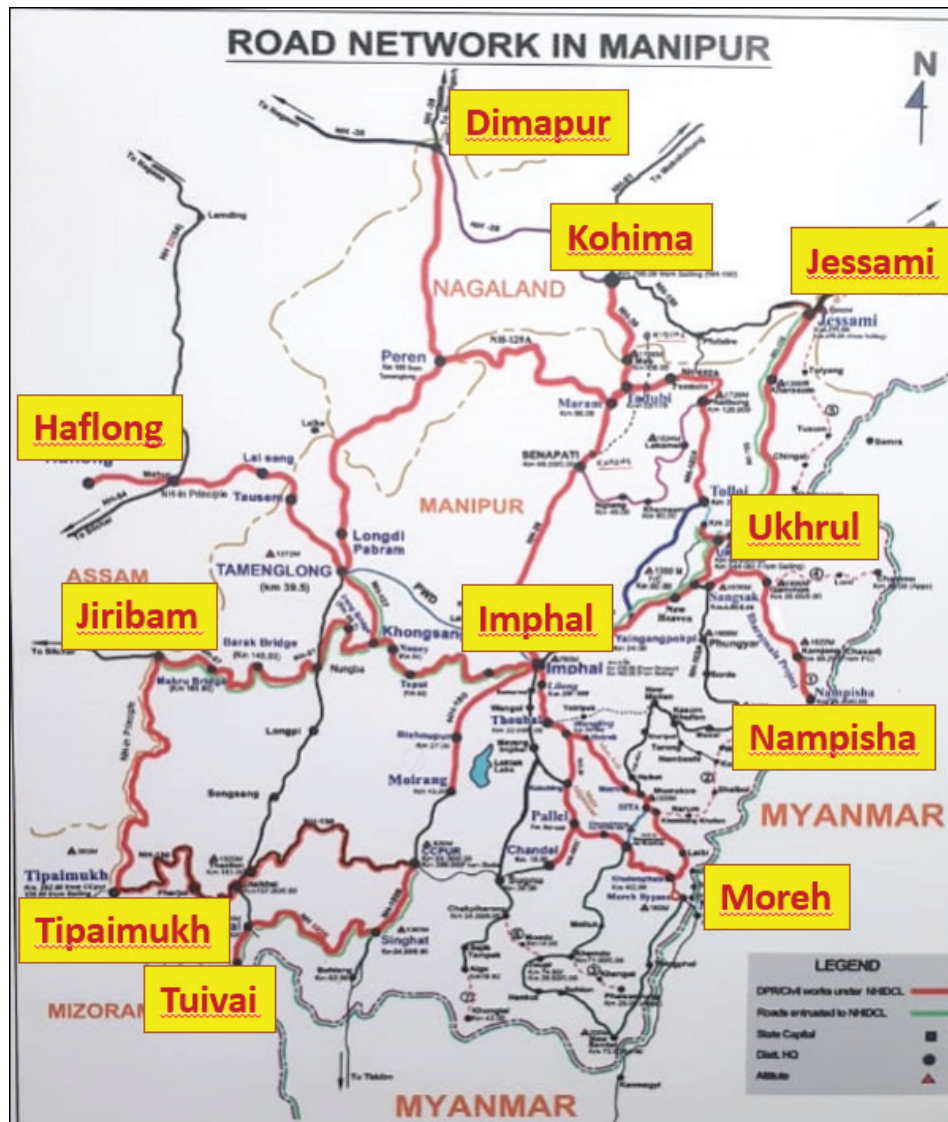
Source: Annual Report 2020-21, Ministry of Road Transport and Highways, India.

Figure 1 (b): State-wise Number of Projects Awarded by NHIDCL (as on 8 December 2020)



Source: Annual Report 2020-21, Ministry of Road Transport and Highways, India.

Map 1: Road Connectivity of Imphal/Moreh with NER



Source: NHIDCL.

The NHIDCL has been awarded to construct the NHs in the NER. The NHIDCL is also working to upgrade roads between Imphal and Kohima, as well as between Imphal and Jiribam. Furthermore, the NHIDCL is working on the Aizawl to Tuipang (NH 54) road connectivity project.

There is a possibility that the TH could be linked to the Kaladan project. Imphal is

connected to Aizawl by road through Manipur's Churachandpur and Tipaimukh. However, there are several challenges, such as land acquisition and encroachment for development and highways, unlawful activities of insurgent groups, particularly between Imphal and Jiribam and between Imphal and Dimapur; high replacement costs of standing structure/ horticulture/ forest land; and lack of cooperation from state line departments.

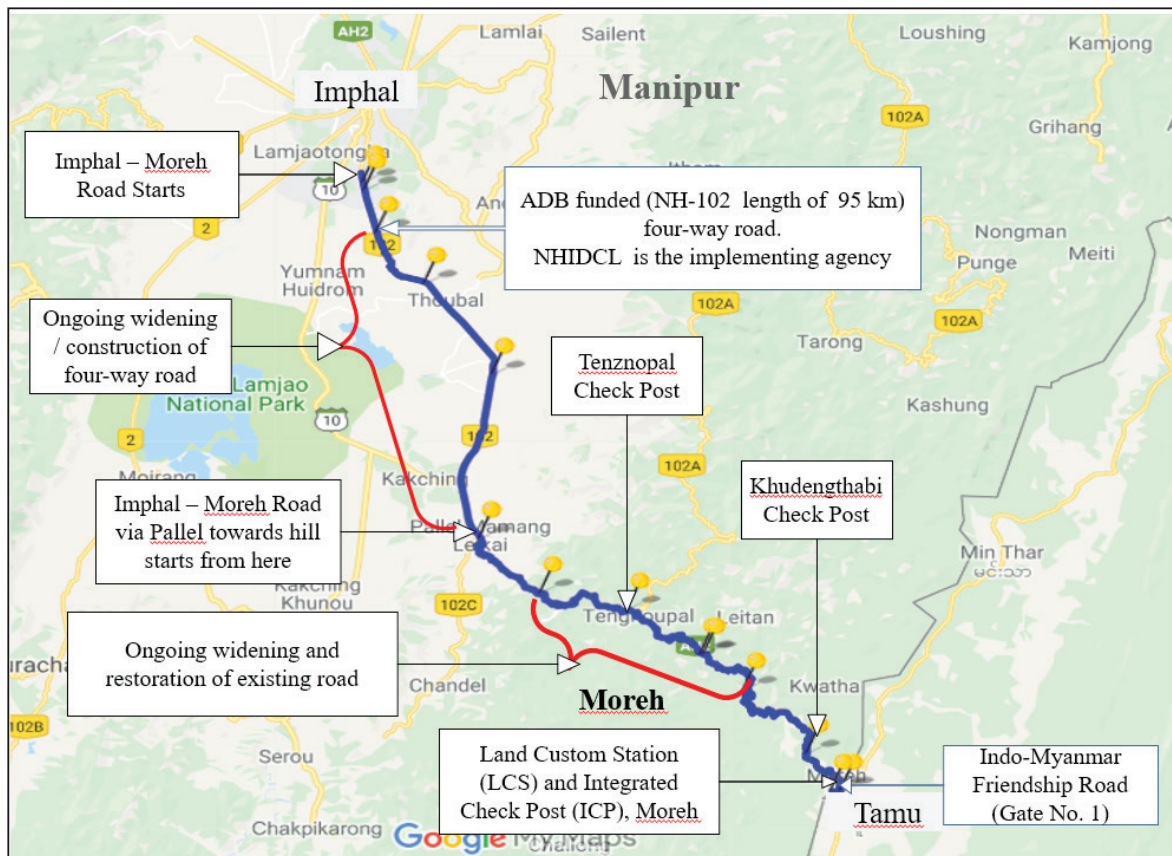
5.1.2 Road Connectivity between Imphal and Moreh

The ADB-funded highway project between Imphal and Moreh is being implemented by the NHIDCL.² The entire cost is expected to be Rs 11.88 billion. There are challenges with the project's ongoing construction, such as land acquisition in parts of the areas between Imphal and Pallel. Another example is the old bridge (also known as Lilong Bridge) in Lilong Bazar, which has a single lane and is heavily congested and needs to be rebuilt. Similarly, the bridge between Thoubal and Wangjing (Thoubal Bridge) is too narrow and has to be widened. This is where the ADB project's second phase begins (Map 2). The ADB project is now building a road from Kaching to Pallel Bazaar. The hill

begins in Pallel, and the Pallel Bazaar bridge has to be replaced.

There used to be seven checkpoints on the hill between Pallel and Moreh, but currently, only two remain operational. Tenznoupal has the first vehicle checkpoint, and Khudengthabi has the second vehicle checkpoint. The Assam Rifles have installed a cargo scanner at the second checkpoint for commodities that will be imported through Moreh and transferred to Imphal. Under this project, a two-km bypass will be built in Moreh as part of this project to circumvent the congested area of the town. The bypass will link NH 102 to the India-Myanmar Friendship Bridge directly. The ICP at Moreh is connected to the Indo-Myanmar Friendship Road at Gate No.1 by the Imphal-Moreh road.

Map 2: Project Status of Imphal – Moreh Connectivity



Sources: Survey (2021).

Vehicles are currently travelling at 40 km/h in the valley and 20 km/h on the hills. When the project is completed, passenger car speeds may likely increase to 100 km in the valley and 65 km on the hills.

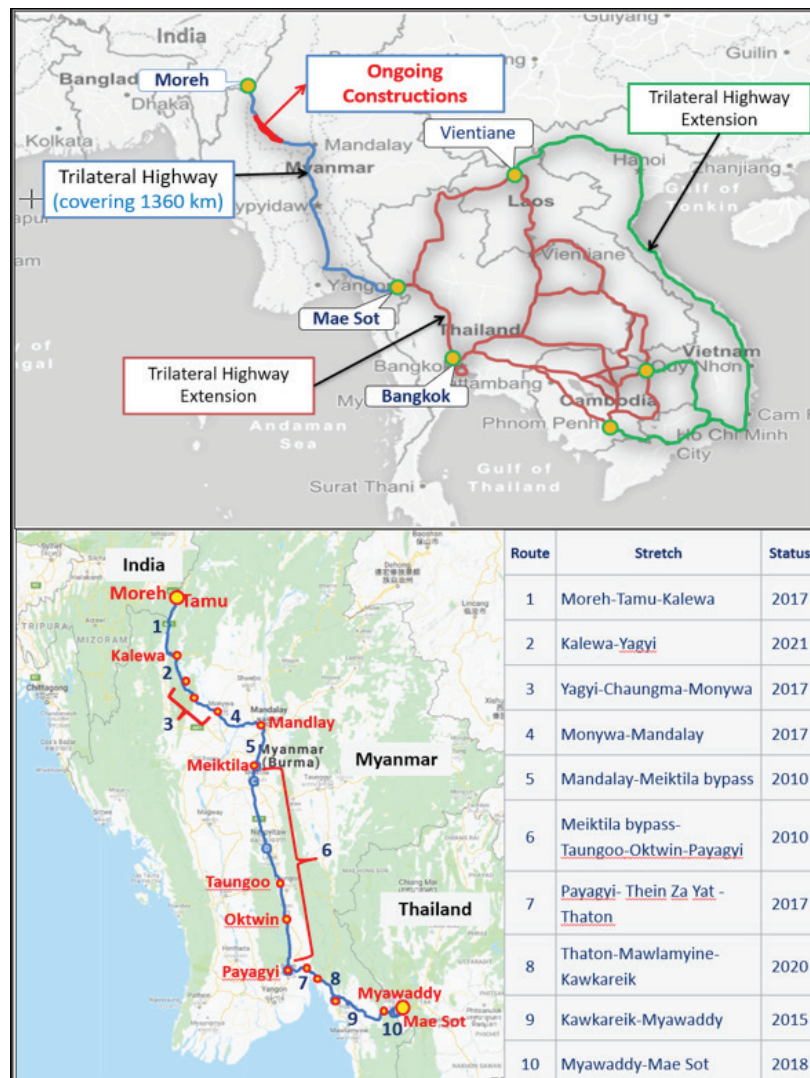
5.1.3 Cross-Border Connectivity through Imphal/Moreh

The TH project requires the construction of a 1,360-kilometer highway connecting Moreh, Manipur, and Mae Sot, Thailand through Myanmar. The TH is currently being built and is expected to be finished in 2022 (see Map 3). The

TH includes the Tamu – Kalewa – Kalemmyo route, also known as the India-Myanmar Friendship Road. It was opened in 2001. The ERIA recently completed a study on the extension of the Trilateral Highway to Cambodia, Lao PDR, and Vietnam (ERIA, 2020).

On behalf of the Government of India, under the supervision of the NHAI, the Punj Lloyd and Varaha Infra joint venture have been constructing the two-lane highway between Kalewa and Yargi section of the TH in Myanmar. The 112 km road is estimated to cost Rs 11.20 billion. The project is funded by the Ministry of External Affairs,

Map 3: Cross-Border Connectivity between India and Myanmar



Source: Authors' own.

Government of India. Out of a total 112 km road length, about 20–25 km of the road falls in the hilly terrain. The project commenced on 28 May 2018 and is expected to be completed by 2023. The contractors under the NHAI's supervision would carry out the maintenance of the road until 2028. The project is primarily focused on improving the curves that would reduce the length by 50 km and also reduce the travel time by 1–2 hours from the present 6–7 hours and also increase the speed of the truck by 80 km per hour. However, the rehabilitation of 69 bridges should be commensurate with the construction of TH, without which the task will remain incomplete. Besides, three participating countries should complete the negotiation of Trilateral Highway Motor Vehicle (T-MVA) which would then lead to the actual commencement of the TH.

According to the ERIA Study, all sections of the proposed northern route are already designated as part of international projects such as the Asian Development Bank (ADB), the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), and the Master Plan on ASEAN Connectivity (MPAC) 2025 transport corridor projects, with the exception of a small section in the Lao PDR between Xieng Kok and Luang Namtha via Muang Sing (ERIA, 2020).

The Trilateral MVA (T-MVA) is critical in this context for improving regional connectivity and boosting commerce, economic cooperation, and people-to-people interaction, including by facilitating regional cross-border road transit. In general, the MVA protocols allow the safe and secure movement of vehicles along the TH. Without the MVA, the TH would not be operational. Three nations must agree and reconfirm that the T-MVA protects all parties' rights and obligations under existing international agreements (such as the WTO Trade Facilitation Agreement) and bilateral/regional agreements within the group. The reality, however, is that the progress on the MVA connecting India, Myanmar, and Thailand for the TH has been slow.

In addition, trade facilitation at the Moreh border would be able to transform the cross-border clearance ecosystem through efficient, transparent, risk-based, co-ordinated, digital, seamless, and technology-driven procedures that are supported by state-of-the-art land border crossings, roads, and other logistics infrastructure; and also, to bring down the overall cargo release time.³ Given that India and Myanmar have ratified the WTO TFA, they may resume the MVA negotiations at the earliest. Myanmar's progress in implementing the WTO TFA has been slow. Myanmar has implemented 6 per cent of Category A commitments and 9 per cent of Category B commitments (Appendix Table 2). Myanmar needs technical assistance and capacity building (85 per cent Category C commitments) while implementing the WTO FTA (Appendix Table 2). Both India and Thailand shall offer adequate technical assistance and capacity building to Myanmar while implementing the TH MVA. The technical assistance to Myanmar will also serve the WTO TFA obligations. To effectively implement the technical assistance, India's National Committee for Trade Facilitation (NCTF) may be engaged to design an appropriate strategy for technical assistance.

5.2. Imphal–Mandalay Bus Service

Early in 2015, a field survey for the proposed 579 km Imphal–Mandalay bus service began comprising a joint team from India and Myanmar. The proposed bus service is expected to take 14 hours between Imphal and Mandalay. The initial proposal for the bus service was submitted to the Ministry of Road Transport and Highways and the Ministry of Development of North Eastern Region in 2009. The Imphal–Moreh section of the road is about 110 km, while the section from Moreh to Mandalay is about 469 km. The MoU for the bus service between India and Myanmar was amended in 2012, and in 2014, a technical committee meeting was held for the second time. A joint special team by members of both

countries was formed, and it was found that the road between Imphal to Moreh is in good condition, but the route from Moreh to Yargi is not in good condition.

There are three routes proposed for the bus service, of which the second route is not usable during the rainy season, whereas in the first route, there are about 70 bridges in the Yargi-Kalewa section that require repair.⁴ In 2014, Route 1 from the three options was finalised, and the service was expected to begin in 2019, but that did not happen.⁵ Finally, an MoU was signed between Yangon-based Shwemandalar Express and Imphal-based Seven Sisters Holiday on 14 February 2020 for the commencement of a bus service between the two neighbouring countries by April 2020.⁶ According to the MoU, the Shwe Mandalar Express will provide service from Mandalay to the border town of Tamu in Chin State, and Seven Sister Holidays will provide service from Tamu to Moreh and Imphal. The journey from Mandalay to Tamu will take about 11 hours, while the Tamu to Imphal journey may take about 2 hours and about an hour for security clearances at Tamu-Moreh, making a total 14-hour trip. Once the road repairs are completed in India and Myanmar, the trip from Mandalay to Imphal will take only 5 hours.⁷ Tour operators in Imphal have suggested that following Dhaka-Kolkata or Agartala-Kolkata bus services, immigration and check-in should be done on an end-to-end basis, which will drastically reduce the commuting time between the two cities. As of date, the Imphal-Mandalay bus service is yet to be started.

5.3. Railway Connectivity

It is critical to have rail connectivity with Myanmar in order to increase bilateral trade and improve people-to-people contact. Rail connections will drastically shorten travel times, particularly for long-distance commodities and passengers. Rail India Technical and Economic Service (RITES) Ltd completed a study for a rail link from Jiribam, Manipur, to Mandalay,

Myanmar, in 2005. Within India, there is no rail link between Jiribam and Moreh, while on the Myanmar side, there is no link between Tamu and Kalay. Therefore, connectivity between these points would enhance the trade and passenger movements between the two countries. According to the study, the overall length of the rail line from Jiribam to Mandalay is 885.4 km, with the Jiribam – Imphal – Moreh route measuring 219 km and the Tamu – Kalay route measuring 127.4 km (Figure 2).

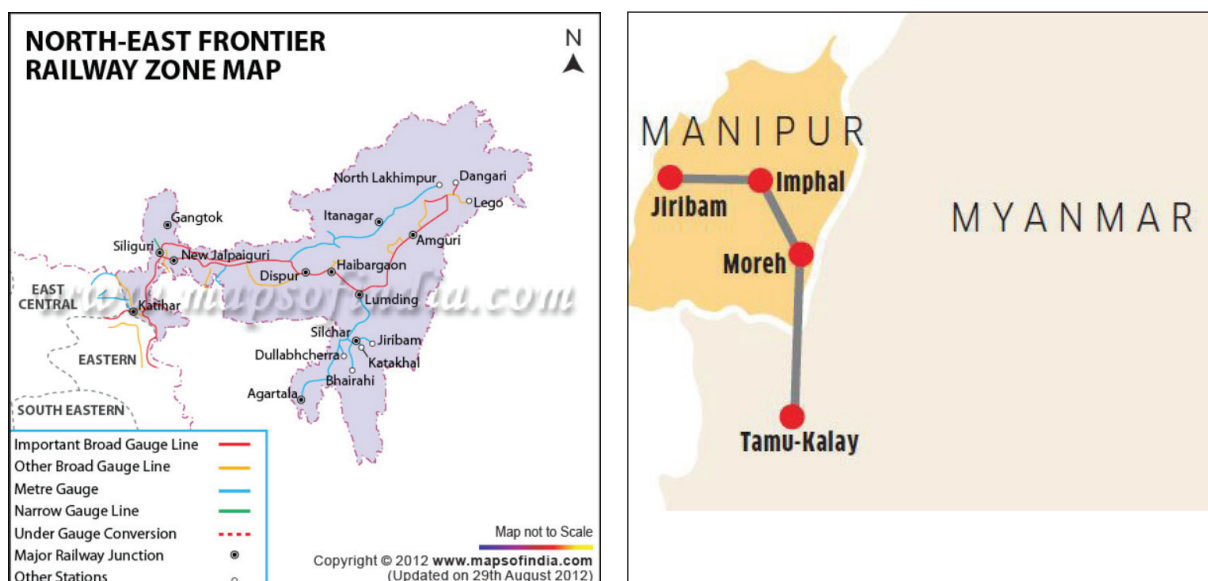
This rail project is part of the Trans-Asian Railway network's southern section. Following the construction of the Jiribam-Imphal-Moreh route, India-Myanmar-Thailand-Malaysia-Singapore rail link and an India-Myanmar-Thailand-Hanoi train link may be possible. Recently, Indian Railways has given its sanction for the final location survey of the new Imphal-Moreh 111-km railway line project.⁸ Initial survey work on a broad-gauge rail link between Imphal and Moreh was already completed by the North East Frontier Railway.⁹ Several international organisations and countries have shown interest in the Myanmar Railways.

5.4. Air Connectivity

NER is well known for nature and leisure tourism among both domestic and international tourists. Air connectivity is the best possible way to connect different states of NER with Southeast Asia. However, due to the Covid-19 pandemic, both passengers and cargo movement have declined heavily since April 2020. Among the major cities in NER, Guwahati, Agartala and Imphal have received the higher number of domestic passengers and cargo movement through airways. Imphal airport has handled about 577,000 passengers and about 5125 metric tonnes of cargoes in 2021-22 (Table 1).

Air connectivity between India and Myanmar is the best feasible option for religious tourism (Buddhist circuits) and medical tourism. Pilgrims from Myanmar, for example, are interested in

Figure 2: Rail Connectivity in North Eastern Region



Source: www.Mapsofindia.com and www.railnews.in

Table 1: Passenger and Cargo Movement in NER Airports (2021-22)

	Domestic Passengers (Nos. in 000's)	Cargo Freight (in MT)
Guwahati	2233.05	16297
Imphal	577.14	5125
Agartala	648.78	2684
Silchar	225.15	612
Dibrugarh	377.32	761
Dimapur	146.32	694
Jorhat	52.40	7
Lahimpur (Lilabari)	17.32	3
Barapani (Sillong)	39.88	0
Tezpur	3.71	0
Lengpui (Aizwal)	120.84	254

Note: *For April – December 2021-22.

Source: MoCA, India.

visiting Bodh Gaya. The only direct plane links between the two countries are Kolkata and Yangon and New Delhi to Yangon via Gaya. Air travel between Imphal and Mandalay is likely to happen but no confirmed date of inauguration yet. The majority of Myanmar tourists travel to India for Buddhist pilgrimages, medical treatments, and commerce.

There is an annual growth of 20 per cent in the aviation industry in Myanmar and it is expected that increased flights between the two countries would take advantage of this growth. Air connectivity will also have an important role to play in multi-modal connectivity. A report published by the AIC-RIS states that “with Imphal now becoming an international airport,

it will be important to include it as an option in the Bilateral Air Services Agreement to enable airline companies to consider operating flights between Imphal and Mandalay. Likewise, by the time the Zokhawthar border trade point begins to show a greater level of activity and the Rhi-Tiddim road gets going, flights from Aizawl to Kalemmyo and Mandalay would help in further promoting trade. It has already been indicated that the Myanmar government would be further strengthening the Kalemmyo airport.”¹⁰ To start with, Guwahati and Imphal airports must be connected with Myanmar and Thailand by direct air services.

5.5. Digital Connectivity

Myanmar has set up cross-border fibre optic networks with many of its neighbouring countries including India. The first cross-border fibre optic link between India and Myanmar was set up in February 2009, running from Moreh in Manipur to Mandalay in Myanmar, for a distance of 500 km. The 640-km-long link passes through Tamu, Kampatwa, Kyi Gone, Shwebo, Monywa and Sagaing. The optic link is a high-speed broadband link for voice and data transmission.¹¹ Besides, India has also offered over US\$ 1 billion Special Fund to CLMV countries to promote projects that support physical and digital connectivity and a Project Development Fund (PDF) with a corpus of US\$ 71.5 million to develop manufacturing hubs in CLMV countries, which can be utilized to strengthen digital connectivity between India and Mekong subregion. India has set up state-of-the-art IT centres in Myanmar:

India-Myanmar Centre for Enhancement of IT Skills (IMCEITS) and Centre of Information & Communication Technology Training (CICTT) in Yangon. Nonetheless, there is ample scope to scale up digital connectivity between India and Myanmar, particularly in the areas of IR 4.0.

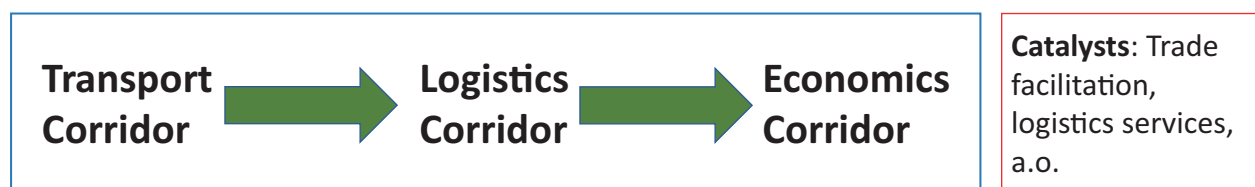
5.6. Enabling ICP as the Pivot of the TH Economic Corridor

Economic corridors provide the connection between gateways, economic nodes or hubs. The economic corridor approach emphasizes the integration of infrastructure improvement with economic opportunities such as trade and investment, and it includes efforts to address the social and other outcomes of increased connectivity (De and Iyengar, 2014).

The transformation of the transport corridors into economic corridors will have to pass through the logistics corridor in geographic space (Figure 3). Catalysts to move towards the economic corridors are trade facilitation, logistics services, border facilitation, etc. Table 2 shows the sequencing of the transformation of transport corridors to economic corridors and requisite policies. The tasks are primarily three-fold: (i) developing transport corridors, (ii) building corridor nodes, and (iii) linking corridor nodes and gateways.

The idea of the TH as an economic corridor would need much mutual trust, facilitation and cooperation that finely balances the strategic and security interests of the involved nations. Such an enabling environment is yet to emerge between NER in India, Myanmar and other Southeast

Figure 3: Stages of Development of Economic Corridor



Source: Author's illustration

Table 2. Corridor Development Policy

Stage	Corridor	Policy	Measure	Role
1	Transport corridor	Trade facilitation	Integrated trade facilitation Customs cooperation	Government Private sector
2	Trade corridor	Trade liberalization	Border policies Behind-the-border policies	Government
3	Economic corridor	Economic development	Corridor value chains Corridor township development Cross-border investments	Government Private sector

Source: Adapted from ADB (2012)

Asian countries. In this regard, ICP at Moreh is essentially a clearinghouse for the international movement of goods and passengers. Rail links and road networks connecting the inland container depots (ICDs) and the ICP at Moreh are expected to reduce many of the crippling transaction costs. Proper sealing of the land borders, controlling off-highway diversion of trade are seen as more sustainable ways of building economic corridors and ensuring national security rather than only concentrating on a limited section of the highway, which only has encouraged greater diversion off the checking points.

India and ASEAN countries need speedy reforms for (i) improvement of customs operations, including inter-operability of “single-window” systems; (ii) planning and implementation of a coordinated border management strategy; (iii) joint customs control; (iv) infrastructure development such as approach road development, installing scanners, etc.; and (v) capacity building for customs and border officers. Both government and private sectors have shared responsibilities. While we need government in promoting an integrated trade facilitation programme and customs, the private sector’s cooperation is needed acceding such measures.

Transit and trade facilitation are pivotal to the well-functioning of economic corridors. The T-MVA is an important step toward harmonizing the software related to cross-border

transport and transit. For the TH to function effectively, the necessary soft infrastructure, such as relevant rules, regulations, and standards have to be in place. There is a need for higher-level coordination among the stakeholders and agencies concerned, such as transport, customs, immigration, and quarantine authorities.

Looking at India’s progress at the border, Myanmar must take steps to strengthen the infrastructure at the border either by setting up an ICP or transforming the current border facilities into higher-level Border and corridor management will be the key to convert the transport corridor into the economic corridor. This will then facilitate investments by the private sector in the border zone, particularly at the Moreh-Tamu area.

Creating an economic corridor on the TH would, however, require much more commitments than a mere enabling ICP. The role of the state governments and trade bodies at Moreh and Imphal is also quite critical. In this context, a highway management board consisting of Central and State security and other trade-related agencies is required for coordinated management of the movement of legitimate goods and people as against contraband and illegitimate goods movements. In addition, ease of travel documents and documentation procedures on both sides of the border is required to boost health, religious and leisure tourism.

Long hours of wait time at the ICP has often led to overnight stays at Moreh and wastage of time and money, which grave risks in the case of medical tourism. However, depending upon the efficiency and trade friendliness and wider mandate of the agencies functioning in the facility, the ICP at Moreh can become vital enabling nodes for economic corridors that integrate markets, productions and people's connectivity. For all this, the various agencies involved like Customs, banks, immigration, and trade logistics have to be given the right mandate and enabling functions for promoting economic activities in the planned corridor.

5.7. Engaging Northeast Indian States in TH

Assam is now rapidly emerging as the regional economic hub, capable of handling the demands of international trade and economic corridors across South and Southeast Asia (ADB, 2020). The building of intra-regional value chains would require inter-state planning and coordination, inflows of agricultural and non-agricultural surpluses to the most efficient markets as well as industrial centres. These regional markets and industrial hubs, when linked to the TH by feeder roads and other logistics, can transform the TH into an economic corridor serving the entire region. The following recommendations are worth noting:

The Government of India's priority investments in Assam in terms of infrastructure, logistics and institutions should continue but take care of the needs of the other NER states. Mizoram, Nagaland, Arunachal Pradesh, Meghalaya and Tripura must be engaged in the TH project through connectivity links and 'buying-in' spaces at Moreh.

The Ministry of Home Affairs (MoHA), MDoNER, NITI Aayog, NEC and Northeastern states have to design an implementable road map for integrating the economy of the Northeast to national and international trade.

State governments of the Northeast and the NEC have to actively engage with ASEAN and its member states to mutually and collectively turn the TH into an economic corridor from that of a transport corridor.

5.8. Concluding Remarks

Strengthening cross-border connectivity is critical to India's economic engagements between Northeast India and Southeast Asia. Inadequate rail and road linkages in Myanmar are some major bottlenecks that are obstructing overland connectivity between India and Southeast Asia. Thus, cooperation between India and Myanmar is essential for cross-border connectivity. Followings are the key findings:

Earlier there used to be seven checkpoints on the hill between Pallel and Moreh, but presently, there are only two operational checkpoints between Imphal and Moreh at Tegnoupal and Khudengthabi.

- The Assam Rifles has installed a cargo scanner at the Khudengthabi checkpoint for inspecting the commodities, which are imported through Moreh and transferred to Imphal. It shows the use of technology-driven processes for expediting trade
- Negotiation of Trilateral MVA (T-MVA) is critical for the commencement of the TH and improving the regional connectivity and boosting commerce, economic cooperation, and people-to-people interaction as well as facilitating regional cross-border road transit.
- Need for higher-level coordination among the stakeholders and agencies concerned, such as transport, customs, immigration, and quarantine authorities.
- Myanmar's progress in implementing the WTO TFA has been slow. Myanmar needs technical assistance and capacity building while implementing the WTO FTA.
- Establish a rail link between Jiribam and Moreh in India and Tamu and Kalay in

Myanmar. Rail connectivity between these points would increase bilateral trade and improve people-to-people contact.

- Air connectivity between India and Myanmar is the best feasible option for religious (Buddhist circuits) and medical tourism.
- There is ample scope to scale up digital connectivity between India and Myanmar for facilitating seamless and technology-driven trade.
- Building economic corridor and ensuring national security through proper sealing of the land borders, strengthening infrastructure at the border and controlling off-highway diversion of trade which will facilitate investments by the private sector at Moreh-Tamu area.
- ICP Moreh can play a pivotal role in integrating markets, productions and people's connectivity between India and Myanmar.
- Improved coordination and cooperation between State government and Central government bodies such as Customs, immigration etc. as well as other stakeholders such as banks, traders, trade logistics etc will strengthen the border connectivity and unleash the economic potential of the NER.

Endnotes

1. For instance, India has offered over US\$ 1 billion Special Fund to CLMV countries to promote projects that support physical and digital connectivity and a Project Development Fund (PDF) with a corpus of US\$ 71.5 million to develop manufacturing hubs in CLMV countries, which can be utilized to strengthen digital connectivity between India and Mekong subregion.
2. The Indian government and the Asian Development Bank (ADB) signed a US\$ 125.2 million loan to repair highways in northeast India.
3. See, the Vision Report, CBIC, Government of India.
4. See, Chaudhury and Basu (2015).
5. Ibid.
6. See, Myanmar Times (2020).
7. Quoted in Myanmar Times (2020).
8. <https://www.indiatoday.in/india/story/final-location-survey-imphal-moreh-railway-line-project-minister-1896527-2022-01-06>
9. See, Chaudhury and Basu (2015).
10. Refer, AIC-RIS (2016)
11. Refer, www.globaltimes.com

Appendix Table 1: Status of Connectivity Projects in Myanmar

	Project Details	Connecting Countries	Status	Remarks
Road Connectivity	Trilateral Highway (TH)	India, Myanmar, Thailand	Ongoing	Construction of a 1,360 km highway connecting Moreh in Manipur to Mae Sot in Thailand through Myanmar
	Tamu-Kalewa-Kalemyo Road	India and Myanmar	Ongoing	The project commenced on 28 May 2018 and is expected to be completed by 2022. Part of TH Project
	Imphal – Moreh Highway	India and Myanmar	Ongoing	The length of the road is 110 km. The project has three phases. 1 st phase is under the tendering process; 2 nd phase is undergoing construction and 3 rd phase, loan has not yet been sanctioned.
	Extension of Trilateral Highway	All CLMV Countries	Proposed	The ASEAN-India POA (2021-2025)
	Kaladan Multimodal Transit Transport Project	India and Myanmar	Ongoing	Road Component- Ongoing
	Imphal-Mandalay Bus Service	India and Myanmar	Ongoing	Ongoing – Repairing work of About 70 bridges in the Yargi – Kalewa route. MoU was signed between Yangon-based Shwemandalar Express and Imphal-based Seven Sisters Holiday on 14 February 2020 for the commencement of a bus service by April 2020.
Rail Connectivity	India side- Jiribam to Moreh; Myanmar side- Tamu to Kalay	India and Myanmar	Proposed	Rail India Technical and Economic Service (RITES) limited conducted a study to link from Jiribam in Manipur to Mandalay in Myanmar (885.4 km)
	Delhi-Hanoi Railway Link	India-Myanmar-Thailand-Vietnam	Proposed	Although railways are in service in major parts of these routes, there are about 238 km of missing links that have to be built in Myanmar in order to enable a Delhi-Hanoi railway operation.
	India-Yangon India-Mandalay	India and Myanmar	Functioning	Myanmar: Yangon and Mandalay India: Covers 3 cities Delhi, Kolkata and Guwahati Proposed route for Imphal
Maritime Connectivity	Mekong-India Economic Corridor	Myanmar, Thailand, Cambodia Vietnam and India	Proposed	Construction of SEZ is ongoing. Construction of the Dawei deep-water port is not yet started
	Kaladan Multimodal Transit Transport Project	India and Myanmar	Completed	Connecting Kolkata Port and Sittwe Port

Source: Authors' own based on various sources.

Appendix Table 2: World Trade Organization Trade Facilitation Agreement

Country	Ratified	Notified on					
		Category A	%	Category B	%	Category C	%
India	22 April 2016	23 March 2016	72	February 2022	6	-	-
Myanmar	16 December 2015	27 February 2018	6	December 2022 to December 2025	9	To be determined	85

Notes: Developing and LDC members can request more time and capacity-building support to implement the agreement. To benefit from these flexibilities, they must designate all measures into categories A, B and/or C, which have the following implementation timings: Category A = Developing Members will implement the measure by 22 February 2017 and LDCs by 22 February 2018; Category B = Members will need additional time to implement the measure; Category C = Members will need additional time and capacity-building support to implement the measure.

Source: www.tfadatabase.org.

Border Infrastructure Development at Moreh, Manipur

The border town Moreh is located in the Chandel district of Manipur. It lies to the southeast of Manipur on the Indo-Myanmar border. Tamu town in the Sagaing district in Myanmar is the corresponding border town of Moreh. It is an important commercial town for cross-border trade between the two countries. It was also a hub for smuggled goods from Thailand and China that are transported to India. On average, 30 cargo trucks used to come from Tamu every day with export cargoes to India.¹ However, due to pandemic-led border closing, there is no formal trade at Moreh at the moment. The bulk of the local population is involved in non-agricultural activities, mostly in the unorganised sector.

Moreh became the first LCS on the Indo-Myanmar border in 1995 when India had operationalised the Indo-Myanmar Border Trade Agreement. The formal trade route became operational for the first time in Northeast India. Moreh was a natural choice for many reasons. In the first place, there was an already booming informal trade at the Moreh-Tamu corridor consisting of cheap Chinese and Southeast Asian goods which flooded the Imphal market and beyond, doing much damage to the domestic sales. On the other hand, much-needed quality industrial and consumer goods along with life-saving drugs were also being informally

exported into Myanmar in large volumes. The Moreh-Tamu LCS provided the perfect location through which India's land-based trade with ASEAN would be kick-started. Secondly, trade at the Moreh LCS was mainly handled by the Tamil, Marwari and Punjabi traders who had chosen to settle in Moreh after the great exodus from Burma after the Military Junta nationalised most of the economy and a Burmese backlash at Indians whom they considered partners to colonial plunder of Burma. These were the modern traders who could better handle formal trade and were capable of passing down formal trading cultures to the nascent Manipuri informal cross-border traders. They also had the vital network of ethnic Indian traders across Myanmar, who had chosen to stay back.

Thirdly, the planned Trans-Asian rail and road networks passing through Moreh needed a strategic border post in Moreh that was secure and ready and was also capable of handling complex demands of land base international trade. Fourthly, the ethnic composition of Manipur consists of large proportions of Nagas and Mizo-Chin tribes and Meiteis. However, the majority of the Meiteis community, who had centuries of political and diplomatic relations with the Burmese people and State, provided the right ethnic, cultural and historical mix to ease out India's intended thrust through Myanmar and

into Southeast Asia. Fifthly, Moreh provided the strategic centre from where counter-insurgency measures in co-operation with a more responsive Myanmar could be more fruitfully handled, especially in the State of Manipur.

The ICP at Moreh is an institutional requirement that is smart, efficient and capable of smoothly handling both cargo and passenger transit at the international level. The ICP is ready now and whatever remaining stakeholder institutional agencies that have not been set up can be made ready at short notice and as required. The larger issue, however, is why the traders at Moreh and Manipur are not willing, reluctant or prepared to trade formally at the ICP.

6.1. Reshaping Border Connectivity through ICP

India has inaugurated nine ICPs at Attari, Agartala, Petrapole, Raxaul, Jogbani, Moreh, Saturkandi, Srimantapur, Dera Baba Nanak (Table 1). India has also been constructing 14 ICPs at Bihar, Meghalaya, Mizoram, Tripura, Uttar Pradesh, Uttarakhand and West Bengal (Appendix Table 1). The ICPs are central to India's border connectivity programme in the Northeastern region. They not only consist of border infrastructure for the facilitation of trade and people but also act as an important catalyst for advancing other multi-modal intra- and inter-connectivity initiatives. In 2019-20, 40 per cent of India's total merchandise trade with Bangladesh, Nepal, Myanmar, and Pakistan took place through the six ICPs at Agartala, Petrapole, Raxaul, Jogbani, Moreh and Attari.² The relation between infrastructure and growth is straightforward; infrastructure investments boost economic growth and vice versa. Being an infrastructure unit, the ICP at Moreh has accelerated trade and growth in two ways: first, faster and smart handling of cargoes and passengers at the border has led to higher trade in goods and services, and second, rising trade has generated higher revenue for the

government, besides sources of income and livelihood. In other words, the ICP Moreh is a connectivity artefact that exhibits infrastructure catalytic properties.

Table 1: Operational ICPs in India

Sr. No.	Location	State	Border
1	Attari	Punjab	Pakistan
2	Agartala	Tripura	Bangladesh
3	Petrapole	West Bengal	Bangladesh
4	Raxaul	Bihar	Nepal
5	Jogbani	Bihar	Nepal
6	Moreh	Manipur	Myanmar
7	Saturkandi	Assam	Bangladesh
8	Srimantapur	Tripura	Bangladesh
9	Dera Baba Nanak	Punjab	Pakistan

Source: LPAI

The cross-border trade is fully functional between India and Myanmar through two border posts: LCS Moreh in Manipur (and Tamu in the Sagaing Division of Myanmar) and LCS Zokhawthar in Mizoram (and Rih in the Chin State of Myanmar)³. In addition, border infrastructure has been expanded with the inauguration of ICP Moreh (India) in January 2019 along the Indo-Myanmar border. Tamu, its corresponding location in Myanmar, does not operate as an ICP. ICP Moreh is spread over a total area of 45.48 acres and was constructed by RITES of about Rs 130 crore (approx. US\$ 20 million).

India and Myanmar signed the Border Trade Agreement (BTA) on 21 January 1994, and the agreement came into effect on 12 April 1995. Under this agreement, border trade between the two countries was permitted for select items that attract a duty of 5 per cent to be routed through designated trading points. Later, border trade at a concessional rate and with certain conditions was permitted for 40 bilaterally agreed items. After the withdrawal of notifications by the DGFT and the RBI, normal/MFN trade is now permitted at the Moreh border post (Moreh LCS).

Both Moreh and Tamu are located along the Asian Highway 1 (AH 1). The distance between Moreh and Imphal, the capital of Manipur, is 110 km. The road is the only mode of transportation for goods and services. The widening of the highway linking Imphal to Moreh (NH 102) is under construction. This is the main highway that connects India with Southeast Asia and carries the trade between them. At the moment, it takes 3 hours to reach Moreh town from Imphal. Once the highway construction is completed, travel time will reduce.

6.2. Trade Procedures

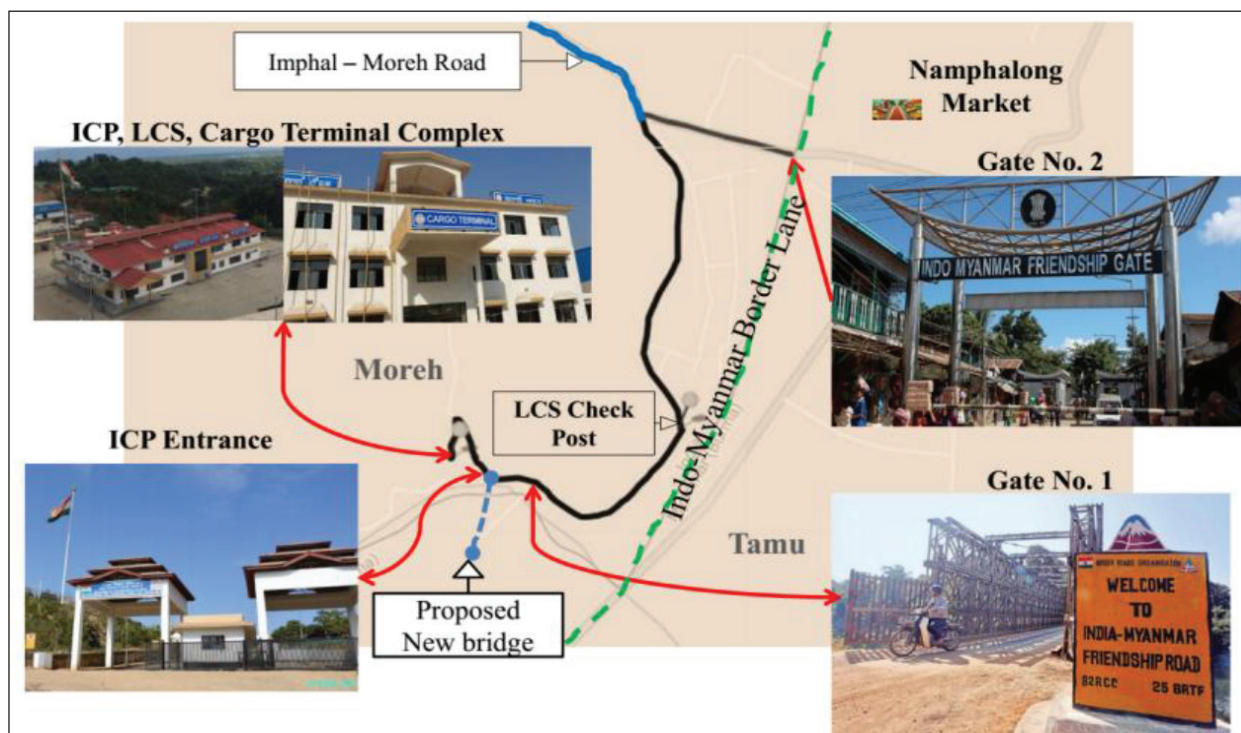
The cross-border trade at Moreh takes place through Gate No.1 and Gate No. 2 (Map 1). The current trade procedures are illustrated in Figure 1. Gate No.1 is the regulated trade route as per the standard operating procedure (SOP) between the two countries. LCS Moreh and ICP Moreh are located near Gate No. 1. Gate No. 2 is an entry or exit for passengers and head-load cargoes between India and Myanmar. Namphalong

Market in Tamu is adjacent to Gate No. 2 and is a well-developed market. It sells not only goods from Myanmar but also goods originating from third countries, such as China, Korea, Japan, and Thailand, among others. Namphalong market has active Indian buyers who take a permit from the gate for entry, pay for the goods purchased in Indian rupees, and return with head-loads. Customs, health and safety checks of the products that are coming through Gate No. 2 are absent. Trade through Gate No. 2 is permitted for residents who are settled within a radius of 40 km on both sides of the border of India and Myanmar. Moreh's main market, commonly known as the Morning Bazaar, is located near border Gate No. 2.

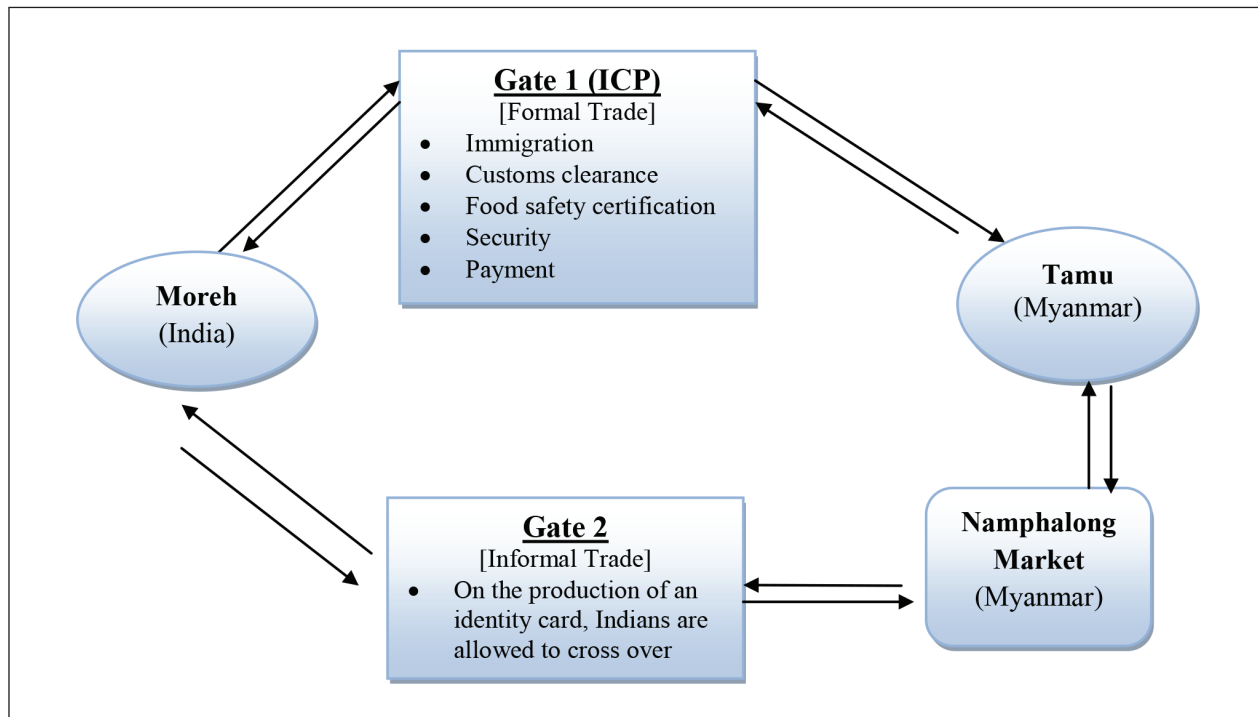
6.3. ICP at Moreh

The ICP is a trade centre for the facilitation of bilateral trade between India and Myanmar as well as for the movement of passengers between the borders. The ICP started its operations on 8 August 2018. The total area of the ICP is about

Map 1: Border Infrastructure at Moreh, Manipur



Source: RIS Survey (2019)

Figure 1: Trade Procedures at Moreh

Source: RIS Survey (2019)

45.48 acres, wherein 38.34 acres is private land for which compensation has been made through State Government and 7.24 acres is government land whose physical possession is yet to be handed over to Land Ports Authority of India (LPAI). The Government of India has approved about Rs 130 million for the development of ICP Moreh.⁴

The operations at ICP Moreh commenced with the passengers terminal on 15 March 2018, and immigration facilities started functioning from 8 August 2018. Since then, Moreh ICP has started handling passengers coming to India. In 2018–19, ICP Moreh handled 1,436 incoming passengers from Myanmar and 1,620 outgoing passengers from India to Myanmar.⁵ The majority of Myanmar nationals come to Manipur for medical treatment, and some of them also enter India for tourism purposes. For example, when there is a sports festival (football), tourist flows from Myanmar to India go up. ICP Moreh is expected to generate employment, promote

trade between India and Myanmar, and foster connectivity and trade facilitation with the neighbouring countries.

6.3.1 Infrastructure Facilities at ICP Moreh

Given Myanmar's importance in connecting South Asia with Southeast Asia, the infrastructure at ICP Moreh is not adequate to meet the growing need for future transactions. There is a need to strengthen this border check-post to facilitate trade and the movement of people. The construction of the ICP is almost in the completion stage and includes a passenger terminal, cargo terminal, customs processing, immigration clearance, import warehouse, electric sub-station, parking, rummaging sheds, weighbridge, security and surveillance, banks/ATMs, drivers' rest area, public conveniences, and a monumental national flag. The current status of the facilities at ICP Moreh is given in Table 2.

Civil works at the ICP are almost completed and minor facilities like an area for loose cargo, dormitory building, and animal shed are yet to be provided. However, space for two vital facilities of Animal and Plant Quarantine are there but they are still required to be constructed. Table 2 shows that the basic infrastructure has been completed. Stakeholders (state and non-

state agencies) like Food Testing Lab, Banks, Health, Veterinary and Agriculture agencies are yet to be deployed and functional. Overall, the ICP is and can be made ready for the post-pandemic large volume of trade at short notice, when India and Myanmar resume border trade. The larger question here again is why the traders based at Moreh and the rest of the state, shied

Table 2: Current Status of Facilities at ICP Moreh

Sl. No.	Facilities	Moreh
1.	Warehousing	800 square meter capacity storage area for dry cargo
2.	Cold storage	400 square meter capacity storage area for perishable goods.
3.	Bank	Provision for a banking space is ready and rental free but not yet functional, but not operational. Land Customs Station (LCS) has invited the State Bank of India (SBI) and Union Bank of India (UBI) to open a branch.
4.	Foreign exchange facility	No facility presently at ICP
5.	Weighing bridge	Completed
6.	Plant quarantine	PQ lab space exists but it is not operational as the required equipment are not there
7.	Food testing lab	FSSAI food testing lab space exists but it is not operational. Testing equipment is not available. FSSAI activities are managed by the Manipur State Food Safety Department. All the laboratories under the FSSAI should be National Accreditation Board for Testing and Calibration Laboratories (NABL) certified.
8.	Internet bandwidth	The current internet speed is only 8 Mbps, which has to be enhanced further. At present, trade at Moreh through the LCS is handled on a manual basis. Internet connectivity is slow and poor
9.	Human resources	Yes. At ICP: one regular post and 13 people are presently working on a contractual basis. At LCS: 3 inspectors, 2 havildars, and 1 superintendent
10.	Security	Yes, Four security persons deployed by Assam Rifles
11.	Electricity	The power supply is available but with frequent power cuts. In the case of a power cut, a diesel generator is available.
12.	Medical facility	Medical Facilities are available
13.	Public conveniences	Space for public conveniences is available and already functional
14.	Parking space	Available
16.	Container's handling	No facility for handling container e.g., Cranes and other machinery etc.
17.	Hotel	No hotel or guest house

Table 2 continued...

Table 2 continued...

18.	Immigration	Passenger movement and immigration clearance takes place through ICP
19.	Customs EDI	Not yet established
20.	Customs Connected to SWIFT (Single Window)	Not connected to ICEGATE, e-SANCHIT
21.	Customs Connected to ICES Web Portal	Not connected yet
22.	Border Trade Data (Legal and Illegal)	ICP maintains only formal border trade data. No data for informal trading is available
23.	Covid-19 Precautionary Measures	All Covid-19 Protocols are being followed
25.	Transport time through Moreh-Tamu border (minimum and maximum time)	2 – 7 days
26.	Total Stoppage between ICP Moreh and Tamu	There are no stoppages from ICP Moreh while moving cargo vehicles to Tamu after completing clearance procedures
30.	Export Procedure Completion Time at Customs (transport, border and other)	With complete documentation, consignment clearance procedures take a minimum of 7 hours and a maximum of 3 days is given if documents are missing for completing the procedures. If documents are provided in 3 days then the consignment is cancelled.
31.	Import Procedure Completion Time at Customs (transport, border and other)	With complete documentation, consignment clearance procedures take a minimum of 7 hours and a maximum of 3 days is given if documents are missing for completing the procedures. If documents are provided in 3 days then the consignment is cancelled.
32.	Number of Stakeholder Involved in trade	4 stakeholders are involved- Moreh ICP, Customs, Security (Assam Rifles), Trader

Source: Survey (2021).

away from turning the large volume of informal imports and exports into formal trade through the ICP route since it was opened on 8 August 2018. On the other hand, why have the traders at the Moreh-Tamu corridor more or less preferred to trade informally since 2015 when normal trade regimes under MFN replaced the earlier Indo-Myanmar Border Trade Agreement. As long as the traders refuse to trade formally, the ICP is most likely to remain underprepared as official thinking veers around present needs and cost efficiency principles, which has been dubbed as retaining a 'vicious circle'.

There are several challenges associated with the Moreh ICP. These include a shortage of staff, lack of constant electricity, absence

of good quality internet, and the absence of accommodation for officials and other social infrastructure. During the time of the field survey, the cargo terminal of Moreh ICP was not operational. The Friendship Bridge near Gate 1 at the Moreh-Tamu border has to be redeveloped so that cargo vehicles use the bridge for direct shipments through Moreh ICP. A good number of hotels and homestay facilities at the Moreh border has to be increased. To promote tourism, India may consider building a guest house for Buddhist travellers at Moreh.

Passengers and traders face harassment at the border, which must be stopped. A full-body cargo scanner (for containers) shall be introduced at the Moreh ICP for export and

import consignments. At the moment, there is no container movement at the Moreh–Tamu border. In addition, the Moreh border requires facilities, such as border fencing, additional warehousing and cold storage facilities for refrigerated goods, cargo vehicle yards, warehouses for seized items, plant and quarantine facilities, and a controlling office for drugs and narcotics, an official from DGFT for imparting information regarding trade procedures in India and Myanmar, etc.

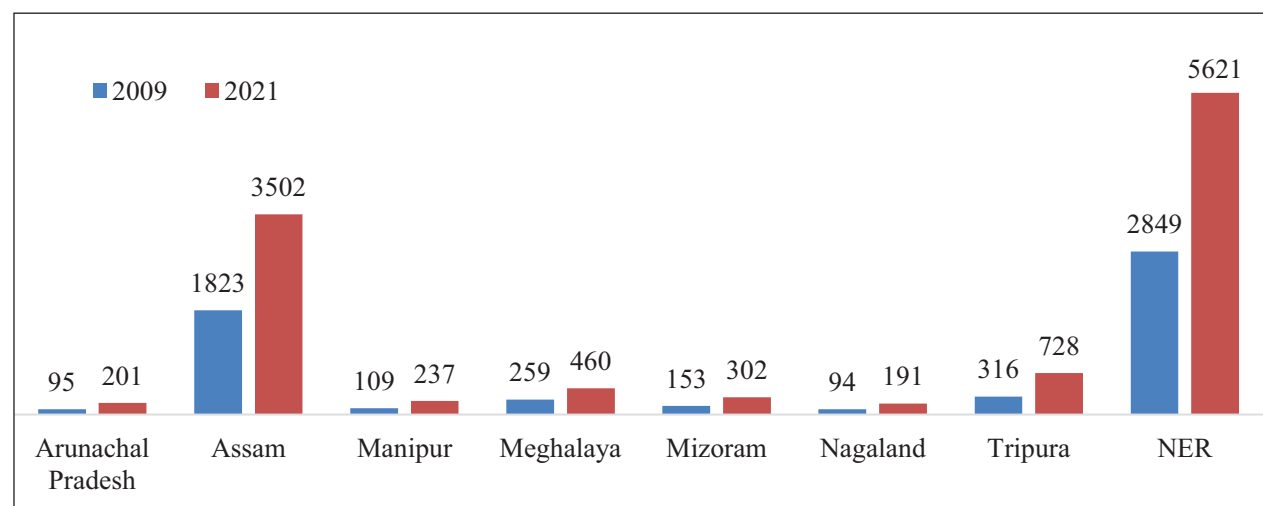
Delay in the operationalisation of the cargo terminal and land bridge: As per the stakeholder consultation meeting, the cargo terminal is yet to be fully operational. Due to this, the old LCS gate is still being used for trade. Additionally, a land bridge that will facilitate two-way traffic is still under construction.

Poor internet facilities: Despite an operational BSNL connection at ICP Moreh, the downtime of the internet is very high. As a result, many operations, such as customs clearance, that are digitised through the Electronic Data Interchange (EDI), are yet to function at ICP Moreh and most of the documentation takes place physically⁶. The LPAI is seeking an additional connection for the ICP.

6.4. Financial Infrastructure

Financial services are an integral part of industry and trade activities in terms of accessing financial services for transactions and acquiring a loan for starting or expanding businesses. Particularly, financial services help in facilitating trade through the smooth functioning of monetary transactions between India and Myanmar through letters of credit (LOCs). Financial services are also an indicator of economic activities in an economy. There has been considerable expansion in the number of bank branches in NER, both nationalised and private banks, from 2849 in 2009 to 5621 in 2021, indicating about 40 per cent increase in the number of bank branches. Assam had more than 50 per cent of bank branches in 2018 and the rest of the NER States have less than 10 per cent of the bank branches. In the case of Manipur, there has been an almost 100 per cent increase in bank branches from 109 in 2009 to 237 in 2021 (Figure 2). Moreh has 11 bank branches including public and private banks (Figure 3), of which three are nationalised bank branches, namely, State Bank of India (SBI), United Bank of India (UBI) and United Commercial Bank (UCO); and one private bank branch i.e., AXIS bank.

Figure 2: Number of Bank Branches in NER



Note: Bank branches include Nationalised banks, Private sector banks, regional rural banks

Source: RBI

During the field survey, we have visited the SBI and UBI bank branches in Moreh to know the financial activities related to the local economy and trade. Only UBI bank is licensed to handle the foreign exchange, but due to inadequate infrastructure, the UBI bank is not handling foreign exchange transactions. All four bank branches in Moreh are not involved in issuing the Letter of Credit (LOC).⁷

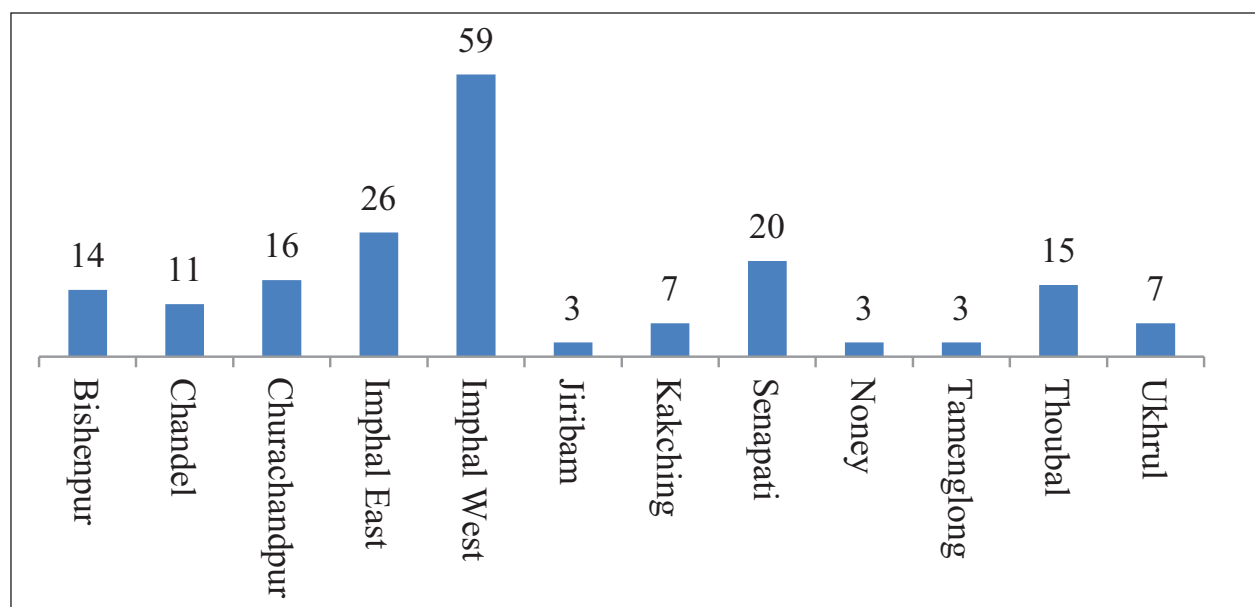
In the case of trade-linked banking services, both SBI and UBI are considering the proposal of opening extension counters at the ICP Moreh, especially for foreign exchange-related services. Both SBI and UBI underscore the importance of improving the trade environment in the Imphal–Moreh region and suggest a number of policy and institutional reforms. As informal trade with Myanmar through Moreh continues to remain a challenge, banks believe in positive outcomes of incentives, like bank guarantees, letters of credit, faster payment settlement, bilateral banking arrangements, rupee trade, and so on. In particular, the UBI is keen to provide bank guarantees for local traders engaged in border

trade. Since foreign exchange transactions are likely to increase in the future, UBI bank needs proper technology for validating the foreign currency notes as the risk of fake currency circulation is high. Despite being the official dealer of foreign exchange, the bank does not sell any foreign currency to the traders. The customers and traders are only allowed to convert foreign currencies into Indian rupees.

6.5. Narrowing the Infrastructure Gap between Moreh and Tamu

The government has set up an ICP at Moreh, and several other border enhancement projects, both behind and at the border, of which some have been completed and some are ongoing or proposed. The trade infrastructure at Moreh has witnessed drastic improvements in recent years, but the same improvements in Tamu are missing. The current infrastructure at Moreh and Tamu is not adequately equipped for handling future trade that we envisage when the TH comes into operation. To meet such a target, the priority should be to narrow down the infrastructure gap

Figure 3: District-wise Number of Bank Branches in Manipur, 2021



Note: Bank branches include Nationalised banks, Private sector banks, regional rural banks

Source: RBI

between Moreh and Tamu. Some of the project's worth considering are implementing Standard Operating Procedures (SOP) for handling goods and passengers, interoperability of customs EDI systems, the introduction of Radio Frequency Identification (RFID), Mobile X-Ray Container Scanning System (MXCS) and Electronic Cargo Tracking System (ECTS), handling of container cargoes, etc. at the border.

There has been a strong and steady economic linkage between Manipur and Myanmar's Sagaing province. Not only do they share borders but people from Sagaing province visit Manipur for health care, tourism, and trade. Some of the sectors offer high business potentials, such as health care, tourism, education, infrastructure development, construction, and food processing sectors. Similarly, the NEER's states such as Mizoram, Nagaland, Tripura, and West Bengal have cultural and economic linkages with Myanmar. Strengthening the NEER-Myanmar linkages will then not only reinforce the bilateral foundation but also scale the relations to new heights. A new study may be conducted on the state-province level partnership between India, Thailand, and Myanmar.

6.6. State Government Agency and the Missing Ownership Link of Moreh Township

The Manipur state government has to be proactive towards border infrastructure development. Besides building an unused Trade Centre with a staying facility, make-shift commercial transport depot and a Mall, the government's grandiose plans of an SEZ and a Smart Township have been virtually abandoned. Political economy fallouts in tribal land compensation issues, absolute breakdown in the municipal administration of the township and uneasy ethnic divisions in a plural population in a tribal area, seems to have virtually tied down the hands of the state government in progressing with the development of Moreh Township. The absolute breakdown of civic administration and

development in the township can be attributed to the following factors:

- The municipal township administration was abolished in 1994 and the Census town came under the Autonomous District Council and came under the developmental jurisdiction of the Tribal Welfare Department. As such political power shifted to the Autonomous District Council (ADC), whilst financial powers remained mostly with the State Government.
- As ADCs have limited control over development intervention, line departments interventions are mostly uncoordinated, absolutely overtaken by rent-seeking interests, and the State Government is largely resigned to what local interest groups choose, rather than what is good for trade and overall development of the township.
- Border Area Development Plan funds and nature of investments are decided in the state capital, without a master plan for Moreh Township. There is no master plan for Moreh since the township came under the control of the ADC.
- As the economic control of this purely trading town is with the non-tribal community but the political authority is with the tribal community, an uneasy balance of political economy has given Moreh Township a character of 'Temporality' and 'Non-Ownership'.

The people of Moreh themselves have become the tragic cause of their underdevelopment, in contrast to the highly organised growth on the other side of the border at Tamu in Myanmar.

6.7. Smart Border – Hybrid Fencing

Border agencies should assure that imports passing through Moreh or Tamu illegally do not take place. Once a formal payment system is introduced, the current arrangement of informal payments at the borders will disappear. In parallel, all illegal trade routes at the border have to be closed, such as through fencing the

border and introducing border pass with the help of new technologies. The government's support is needed for promoting and building the capacity of human resources who will be deployed to check the illegal payment and trade. Large informal trade (from neighbouring countries) has been negating the growth of industrial activities in Manipur and other parts of the NER. Formal trade at the Moreh-Tamu border is crucial for promoting industrialisation in the NER.

The smart border fencing projects built under the Comprehensive Integrated Border Management System (CIBMS) programme is the first of their kind in the country. The CIBMS is an integration of a number of new gadgets and technologies to ensure electronic surveillance of India's international borders with Pakistan and Bangladesh. The smart fencing will include a web of surveillance, communication and data storage devices that would create an invisible electronic barrier on land, water, air and underground. It will rely on thermal imaging, infra-red and laser-based intruder alarms to stop infiltration.

6.8. Border Haats

Border haats are formal arrangements of trade between local communities of two

neighbouring countries with limited access to big markets. Setting up border haats increases the possibility of reducing informal trade along the porous borders. Border haats can also play an important role in boosting bilateral trade and encouraging the development of efficient value chains. Border haats or zones have had a major impact on overall trade and benefitted local communities and economies in different parts of the world (Box 1). Presently, four border haats are operational at the India-Bangladesh border: two in Meghalaya at Kalaichar and Balat and two in Tripura at Srinagar and Kamalasagar.⁸ These haats have been established within five kilometres on either side of the international border and operate once a week on a specific day and fixed time duration (see Appendix Table 2).

These border haats have created different earning opportunities for poor and marginalised people like vendors, transporters, labourers, support service providers etc. and augmented their income levels and living standards. Border haats have strengthened cultural and economic ties as well as forged people to people connectivity living in border areas. These haats have contributed towards women empowerment by opening new opportunities for women who participate as vendors at the haats. Additionally, border haats have played a crucial role in

Box 1: Border Haat Best Practices

Indonesia-Mynamar Border Haat: Farming communities at the Indonesia-Malaysia border have developed a weekend hub of semiformal trade where more than 180 traders (mostly from Indonesia) sell goods such as garments and fabric, food and beverages, furniture and handicrafts, and electrical and household goods, all priced relatively cheap, but higher compared to their home country. Locals have benefited by supplying the traders, services such as rentals of stalls, parking places at homes, and storage space. Ancillary services have sprung up, including room stays, hostels and restaurants as traders are allowed to stay over weekends. Monthly profits from these services are high.

U.S.-Mexico Border Zone: The US-Mexican border zone represents a vibrant crossborder commercial eco-system for residents living in this region. As Canas et al (2006) point out, US consumers cross the border in large numbers to go to restaurants or avail personalised services such as a haircut, massage, or dental services. Mexican consumers travel to large urban agglomerations such as Chula Vista, San Jose, Laredo, El Paso and Nogales to buy items ranging from a day-to-day grocery and FMCG to high-end fashion items.

Source: Awang et al. 2013 and CUTS, 2020

reducing informal trade by generating local employment opportunities and encouraging the trade of commodities such as dry fish, cumin seeds, cosmetics, toiletries etc. that were earlier traded through informal channels.⁹

After the success of the border haats on the India-Bangladesh border, the government of India decided to open border haats at India and Myanmar border region. In September 2011, both India and Myanmar agreed to open border haats at mutually agreed locations for benefiting the local communities on both sides of the border. In May 2012, India and Myanmar signed a Memorandum of Understanding (MoU) for opening border haats with a pilot project at

Pangshau Pass (Arunachal Pradesh-Sagaing), on the India-Myanmar border. The border haat at the international border's Pillar No 173 on the Pangshau Pass was formally inaugurated in 2020 with 42 shops, a warehouse, a dumping yard, a security barrack, a toilet and parking space.¹⁰ Four more locations namely, Hnahlan, Zote, Vaphai (Saikhumphai), and Sangau (Pangkhu) in southeast Mizoram, have been identified for the construction of border haats.¹¹ Such models can be adopted at Moreh to forge people to people connectivity and boost bilateral trade and encourage the development of efficient value chains between India and Myanmar.

Box 2: Border Development Zone Best Practices

Mexico-US Border Development Zone: The border development zones (maquiladoras) along the Mexico-US border employ over 1.2 million people and account for over 40 per cent of Mexico's exports to the US. While the maquiladoras, set up under Mexico's Border Industrialisation programme in the early 1960s, have played a major role in the economic development of Mexico, their impact is felt across the border also. At one point, one of the maquiladoras in Ciudad Juarez created 20 per cent of the jobs across the border in El Paso.²

China-Kazakhstan Cross-Border Economic Zone: The Horgos/Khorgos development zone was designed to be a hub for trade, entertainment and intercultural exchange, where merchants and travellers from China, Central Asia, Europe, the Russian Federation and Turkey could meet and stay for up to 30 days visa-free to communicate and trade. Since its opening in 2012, the SEZ has served mainly as a duty-free commercial centre, hosting shopping centres and convention facilities.

China-Lao PDR Cross-Border Economic Zone: The Mohan/ Boten Cross-Border Economic Zone between China and the Lao PDR, incorporates two border SEZs into one joint zone. The Mohan SEZ on the Chinese side was established in 2001 as a border trading zone. The Boten Zone on the Lao side was developed in 2003 as a warehouse, tourism, and trade centre. The development plan of the cross-border zone was finalized in 2015 between the two governments, and the construction is still underway.

Lao Bao Special Economic and Commercial Zone: The Lao Bao Special Economic and Commercial Zone on the Vietnam-Lao Border offers discounted rental rates and concessions on foreign ownership of land, a reduced corporate tax rate of between 100 per cent and 50 per cent, discount development finance from the Vietnam Bank for Investment and Development, and financial support for infrastructure development and marketing. Between 2002 and 2009, the zone attracted 50 projects, at a total capital investment of VND3,670bn (around US\$168mn). This has brought about a major transformation in the largely rural economy of Central Vietnam.

Source: JESÚS CAÑAS, 2011; Chen, 2019; CUTS, 2020c

6.9. Cross-Border Special Economic/ Development Zone (SEZ)

Cross-border SEZ models are being adopted by countries for better distribution of benefits arising from SEZ industrial and manufacturing activities and enhancing cultural linkages. Such special development zones in many parts of the world have had a major impact on the overall trade and investment environment of the local economy of border sharing countries (see Box 2). The government can adopt a similar model at Moreh for promoting industrial and manufacturing activities and encouraging investment for infrastructure development and marketing centres such as duty-free commercial centres, shopping centres and convention facilities. These SEZs could compliment border haats by promoting tourism at selected border points based on factors like natural beauty, heritage, or pilgrimage value. For example, eight mandalas have been discovered in Manipur so far. Given the economic potential of religiously motivated travel in an increasingly globalised world, the Indian government could look to

Northeast India and the mandalas as a potential resource that can be commodified and packaged in the tourism marketplace alongside the growth of other leisure activities. In addition, health and educational institutions such as premier skill training institutes, hospitals, residential universities, among others, could also be set up for providing quality education and healthcare services.

6.10. Strengthening Border Development at Moreh Town: Suggested Policy Recommendations

6.10.1 Faster Border, Productive Border

The operationalisation of the ICP at Moreh has the potential to promote businesses and commercial activities in the Moreh-Tamu area. Besides, the TH would improve the connectivity link between NER in India and Southeast Asia. Therefore, better connectivity reduces both time and cost of trade. It is expected that ICP Moreh would also bring faster processing of documents

Table 3: Major Tourist Attractions in the NER

State	Major Tourist Places
Arunachal Pradesh	Tawang, Dirang, Bomdila, Tipi, Itanagar, Malinithan, Likabali, Pasighat, Along, Tezu, Miao, Roing, Daporijo, Namdapha, Bhismaknagar Kund and Khonsa
Assam	Kamakhya Temple, Umananda, Navagraha, Basisth Ashram, Dolgobinda, Gandhi Mandap, State Zoo, State Museum, Sukreswar Temple, in Guwahati, Kaziranga National Park, Manas, Orang, Sivasagar, Tezpur, Bhalukpong, Hajo, Batadrava
Manipur	Imphal, Bishnupur, Loktak Lake, Sirori Hills, Keibul Lamjao National Park
Meghalaya	Shillong, Jowai, Cherrapunji
Mizoram	Aizawl, Champhai, Tamdil, Thenzawl
Nagaland	Kohima, Dimapur, Khonoma, Dzukou Valley, Dzulekie, Japfu Peak, Tseminyu, Longkhum, Ungmaveda Peak, Shilloi Lake Mount Tostu
Sikkim	Gangtok, Bakhim, Yamthang, Dubdi, Dzongri, Varsey, Tashiding
Tripura	Agartala, Old Agartala, Tripura Sundari Temple

Source: NEDFi Databank.

and handling of cargoes and passengers. With sustained trade facilitation, it will encourage traders to prefer the Moreh-Tamu border as a preferred trading port and travel. Increased trade between India and the Southeast Asian countries will then spurt economic activities in both countries. The trade-induced rise in business in Moreh–Imphal has the strong potential to generate industrial activities around Imphal and attract exports from the remaining parts of the NER. The Moreh has the potential to become a crucial linking node between India and Southeast Asia. This would bring a conducive business environment for the growth of industries in the NER. Trade facilitation measures in the border areas such as ICP Moreh along with connectivity projects would enable local industrialisation, especially SMEs, which are currently facing several challenges such as asymmetric information about trade procedures, lack of technical know-how, the uncertainty of markets, and lack of scale. Rural markets in most cases are fragmented and thus, offer little scope for the growth and diversification of local businesses. Therefore, improved and faster connectivity may unleash new dynamism in the NER, particularly in the rural belt. It may generate wider economic benefits through new enterprises, jobs, and greater inclusion. However, to gain such welfare, countries have to invest in transport, agriculture, tourism, energy, urban development, and other multi-sector/border zone development. There is a huge prospect for promoting SMEs in products like *lungi*, handlooms, plastic items, steel, etc. Besides, education, tourism, healthcare, pharmaceuticals, food processing, etc. are important sectors for the development of Manipur and trade with Myanmar. There is a need to set up cultural routes and material routes for enhancing linkages between India and Myanmar. There is also a need for multi-stakeholder engagements such as the social, legal, political framework for government agencies and tribal bodies to engage in the development activities.

6.10.2 Employment Opportunities at Border Region

The rise in trade can generate employment opportunities around the Moreh region. Besides, the ongoing connectivity projects and cross-border value chains would also generate jobs. In this regard, the government should work towards generating employment in trade-related services and focus on sector-wise employment generation. The issues of industrialisation, trade and development in the NER require a comprehensive approach to address education and skill development. Skilling is a big challenge in the NER. The ICP at Moreh will certainly bring developmental activities and an increase in border trade. But local people have to be equipped with better education and skilled resources in the long run to meet the supply side and demand side pressure. Two important areas need special attention in this regard. Formal education, especially technical and vocational education, would ensure the sustained flow of a trained workforce in different industrial fields. At the same time, focusing on skilling, both for fresh candidates and for the augmentation of the existing workforce, is vital.

There is no specific department for trade under the Tengenoupal district to provide support and training and capacity building for trade promotion activities. There is no institutional mechanism to channelize the training programme for the youth and women. There is a need for training and capacity building for the youth and traders to promote and encourage them to trade. Most of the traders are not aware of trade procedures such as HS code, Registration-cum-Allocation Certificate (RCAC) and Registration-Cum-Membership Certificate (RCMC), taxes, fees, which are essential information for trading formally. Skill development may exclusively focus on food processing, garment manufacturing, small and village industries, tourism, trading of goods and services, and construction activities, among others. Women self-help groups can be

suitably employed in the mission of skilling and contributing to income-generating activities. As part of long-term entrepreneurship development, technical and management graduates from the northeastern states may be offered technical guidance and credit support to explore the establishment of SMEs.

6.10.3 Promoting Ease of Doing Business

Stakeholders observe that there is a need to create ease of doing business and protection for the traders. For instance, artisan products are difficult to export from Moreh due to transport facilitation issues. Some of the essential raw materials are not easily available in Manipur, which also increases the cost of packaging and trading via Moreh. Besides, trade has been affected at Moreh for the entrepreneurs who have been experiencing different state-level policies (in Manipur and other states in India). There is a need for a web portal to provide all policy-related information for the traders and business people for smooth dissemination of information.

6.10.4 Potential Sectors Offering Business Opportunities

The NER is known for agriculture and horticulture crops, including organic farming, which may pave the way for the value chain in the food processing industry. In this regard, ICP Moreh has cold storage facilities, which the food processing industries can utilize to enhance the trade through Moreh. In addition, the industrial units in and around Imphal have the potential to strengthen the industrial activities in the sectors such as garment making, including fabric, tailoring, embroidery, *papad* making, PVC pipe manufacturing, electrical transformer manufacturing, plastics products, drinking water, bread, and so on. Although the industries' department in Manipur has provided industrial sheds in the designated industrial estates, local firms face a number of challenges in expanding their businesses, which include lack of on-time

availability of working capital, uncertainty in the delivery of raw materials and finished goods, power supply interruptions, logistics problems, and insurgency. Besides, there is huge potential to properly harness rich natural resources such as coal, limestone, petroleum, natural gas, chromite, zinc, lead, copper, iron ore, and others, which can be further processed for trading through ICP Moreh towards Southeast Asian countries. Manipur government could develop Special Economic Zones (SEZs) and support basic infrastructure amenities in the border area.

6.10.5 Tourism Opportunities

The geographical location of the NER states, surrounded by the Himalayas and vast natural flora and fauna, makes the region attractive to tourists, both domestic and foreign visitors. There are numerous tourist locations spread over the eight different states in the NER. Some of the major tourist attractions in the region are listed in Table 3. Tourism is also a key income-generating activity in the region, which offers employment and people-to-people linkages. Both land and air connectivity with neighbouring countries would certainly expand tourism in Manipur and other neighbouring states in the NER. Among the factors that are likely to accelerate tourist flows, the ease of travel between the border towns of both India and Myanmar would open greater people-to-people interactions and attract tourists from Southeast Asian countries.

The Ministry of Tourism, Government of India, introduced two new schemes in 2014–15 called Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD) and Swadesh Darshan, i.e. Integrated Development of Theme-Based Tourist Circuits. Kamakhya in Assam has been identified as a project under the PRASAD scheme. Likewise, the North-East India Circuit is one of the 15 thematic circuits that have been identified under the Swadesh Darshan scheme.¹² The Government of India also offers certain incentives to promote tourism in the NER. These include the provision of complimentary space

for the north-eastern states in India, pavilions to set up at major international travel fairs and exhibitions, 100 per cent financial assistance to organising fairs and festivals, and special campaigns on the NER on TV channels to promote tourism in the region. Two tourist circuits that link Manipur with other states in the NER are Guwahati-Kaziranga-Kohima-Imphal-Moreh-Guwahati and Kolkata-Imphal-Moreh-Kolkata. The initial effects of the TH would be generated in Manipur and, subsequently, other tourist circuits in the region would either strengthen feeder tourists to Manipur from other parts of the region for the India-Southeast Asia route via Moreh or would increase the movement of Southeast Asian tourists to the NER and other parts of India through the Moreh-Tamu border. The National Highways and Infrastructure Development Corporation (NHIDCL) have been improving the roads from Imphal to Kohima and Imphal to Jiribam that would connect different places in the NER.

In the context of the TH, several steps are warranted to address the connectivity challenges to promote tourism. A Motor Vehicle Agreement (MVA) between India, Myanmar, and Thailand should be signed at the earliest. India may consider providing on-arrival visas at Moreh, which could facilitate tourism between India and Myanmar, and between India and Southeast Asian countries. Visa Collection Centres may be set up at Moreh (India) and Tamu (Myanmar). There have been strong historical and cultural linkages between Manipur and the Sagaing province of Myanmar. Both sides share a geographical border, and the people of Sagaing province visit Manipur for health care, tourism, and trade, and vice versa. People from Myanmar also participate in sports festivals on the Manipur side every year. Regular bus services (private) have started from Tamu to Mandalay, Yangon and Naypyidaw in Myanmar, which will pick up the demand once the TH is completed. Completion of the TH will also resume point-to-point bus services between the two countries,

such as Imphal and Mandalay or Yangon and Imphal through the Moreh border. In particular, people from the Sagaing region can travel to Bodh Gaya via Imphal. Further travel to Kolkata and Patna is possible either by road or by air. Therefore, Buddhist pilgrimages will receive a fillip with the completion of the TH and the MVA between the three countries.

Medical tourism between India and Myanmar is one such potential services sector that offers immense business opportunities in the NER. Several people from Myanmar via Moreh visit Imphal for the treatment of health ailments. For instance, several patients from Myanmar have been treated at the Shija Hospital in Imphal in the past few years.¹³ This makes Manipur a potential hub for medical tourism and Moreh could have scope to offer health care related services, such as hospital, laboratory and diagnostic test labs, pharmacy, medical equipment centre etc. However, there are several challenges to promote medical tourism, such as lack of proper infrastructure, lack of roadside amenities, lack of comprehensive marketing and promotion, uncertain law and order situation due to insurgency, negative travel advisories, and blockades, which affect tourism via Moreh.

6.10.6 Completing Ongoing Road Development Activities

Restoration and widening of the Imphal-Moreh highway were observed at various places. In the hilly tracks, a road-widening project was ongoing, this could help in smoothening the movement of container cargo. The study has observed two checkpoints –Tengnoupal and Moreh. Although construction-related obstructions on the highway were observed at different points, there was no such traffic congestion or (potential point of traffic congestion) on the highway. However, the construction in the hill has to be completed so that the region starts gaining from faster transportation, unleashing new economic opportunities.

6.10.7 Optimising Security Checks

Simply getting a visa does not guarantee smooth movement on the Indian side as Assam Rifles conducts checks many times which creates a hassle for Myanmar citizens. Moreh should be developed as a one-stop post like Tamu on the Myanmar side. Myanmar businesspeople do not feel happy due to excessive checks on the Indian side. Improving the security environment in Moreh would help boost trade through land routes. Security checking between Imphal and Moreh is the major hurdle and discouraging factor for the tourist visiting via Moreh.

6.10.8 Strengthening the Coordination between Central and State Government

During the field trip, stakeholders shared their perception that there is a lack of coordination between central and state government bodies such as the Central Board of Indirect Taxes and Customs (CBIC) and DGFT and state government departments. There are several institutional barriers to setting up the Federation of India Export Organisations (FIEO) and DGFT offices at Moreh. The border region suffers from an institutional mechanism, which is required to regularize the border area development programme in Manipur, particularly at Moreh town. For instance, stakeholders highlighted that there is no border town committee at Moreh. There is a need for bottom to top-level planning, effective allocation of funds and implementation of government policies.

6.10.9 Speeding up Border Area Development Programme (BADP)

The Border Area Development Programme (BADP) is an important scheme of the Central Government as it aims to bridge the gap in socio-economic infrastructure and improve the security environment in the border areas through the State Plan Fund (Box 3). The allocation of funds under the BADP for eight North Eastern States (viz. Arunachal Pradesh, Assam, Manipur,

Meghalaya, Mizoram, Nagaland, Tripura and Sikkim) will be in the ratio 90:10 (Centre Share: State Share). The allocation of funds towards NER has been increased from 34 per cent in 2014-15 to 43 per cent in 2021-22 (Table 4). Out of NER, the major beneficial NER states under BADP are Arunachal Pradesh, Assam, Tripura, Mizoram, Meghalaya and Manipur respectively. However, under BADP, the fund allocation in Manipur has been declining over the period from Rs 22 crores in 2014-15 to Rs 11 crores in 2021-22 (Table 4).

The BADP schemes include construction of primary health centres, schools, supply of drinking water, community centres, connectivity and drainage to enable sustainable living in border areas. It also covers schemes or activities relating to Swachhta Abhiyan, skill development programmes, promotion of sports activities in border areas, promotion of rural tourism, border tourism, protection of heritage sites and construction of helipads in remote and inaccessible hilly areas, which do not have road connectivity. Table 5 and Table 6 show major ongoing projects of BADP in Manipur and the ongoing projects of BADP in Moreh, respectively.

Classic Hospitality Training Institute at present under this programme has undertaken a “One Year Diploma in Hotel Management” with a capacity of 32 candidates from Chandel district. The course is specially designed to provide the best training in the industry with 3 months internship programme in Classic Group of Hotels. Classic Hospitality Training Institute had conducted a six months diploma course in hospitality operations in 2017 under the BADP, sponsored by the Planning Department, Government of Manipur. A total number of 26 candidates from Ukhrul and Churachandpur districts have been successfully trained under this course of Tourism and Hospitality Sector, which comes under the Skill Development Programme of BADP, with a 100 per cent placement record at various esteem organizations.

Table 4: Total Centre Share Allocation (Rupees Crores)

States	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Arunachal Pradesh	92	90	109	154	81	92	87	63
Assam	21	31	34	56	50	63	59	42
Manipur	22	22	31	28	20	15	15	11
Meghalaya	21	27	37	37	23	20	21	15
Mizoram	35	39	46	46	32	31	26	19
Nagaland	20	29	32	40	34	10	11	8
Sikkim	20	20	25	28	28	21	21	15
Tripura	38	51	71	65	50	55	50	36
NER	270	308	385	453	317	306	289	209
All BADP States/UTs	800	990	1015	1100	771	794	630	486
Share of NER (%)	34	31	38	41	41	39	46	43

Source: MoHA.

Box 3: Border Area Development Programme (BADP)

The Border Area Development Programme (BADP) was introduced in 1993-94 as a Centrally Sponsored Scheme by the Department of Border Management, Ministry of Home Affairs. The programme is implemented through the State Government for ensuring balanced development of border areas by meeting the special development needs of the people living in remote and inaccessible areas situated near the international border and developing essential infrastructure through convergence of Central/State/BADP/Local schemes and participatory approach especially in six thematic areas—basic Infrastructure, health infrastructure, education, agriculture and water resources, financial inclusion and skill development.

States	Allocation of Funds Share (Centre: State)
Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim	90:10
Himachal Pradesh and Uttarakhand	90:10
Bihar, Gujarat, Punjab, Rajasthan, Uttar Pradesh and West Bengal	60:40
Jammu and Kashmir	90:10
Ladakh	100:0

BADP is a Core Centrally Scheme (CSS) which presently covers 456 Blocks of 119 border Districts in 16 States and 2 Union Territories abutting the International Boundary viz. Arunachal Pradesh, Assam, Bihar, Gujarat, Himachal Pradesh, Jammu & Kashmir (UT), Ladakh (UT), Manipur, Meghalaya, Mizoram, Nagaland, Punjab, Rajasthan, Sikkim, Tripura, Uttar Pradesh, Uttarakhand and West Bengal. Under this programme, utmost priority is given to villages located close to the 'Zero' line (within 0-10 Km) on the International Border and within that the villages identified by the Border Guarding Forces (BGF). These villages are known as "Strategic Villages/Towns". Table shows the allocation of funds under BADP for the respective states. Fund allocation is based on length of international Boundary (33 per cent weightage); area of the border belt covering census villages, semi-urban and urban areas situated within 0-10 Km (within a border block) (33 per cent weightage) and Population of the census villages, semi-urban and urban areas situated within 0- 10 Km of IB (33 per cent weightage)

Source: MoHA

6.10.10 Promoting Women Participation in Trade

There is a need to stimulate trade in the border areas that is inclusive and employment-intensive. Cross-border trade can be a key factor in increasing women participation and reducing their vulnerability. According to the UN Women Watch, cross-border trade has been an important means for women to reduce poverty as they have been at the forefront both as a source of income

and employment. However, their contribution to cross-border trade is under-reported as they are mainly engaged in informal trade. Women traders contend with several challenges such as limited market information, lack of knowledge of trade regulations and procedures, and physical vulnerability whilst travelling and at border crossings. Therefore, there is a clear need to implement mechanisms to reduce the vulnerability of women cross-border traders.

Table 5: Ongoing Projects BADP in Manipur

S. No.	Department	Ongoing Projects	Completed Projects	Approved Cost (Rs. Lakh)	Fund Utilized (Rs. Lakh)
1	Agriculture	4	0	773	0
2	Arts & Culture	3	0	1586	2854
3	Commerce and Industries	31	0	9264600	9370
4	Cooperative Societies	2	0	185	93
5	Edu (S) - SSA & RMSA	188	0	139057126	0
6	HOME	68	0	1248160000	1113859000
7	Horticulture & Soil Conservation	7	0	7302	34475
8	IT Dept	5	0	788	0
9	Law & Legislative Affairs Department	4	0	28641	25559
10	Manipur Police Housing Corporation Ltd.	77	0	41217	68151
11	Medical	13	0	347341977	9500
12	Minor Irrigation Department	593	0	11051089	1305214
13	MOBC	459	0	790087727	2315
14	PHED	1256	0	69724261	13775669
15	POWER (MSPCL)	74	0	187540	91323
16	POWER (MSPDCL)	88	0	123441	9362644
17	PWD	2536	0	433164717	799870
18	Social Welfare	10	0	71658479	0
19	TA and Hills	104	0	32706365	22809943
20	Tourism	2	0	9433	0
21	University & Higher Education	2	0	455	318
22	Water Resources Department (WRD)	306	0	1298753	0
23	Youth Affairs & Sports	14	0	4661	30568

Source: MoHA

**Table 6: Projects Completed Under the BADP Scheme at Moreh
(2014-15 - 2021-22)**

Department	Approved Project Cost (Rs. Lakh)	Utilized Fund (Rs. Lakh)
State Funding		
Education	94	0
Water Resources Department	60	0
PWD	1752.35	32.5
Manipur Police Housing Corporation Ltd.	631.7	0
Commerce and Industries	463	0
Home	15000000	15000000
Central Funding		
MoBC	70	16.6
Education	18.68	5.85
PHED	2284	0
TA and Hills	250	125
Law & Legislative Affairs Department	226.11	112.14
HOME	9990000	11100000
Other Funding		
PWD	34.1	0

Note: See detailed projects in Appendix Table 3.

Source: <https://badp.mha.gov.in/>

Several countries have introduced policy measures for empowering women and improving the socio-economic well-being of women involved in cross-border informal trade. Especially, African countries have been actively working towards empowering women that are involved in cross-border informal trading. For example, the Ministry of Trade and Industry (MINICOM) of Rwanda has been working on a project for facilitating the organisation of women into trade cooperatives aimed at improving their advocacy and opportunities; providing capacity building programmes, focused on entrepreneurship; and instilled knowledge regarding trading requirements and up-scaling opportunities. The MINICOM (Ministry of Trade and Industry) project in Rwanda provided training for 650 women working as cross-border traders and facilitated the organisation of 875 women into 37 trade cooperatives to improve

their advocacy and opportunities.¹⁴ Similarly, Border Haat Committee at Balat, located at the India-Bangladesh border, has been taking the special initiative to increase women's participation in the Indian part by increasing the number of vendor ships in favour of women, from 12 to 25. This has been a remarkable step towards addressing the issue of gender equality at the Indian borders.¹⁵

6.11 Concluding Remarks

The ICP at Moreh is an important strategic centre that is capable of handling cargo and passenger transit at the international level. However, the infrastructure facilities of the ICP at Moreh at present is inadequate in meeting growing future transactions and trade volumes. There are several challenges associated with the Moreh ICP. These include shortage of staff, inadequate

water and electricity supply, absence of good quality internet, and absence of accommodation for officials and other social infrastructure. In addition, traders also shied away from formalising a large volume of informal exports and imports even after the opening of the ICP in August 2018. Coordination between central and state government bodies such as the Central Board of Indirect Taxes and Customs (CBIC) and DGFT and state government departments is inadequate. If informal trade persists, ICP is most likely to remain underprepared as official thinking veers around present needs and cost efficiency principles. Therefore, strengthening the infrastructure facilities at this border check-post is indispensable for facilitating trade and passenger movement. Followings are the key findings:

- Government may consider redeveloping the Friendship Bridge near Gate 1 at the Moreh–Tamu border so that cargo vehicles use the bridge for direct shipments through Moreh ICP.
- Increase the number of hotels, homestay and guest house facilities at the Moreh border for promoting trade and tourism at Moreh.
- Narrow down the infrastructure gap between Moreh and Tamu.
- Set up foreign exchange facilities and proper technology for validating the foreign currency notes due to the high risk of fake currency circulation in banks at Moreh.
- Provide Standard Operating Procedures (SOP) for handling goods and passengers, interoperability of customs EDI systems.
- Introduce Radio Frequency Identification (RFID), Mobile X-Ray Container Scanning System (MXCS) and Electronic Cargo Tracking System (ECTS), handling of container cargoes, etc. at the border.
- High business potential in sectors such as health care, tourism, education, infrastructure development, construction, and food processing.
- Build smart border fencing for restricting illegal imports passing through Moreh and Tamu.
- Set up border haats and SEZs for strengthening cultural and economic relations, boosting bilateral trade, promoting industrial and manufacturing activities, encouraging investment for infrastructure development and marketing centres.
- Speeding up the construction and deployment work under BADP.
- Empowering women to participate in cross-border trade so that trade in border areas become inclusive and employment-intensive.

Endnotes

1. The weight of each truck is about 12–13 tons. Source: RIS Survey (2019).
2. <https://theprint.in/opinion/indias-integrated-check-posts-are-boosting-regional-connectivity-but-challenges-remain/705528/>
3. There are two more border posts with Myanmar which are not yet functional.
4. See AIC-RIS (2021)
5. See the Land Ports Authority of India website (www.lpai.gov.in) for further details.
6. <https://www.eximbankindia.in/Assets/Dynamic/PDF/Publication-Resources/ResearchPapers/97file.pdf>
7. AIC-RIS (2021)
8. CUTS, 2020a
9. CUTS, 2021
10. CUTS, 2020b
11. CUTS, 2020b
12. See PIB (2020).
13. Based on discussions had with Shija Hospital in Imphal.
14. Refer, <https://www.nepad.org/nepadspanishfund/good-practice/regional-cross-border-trade>
15. CUTS, 2020d

Appendix Table 1: Forthcoming ICPs

S. No.	Location	State	Border
1	Ghojadanga	West Bengal	Bangladesh
2	Banbasa	Uttarakhand	Nepal
3	Bhithamore	Bihar	Nepal
4	Changrabandha	West Bengal	Bangladesh
5	Dawki	Meghalaya	Bangladesh
6	Fulbari	West Bengal	Bangladesh
7	Hili	West Bengal	Bangladesh
8	Jaigaon	West Bengal	Bhutan
9	Kawrpuchhuah	Mizoram	Bangladesh
10	Mahadipur	West Bengal	Bangladesh
11	Panitanki	West Bengal	Nepal
12	Rupaidiha	Uttar Pradesh	Nepal
13	Sabroom	Tripura	Bangladesh
14	Sunauli	Uttar Pradesh	Nepal

Source: LPAL.

Appendix Table 2: Basic Details about the Operational Border Haats

S. No.	Operational Border Haat Name	Details	Total number participants from India	Total number participants from Bangladesh
1	Kalaichar-Balaimari Border haat	<p>Location of the Border Haat:</p> <ul style="list-style-type: none"> ▪ In India- Kalaichar, West Garo Hills District, Meghalaya ▪ In Bangladesh- Balamari, Char Rajibpur, Kurigram District ▪ Operational since: August 2011 ▪ Day of operation of the haat: Wednesday 	<ul style="list-style-type: none"> ▪ Per haat exactly 1,000 persons are allowed to enter the haat, including vendors, Labourers, vendees and visitors. ▪ Vendors: 50 (out of which one is a government shop supplying cooked food) ▪ Labourers: 250 (5 labourers for each vendor) Vendee + Visitors :700 	<ul style="list-style-type: none"> ▪ More than 3000 people visit the haat in a day. ▪ Vendors: 50 ▪ Labourers: 50-100 ▪ Vendee + Visitors: 2500-3000 (this also includes a few support service providers, they enter as vendees to sell ready-to-eat food such as tea, masala puffed rice, pickle, etc. to vendors and vendees)
2	Srinagar-Chhagalnaiya Border haat	<p>Location of the Border Haat:</p> <ul style="list-style-type: none"> ▪ In India- Srinagar, Sabroom Sub-Divison, South Tripura ▪ In Bangladesh- Purba Madhugram, Chhagalnaiya, Feni District, Chittagong Division ▪ Operational since: January 2015 ▪ Day of operation of the haat: Tuesday 	<ul style="list-style-type: none"> ▪ About 1300 participants. ▪ Vendors: 27 ▪ Labourers: 81 (3 labourers per vendor) ▪ Vendees: 1200 (Before November 26th, 2019, 300 visitors were also allowed to enter the haat) 	<ul style="list-style-type: none"> ▪ More than 3000 people visit the haat in a day. ▪ Vendors: 50 ▪ Labourers: 50-100 ▪ Vendee + Visitors: 2500-3000 (this also includes a few support service providers, they enter as vendees to sell ready-to-eat food such as tea, masala puffed rice, pickle, etc. to vendors and vendees)
3	Balat-Dolura Border haat	<p>Location of the Border Haat:</p> <ul style="list-style-type: none"> ▪ In India- Balat, East Khasi Hills District, Meghalaya ▪ In Bangladesh- Lauwaghar, Dalora, Sunamganj Sadar, Sunamgang District ▪ Operational since: May 2012 ▪ Day of operation of the haat: Tuesday 	<ul style="list-style-type: none"> ▪ About 400 people participate in the haat. ▪ Vendors: 25 (There are two batches of 25 vendors each and they attend the haat on alternative days. ▪ Labourers: 50 (2 labourers for each vendor) ▪ Vendee: 350 ▪ Visitors not allowed. 	<ul style="list-style-type: none"> ▪ About 850 people participate in the haat. ▪ Vendors: 25 ▪ Labourers: 50 (2 labourers for each vendor) ▪ Vendees: About 600 ▪ Visitors: 200
4	Kamalasagar-Kasba Border haat	<p>Location of the Border Haat:</p> <ul style="list-style-type: none"> ▪ In India- Kamalasagar, Bishalgarh, Sepahijala District, Tripura ▪ In Bangladesh- Purba Kasba, Brahmanberia Sadar Upazila, Chittagong ▪ Operational since: June 2015 ▪ Day of operation of the haat: Sunday 	<ul style="list-style-type: none"> ▪ About 500-600 people participate in the haat. ▪ Vendor: 50 ▪ Labourers: 120 (2-3 labourers for each vendor) ▪ Vendee: 350-400 ▪ Visitors are not allowed in the haat. 	<ul style="list-style-type: none"> ▪ About 700 people participate in the haat. ▪ Vendor: 25 ▪ Labourers: 50 (2 labourers for each vendor) ▪ Vendee: 614 ▪ Visitors: 50+

Source: CUTS, 2021

Appendix Table 3: List of Works/Projects under the BADP Scheme at Moreh

Department	Project Name	Approved Project Cost (Rs. Lakh)	Utilized Fund (Rs. Lakh)
State Funding			
Education	Construction of Toilet at Short Stay Home, Moreh (2021-2022)	10	0
	Construction of Student Short Stay Home at Moreh, Tengenoupal District (2015-2016)	84	0
Water Resources Department	Construction of RR masonry wall at Khujairok River, Moreh, Tengenoupal (2021-2022)	15	0
	Construction of RR masonry wall at Laikot River, Moreh (2021-2022)	20	0
	Construction of RR Masonry retaining wall along Lailok River (a tributary of Khujairok River) at Lungsheimapa Moreh, Tengenoupal District, Manipur (2020-2021)	25	0
PWD	Rehab. of bridge over Khujairok bridge near Guruduwara temple at Moreh (2018-2019)	25	0
	Improvement of Court Road Moreh, Tengenoupal Division (2019-2020)	104	0
	Improvement of road from Moreh Forest gate to H. Wanomjang village (2019-2020)	80	0
	RCC slab decking over Khujairok river near Guruduwara Temple, Moreh. (2019-2020)	15	0
	Construction of approach road to PWD Guest house at Moreh phase-I (2019-2020)	80	0
	Improvement of road from Police station to ICP via PHSC Moreh. (2019-2020)	116	0
	Construction of drainage works within Muslim Nagar, Moreh, ward no. 5 (2018-2019)	55.09	0
	Improvement of Guest House (Building) at Moreh (2020-2021)	42	0
	Construction of subsidiary border pillars at Moreh (2019-2020)	20	0
	mAINT. OF ROAD TO Assam riffle helipad AT Moreh. (2019-2020)	20	0
	Construction of TD Block at Moreh. (2017-2018)	298.44	0
	Construction of TD Block at Moreh. (2017-2018)	298.44	32.5
	Construction of TD Block at Moreh. (2017-2018)	298.44	0
	Construction of TD Block at Moreh (2017-2018)	299.94	0
Manipur Police Housing Corporation Ltd.	Construction of Transit Accommodation for Doctors and Teachers at Moreh, Tengenoupal District (2017-2018)	315.85	0
	Construction of Transit Accommodation for Doctors and Teachers at Moreh, Tengenoupal District (2018-2019)	315.85	0

Appendix Table 3 continued...

Strengthening Border Connectivity at India-Myanmar Border

Appendix Table 3 continued...

Commerce and Industries	Repairing of Moreh Trade Centre, Moreh Part 2 (2018-2019)	290	0
	Repairing of Moreh Trade Centre, Moreh Part 1 (2018-2019)	173	0
Home	Construction of various facilities for Visa on Arrival office at Moreh, Tengenoupal District (2nd Phase). (2014-2015)	5000000	5000000
	Construction of various facilities for Visa on arrival Office at Moreh, Tengenoupal District. (2013-2014)	10000000	10000000
Central Funding			
MOBC	Construction of Drinking Water Supply under Pradhan Mantri Jan Vikas Karyakram /MSDP at Moulhoinom village, Moreh Block. (2015-2016)	5	1.1
	Construction of Drinking Water Supply under Pradhan Mantri Jan Vikas Karyakram /MSDP at Harmon Village Moreh Block. (2015-2016)	5	1.1
	Construction of Ring Well under Pradhan Mantri Jan Vikas Karyakram(MSDP) at Moreh Ward No.9 , MOREH Block)2015-2016)	5	1.1
	Construction of Girls Hostel under Pradhan Mantri Jan Vikas Karyakram /MSDP at Moreh ward No.9 Moreh Block. (2015-2016)	35	8.8
	Construction of Toilet under Pradhan Mantri Jan Vikas Karyakram /MSDP at New Leikot P/S, Moreh Block. (2015-2016)	10	2.25
	Construction of Toilet under Pradhan Mantri Jan Vikas Karyakram (MSDP) at T.Bongmol P/S ,Moreh Block. (2015-2016)	10	2.25
Education	Additional Classroom Moreh Hr. Sec School (2021-2022)	18.68	5.85
PHED	Augmentation of Moreh Town Water Supply Scheme for Promoting Tourism (2019-2020)	2284	0
TA and Hills	Const. of Tribal Mothers Market at Sibong Khudengthabi, Moreh (2018-2019)	250	125
Law & Legislative Affairs Department	Construction of compound wall phase III, drainage, gate and retaining wall of Moreh Court Complex (2016-2017)	226.11	112.14
Home	Construction of infrastructure for Moreh Police Station check Post at Kondong Lairembi area, Tengenoupal District under SPA, (2013-14)	9990000	11100000
Other Funding			
PWD	M/o IEI in the CJM Bungalow, Staffs Qtr. T/II Qtr. 2 nos. & Security barrack i/c chowkidar Qtr. in the Judiciary Court Complex at Moreh. (2020-2021)	8.94	0
	Providing Compound lighting in the ADC Office Complex, Moreh. (2019-2020)	25.16	0

Source: <https://badp.mha.gov.in/>

Stakeholders' Perception on Border Trade at Moreh

The study team has visited Imphal and Moreh during 6 to 9 December 2021 as a part of the LPAI study on 'Strengthening Border Connectivity at Moreh in Northeast India'. One of the objectives was to collect the primary level data. In this field visit, there were four key consultations with stakeholders - two at Moreh and two at Imphal. A series of discussions with the stakeholders was conducted to understand the key issues and challenges faced by the border trade at Moreh. The four stakeholders' consultations have provided useful recommendations, which can be shared with various government and non-government agencies for their consideration and effective implementation of policy measures for smooth functioning of ICP Moreh and promoting formal trade at Moreh.

7.1. Major Outcomes of the Stakeholders' Consultations

7.1.1 Stakeholders' Consultation at ICP Moreh

The first stakeholder consultation meeting was held at ICP Moreh on 7 December 2021 with Customs, FSSAI, Banks, Business Associations, Civil Society Organisations, Custom House Agents, exporters and importers, Assam Rifle,

etc. (Annexure 1). A detailed presentation was made to the stakeholders by Dr Prabir De, Professor and Coordinator, ASEAN-India Centre (AIC), Research and Information System for Developing Countries (RIS), New Delhi. Besides, the objective of this study was listed to the stakeholders and feedback and comments were collected. The consultation was chaired by Mr Ajeet Kumar Singh, Director (Operations), LPAI, New Delhi. Mr Robin Gangte, Under Secretary and Manager, Moreh ICP initiated the discussion.

- The discussion at ICP Moreh highlighted that more than 90 per cent of the trade between India and Myanmar through Moreh is informal, which is recorded in Myanmar but has no record in India. A high tariff on betel nut imports by India is one of the major reasons for informal trading as identified by the local community. Therefore, addressing high tariffs on betel nuts may help reduce informal trade volume. The consultations have also noted that Myanmar's trade policies are not transparent, which is another major hindrance in formalising trade between India and Myanmar.
- Stakeholders have identified lack of basic infrastructure facilities such as electricity and internet bandwidth and other services

like hotels, guest houses, pilgrimage centres, tourist packages, etc. have been acting as major barriers to trade and tourism at Moreh. Therefore, consistent improvement in basic infrastructure facilities is essential for boosting trade and tourism at Moreh and beyond.

- Stakeholders have also pointed out that there is coordination failure between Central government bodies such as the Central Board of Indirect Taxes and Customs (CBIC) and Directorate General of Foreign Trade (DGFT) and Manipur state government.
- The discussion has also highlighted that there is a high potential of trade creation with new items between India and Myanmar, which must be unlocked by the government agencies and industry associations.
- Multiple checks by the border security force (Assam Rifles) create a hassle for business people and the local community. Introducing a smart border and improving the security environment in Moreh would help boost safe trade through land routes.

7.1.2. Stakeholders' Consultation with District Commissioner, Tengenoual

The second stakeholders' consultation was held with Mr Lourembam Bikram, District Commissioner of Tengenoual District, Manipur on 7 December 2021. Additional District Commissioner (ADC) in charge of Moreh and Assam Riffle, Tengenoual ADC in-charge of Moreh and Assam Riffle, Tengenoual were also present.

- The discussion with the District Commissioner (DC) and other stakeholders has revealed that the current institutional arrangement for border trade at Moreh is unclear. Coordination and cooperation between government agencies such as the DGFT, the CBIC and Manipur State government are not robust due to which bottom to top planning is partially absent. The DC and the team have suggested setting

up an industrial unit/department with the representative for DGFT for coordinating and harmonizing the legal, technical and institutional arrangements at Moreh.

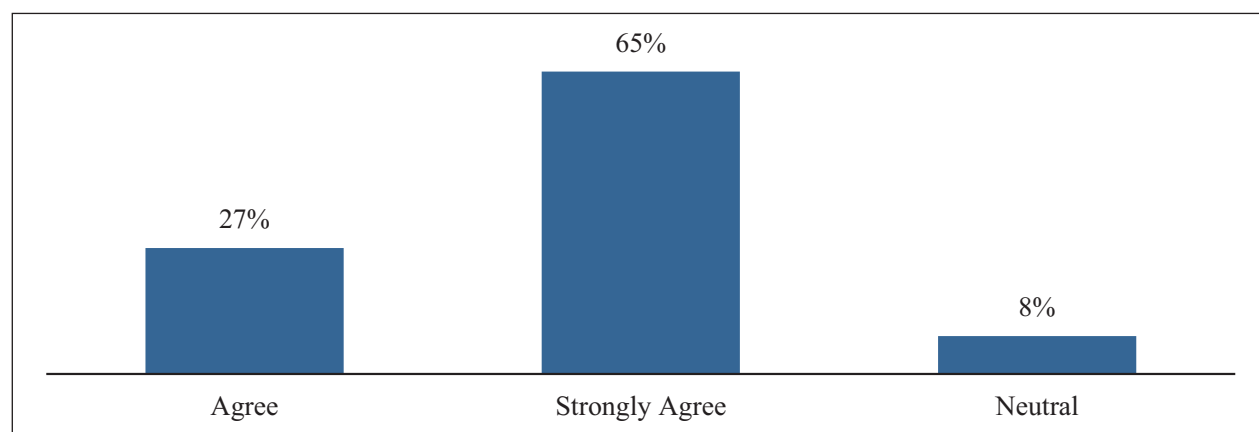
- Stakeholders have hinted that Village Committee is missing at Moreh. There is a need to develop ownership and a sense of participation among the people of Moreh.
- The DC has also highlighted that the institutional mechanism has to be improved further at the Tengenoual district to provide support and training and capacity building for trade promotion activities and to organise the training programme for the youth and women. In addition, there is a need of skilled manpower in the district office to digitalize the day-to-day functioning process to provide better services.
- The stakeholders have suggested that empowering authorities at the Customs and ICP for improving acceptability between the people, Customs, ICP and border security management team is essential.

7.1.3. Stakeholders' Consultation with Manipur University

The third stakeholders' consultation was held with the academic experts of the Manipur University chaired by Prof. Priyaranjan Chongtham on 8 December 2021.

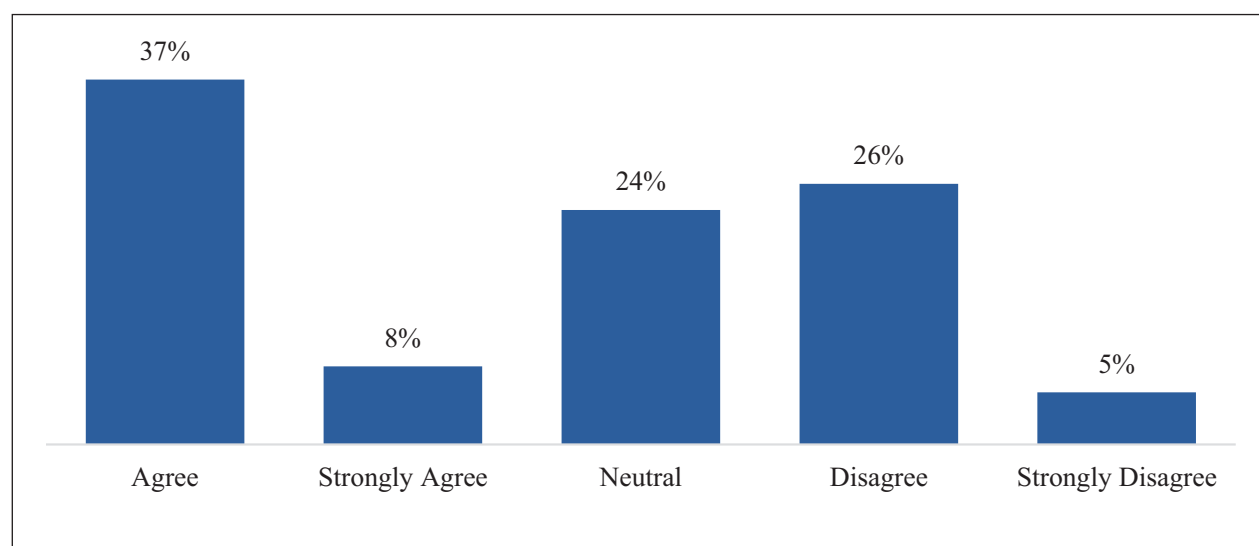
- The discussion with the Manipur University faculty has highlighted that all border areas of India and Myanmar are tribal areas, which create sociological connectivity hurdles. In addition, traders lack knowledge about formal trade procedures, taxes and duties, fees that are required to be paid for export and import.
- The stakeholders have also pointed out that basic infrastructures such as water supply, electricity supply, mobile connectivity, etc. as well as ICT infrastructure connectivity is inadequate at Moreh, which is one of the major bottlenecks hindering trade.

Figure 1: Perception on Promoting Border Trade between India (Moreh) and Myanmar (Tamu) will Boost Local Industries across Border



Source: Authors' own based on field survey

Figure 2: Respondent's Opinion on Existing Facilities at ICP Sufficient to Meet Trade and Potential Passengers Moment at Moreh Border



Source: Authors' own based on field survey

- Overall, social, legal, political frameworks for government agencies and tribal bodies are required to be designed at Moreh. In addition, there is a need to set up cultural routes and material routes for enhancing linkages between India and Myanmar.

7.1.4. Stakeholders' Consultation at Ministry of Textile, Commerce and Industry, Manipur Government

The fourth stakeholders' consultation was held at Manipur Ministry of Textile, Commerce and Industry on 8 December 2021 with key officials, trade associations and entrepreneurs of Manipur.

The detailed agenda of the stakeholders' consultation is given in Annexure 3. The meeting was chaired by Mrs Rekha Raikar Kumar, Member (Finance), LPAI, New Delhi. A detailed presentation was made to the stakeholders by Dr Prabir De, RIS, New Delhi.

- Stakeholders have said that the law-and-order situation is a major concern in the Imphal-Moreh route. Traders have to pay illegal taxes at various points for exporting and importing through Moreh.
- Exporting from Moreh is difficult as there is inadequate transport and transit facilitation.
- Transit costs in Myanmar should be reduced to encourage trade between India and Myanmar.
- Stakeholders have pointed out that custom handling agents (CHA), tourist services, medical services, foreign exchange handlers, transport service providers, courier services, tourist guides, etc. are required in order to promote trade and passenger movement in Moreh. Therefore, there is a need to institutionalise a multi-stakeholder engagement for strengthening border connectivity.

7.2. Field Survey Analysis and Results

During the field visit, a feedback form was provided to all the stakeholders to pick up their perception of border trade at Moreh, infrastructure facilities at ICP Moreh, potential exports via Moreh and potential trade relations between Myanmar and India (see Annexure 3). Here are some insights from the field survey.

Out of the total four stakeholders' consultations, a total of 38 stakeholders shared their responses through the feedback form. Figure 1 illustrates the stakeholders' perception on promoting border trade between India and Myanmar in boosting local industries across the border. A total of 65 per cent of the stakeholders strongly agree that promoting border trade

between India and Myanmar would boost local industries across the border, whereas 27 per cent of the respondents agree that promoting border trade between India and Myanmar would boost local industries across the border and remaining 8 per cent of the stakeholders were neutral.

Figure 2 presents respondents' perception on whether existing facilities at Moreh ICP are sufficient to meet trade and passengers. Only 8 per cent of the respondents have strongly agreed that facilities at ICP are sufficient to meet trade and passengers movement at the Moreh border and 37 per cent of the respondents agree that facilities at ICP are sufficient to meet trade and passengers movement at the Moreh border. However, 26 per cent of respondents have disagreed that facilities at ICP are sufficient to meet trade and passengers movement at the Moreh border whereas 5 per cent of respondents have strongly disagreed with it. The rest 24 per cent of the respondents were neutral.

Table 1 presents the respondents' recommendations for the Manipur state government and the Government of India for promoting trade and industries between India (Manipur) and Southeast Asia (Myanmar). The broad policy measures recommended by stakeholders for both state and central governments include infrastructure development, training and capacity building programmes, better border security, promote and establish trade industries and committees, regular stakeholders' coordination and cooperation, involvement of local bodies, review/revise trade policy and duties/quotas/subsidies, special economic zone/special business zone, transit permit and law and order. Promoting and establishing trade industries and committees and reviewing/revising trade policy and duties/quotas/subsidies policy measures were majorly opined by stakeholders.

Policy measures such as setting up mega-scale factories and industries, promoting trade and industries between India (Manipur) and Southeast Asia (Myanmar), promoting

entrepreneurship to start with new ventures to survive in the international market under promoting and establishing trade industries and committees were recommended by stakeholders. In particular, setting up Northeast Export Production Committee (NEEPC) and promoting trade-industry linkages in Manipur and Myanmar were recommended.

Policy measures such as open nodal office at Moreh for providing information regarding trade and finance, developing Moreh township, curbing illegal taxes, providing transport subsidies and introducing policy measures for formalizing informal trading under review/revise trade policy and duties/quotas/subsidies policy measure were suggested by

Table 1: Respondents' Response for Promoting Trade and Industries between India (Manipur) and Southeast Asia (Myanmar)

Broad Policy Measure	Manipur State Government	Government of India
Infrastructure Development	<ul style="list-style-type: none"> • Development Infrastructure, roads, telecommunication, bridges, electricity • Availability of warehouse • Improve the highways and introduce railways 	<ul style="list-style-type: none"> • Improve and Develop Basic Infrastructure • Expedite Implementation Infrastructure Development Projects • Develop Proper Banking Facilities • Reduce Logistics Cost for Channelling Goods to Myanmar
Training and Capacity Building Programmes	<ul style="list-style-type: none"> • Regular meeting with border town traders. 	<ul style="list-style-type: none"> • Arrange and Conduct Seminars and Workshops to Educate Local Population
Promote and Establish Trade Industries and Committees	<ul style="list-style-type: none"> • Establish Mega scale factories and Industries • Make the Trade Centre Functional deploy products from Manipur to Moreh for regular exhibitions and Conclaves • Promote trade and industries between India (Manipur) and Southeast Asia (Myanmar) • Promote start-up capitals to importers and exporters • Promote the entrepreneurs to start with new ventures to survive in the international market 	<ul style="list-style-type: none"> • Set up Northeast Export Production Committee • Promote Trade Industry in Manipur and Myanmar
Improve Border Security	<ul style="list-style-type: none"> • Secure roads from fringe elements 	<ul style="list-style-type: none"> • Set up/Improve Highway Protection Force • One-Stop Checking/Scanning of Foreign Nationals
Stakeholder Coordination and Cooperation		<ul style="list-style-type: none"> • Track Manipur State Issues and Take Actions to Resolve them • Coordination and Cooperation with Myanmar Government for free transit of Indian goods from Myanmar • Coordinate with Myanmar Government for Providing Transparency about Export/Import Documentation Procedures

Strengthening Border Connectivity at India-Myanmar Border

Table 1 continued...

Involvement of Local Body	<ul style="list-style-type: none"> • Develop local trade body and interaction platform • Engage local entrepreneurs and encourage PPP • Transparency between Regional government and local businesspeople is required. 	<ul style="list-style-type: none"> • Involve local bodies/authorities
Review/Revise Trade Policy and Duties/Quotas/Subsidies	<ul style="list-style-type: none"> • The State governments in the region should collectively lobby the central authorities for special 'opening up' privileges, such as interior trading port status, preferential policies to attract foreign direct investment and particular policies for the region. • The state government should provide an export strategy indicating the specific sectors and products the government is trying to give the thrust and its action plan to systematically fill these gaps. • Open Nodal office at Moreh for providing information regarding trade and finance • Develop Moreh Township Plan • Measures to curb illegal taxes levied by several agencies • Transport subsidies • Introduce policy measures to formalize informal trading • Inspection of unauthorized trading in collaboration with different CSO/ public organizations of Moreh. 	<ul style="list-style-type: none"> • Review Trade Policy for NER Strengthen the Implementation of Act East Policy in Reality Negotiate Bilateral FTA with Myanmar • Provide Access to material goods, services, and capital for NER • Enhance freedom of speech, self-expression, and effective participation for NER • The Ministry of Commerce and Industry should revise trade norms and route exporters and importers. • Special Policies for Tribal Communities • Relaxation on Customs/Excise Duties • Fix Quotas for Selected Items Imported Through ICP Moreh. For example, a special quota on pulses will benefit ordinary persons in the region. • Provide Subsidies for Freight/Cargo Service • Take necessary steps to process or export local products to the mainland India and ASEAN market • Easy Access to e-Visa
SEZ/SBZ	<ul style="list-style-type: none"> • Establish economic zones 	<ul style="list-style-type: none"> • Set up Special Economic Zones for Furniture and Garment Industries
Transit Permit	<ul style="list-style-type: none"> • Transit permission 	<ul style="list-style-type: none"> • System for border pass or any permit for an overnight stay at border town for passport holders and the citizens of both sides.
Law and Order	<ul style="list-style-type: none"> • Proper Law and order and proper treatment of exporters and importers 	<ul style="list-style-type: none"> • Resolve Border Dispute

Source: Authors' own based on field survey

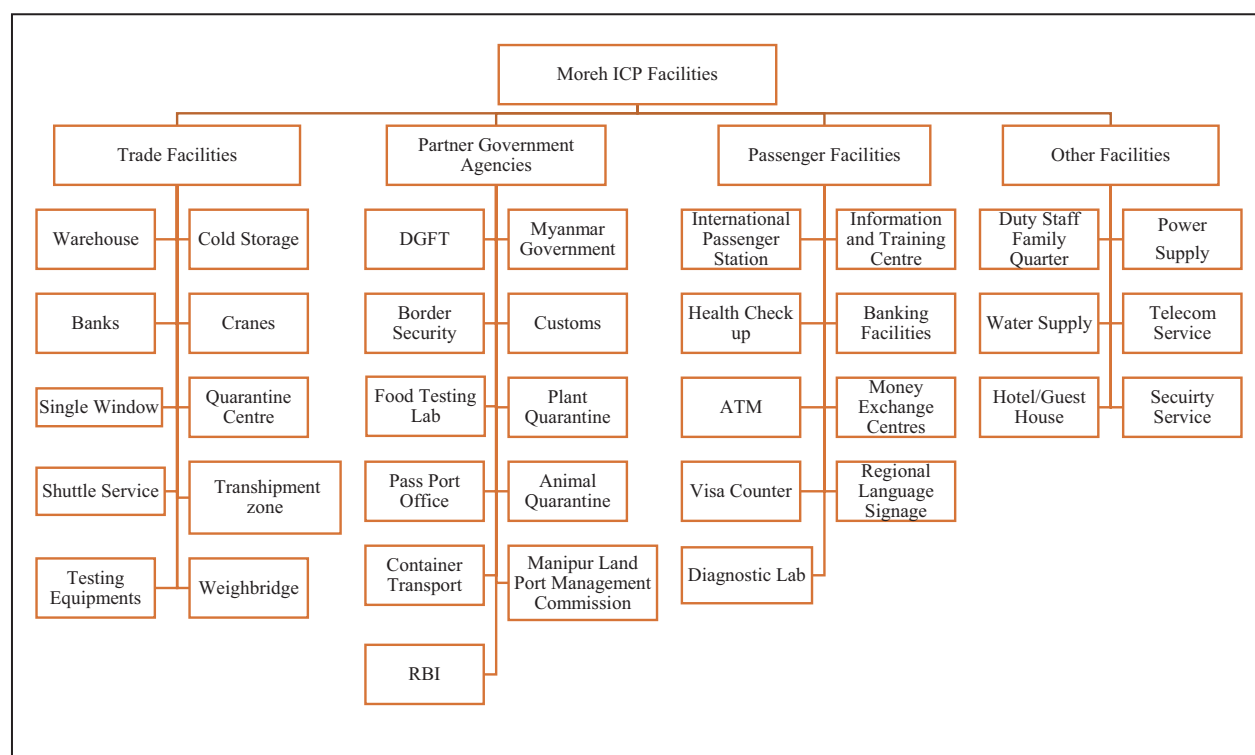
stakeholders for the attention of Manipur state government whereas review trade policy for NER, strengthening implementation of the Act East Policy, relaxation on Customs/Excise Duties, fixing quotas for selected items imported through ICP Moreh were recommended for the intervention of the Government of India. A special quota on pulses will benefit ordinary persons in the region.

Respondents were also asked about their preference of the type of facilities that are required at Moreh ICP. Their responses on the type of facilities required at Moreh ICP are categorized under four broad facilities: trade facilities, partner government agencies, passenger facilities and other facilities in Figure 3. Setting up trade facilities such as warehouse, cold storage, banks, cranes, single window, quarantine centre, shuttle service, transshipment zone, testing requirements and weighbridge are essential requirements for trading according

to the respondents. The responses show the importance of having government agencies representatives/offices such as the DGFT, Myanmar government, border security, Customs, food testing labs, plant and animal quarantine, container transport, RBI and Manipur Land Port Management Commission at the Moreh ICP for facilitating trade and providing information regarding trade procedures and process, banking and quarantine facilities.

Respondents have also highlighted the requirement of passenger facilities like international passenger station, information and training centre, health check-up, diagnostic lab, banking facilities, ATM, money exchange centres, visa counter, regional language signage at the ICP for seamless passenger movement and immigration across borders. Requirement of other basic infrastructure facilities at Moreh such as duty staff family quarter, power supply, water supply, telecommunication services, hotel

Figure 3: Respondents' Response on Types of Facilities Required at Moreh ICP



Source: Authors' own based on field survey

Table 2: Goods and Services Export Potential from Manipur through Moreh Border

Broad Product Category		Products
Trade-in Goods	Automobile	Auto part, Car/Bike, Machinery
	Pharmaceutical	Ayurvedic products, Herbal Items, Lifesaving Medicines, Non-Medical Medicines
	Agricultural Product	Processed Food, Wheat, Maida, Rubber Products, Spices, Organic Food Processing, Livestock Products Processing
	Textile	Garments, Apparels, Handloom
	Handicraft	Hand-made Products
	Furniture Product	Finished Furniture Goods and Raw Material
	Information Technology (I.T)	I.T Products, Innovative Technology
Trade-in Services	Manufactured Goods	Fast Moving Consumer Goods (FMCG)
	Training and Consultancy	Consultancy, Technical Training Services
	Education and Health	Educational Exchange Programmes, Healthcare Services (e.g., Nursing, Doctors)
	Tourism	Visit Religious Pilgrimage (e.g., Eight Mandalas in Manipur)

Source: Authors' own based on field survey

and guest houses and security services were also highlighted by the stakeholders. Moreover, there should be highly integrated cross-border regional cooperation that includes information exchange, cooperation frequency, regional cohesion, etc.

Table 2 presents the potential export of goods and services from Manipur through the Moreh border as highlighted by the respondents. The potential exports are categorized under two broad groups i.e., trade in goods and trade in services. Under the trade in goods, products like automobiles, pharmaceuticals, agricultural products, textile, handicraft, furniture products, IT products and manufactured goods have immense export potentials, which can be traded through the Moreh border.

Under the trade in services, technical training and consultancy services, education and health services could be majorly traded from Manipur through the Moreh border. Religious pilgrimage can be exported through promoting tourism. For

example, eight mandalas have been discovered in Manipur so far. Given the economic potential of religiously motivated travel in an increasingly globalised world, the Indian government could promote the mandalas as a potential tourism resource alongside the growth of other leisure activities.

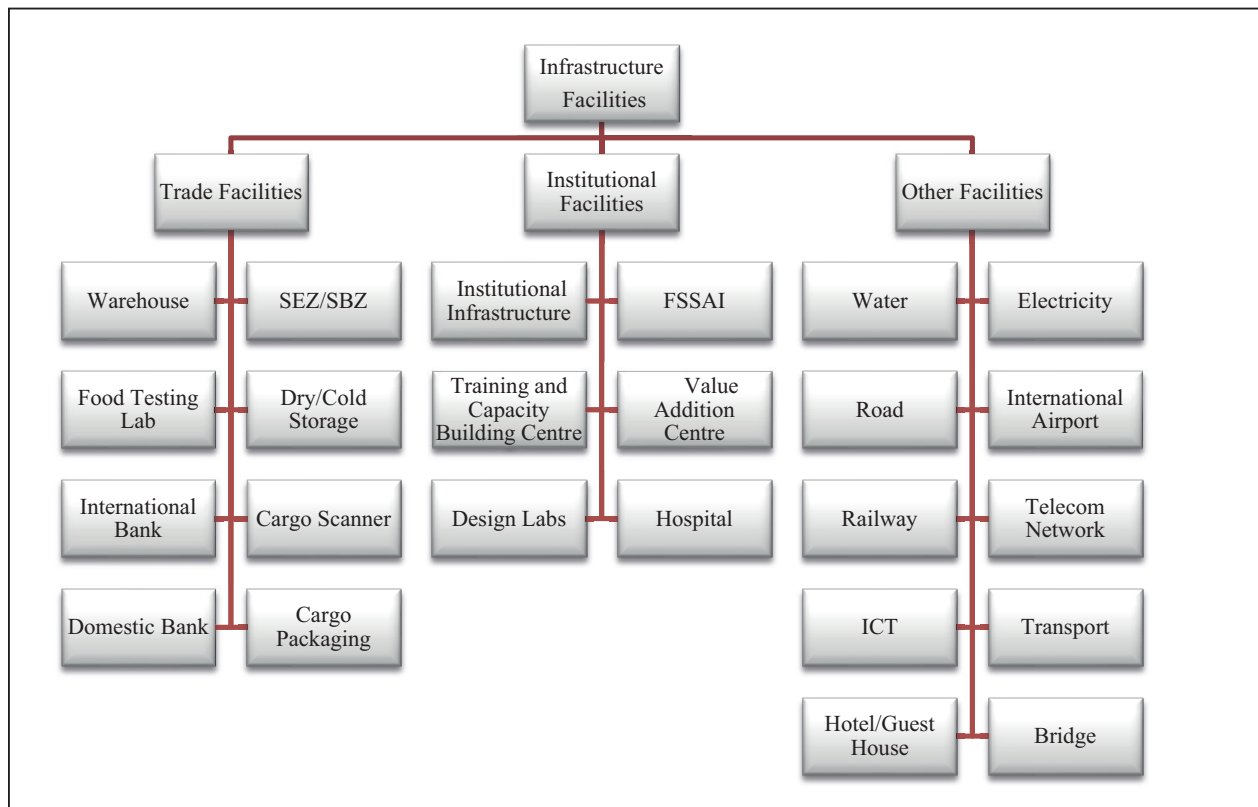
Figure 4 presents the respondents' response on infrastructure facilities required in Manipur for enhancing exports, which are categorized under three broad categories: trade facilities, institutional facilities and other facilities. Setting up large warehouses, dry/cold storage, packing facilities, deploying food testing lab, setting up cargo X-ray scanner for checking cargo at check posts, developing special economic zones or special business zones for promoting local industries, setting up domestic and international banking system with life insurance policy facility are some of the major infrastructure facilities requirements highlighted by respondents for promoting trade.

Creating an institutional infrastructure of governance along with cohesive economic activities and interactions that create opportunities or add value is important for facilitating trade. In addition, setting up packing facilities, value addition centres and design labs for promoting the craft sector and training and capacity building centres for educating local people about formal trade are also essential institutional infrastructure facility requirements highlighted by the respondents.

Respondents have emphasised that enhancing investment in social overhead capital in Manipur, such as, development of transport, communication, roads, highways, bridges, international airport, mobile network and internet connectivity, ICT, more hotels and guest houses, uninterrupted power supply and dams for solving water scarcity would bring holistic development in the region.

Figure 5 presents the general recommendations provided by the respondents that are required for promoting trade between India and Myanmar through Moreh. Employing multi-stakeholder initiatives, good teamwork, government-to-government dialogue and coordinating between traders, state, governments and private enterprises to explore what information sources and definitions will be acceptable to reach a common understanding of region-wide challenges. Arranging trade meetings and conducting capacity building programmes for traders and the general public in the border area for getting Customs Broker License/Certificate as well as private container transport awareness programme for understanding the system at ICP Moreh. Arranging field visits for traders to other ICPs of the country for understanding the functions and operations of ICPs and ease of doing business. Providing an e-sealing facility

Figure 4: Respondents' Response on Infrastructure Facilities Required in Manipur to Enhance Exports



Source: Authors' own based on field survey

for private container transport would reduce security checks and dwell time at the check posts. Arranging transit permits, bus services at the Moreh border, free flow of goods and services, removing excise duties on goods and illegal tax collection by agencies are also important for formalizing trade between India and Myanmar. Proper and faster security checking of ICP staff members, easy passage for passengers and traders at borders and highways was also recommended by the stakeholders.

7.3. Imphal-Moreh Route Description

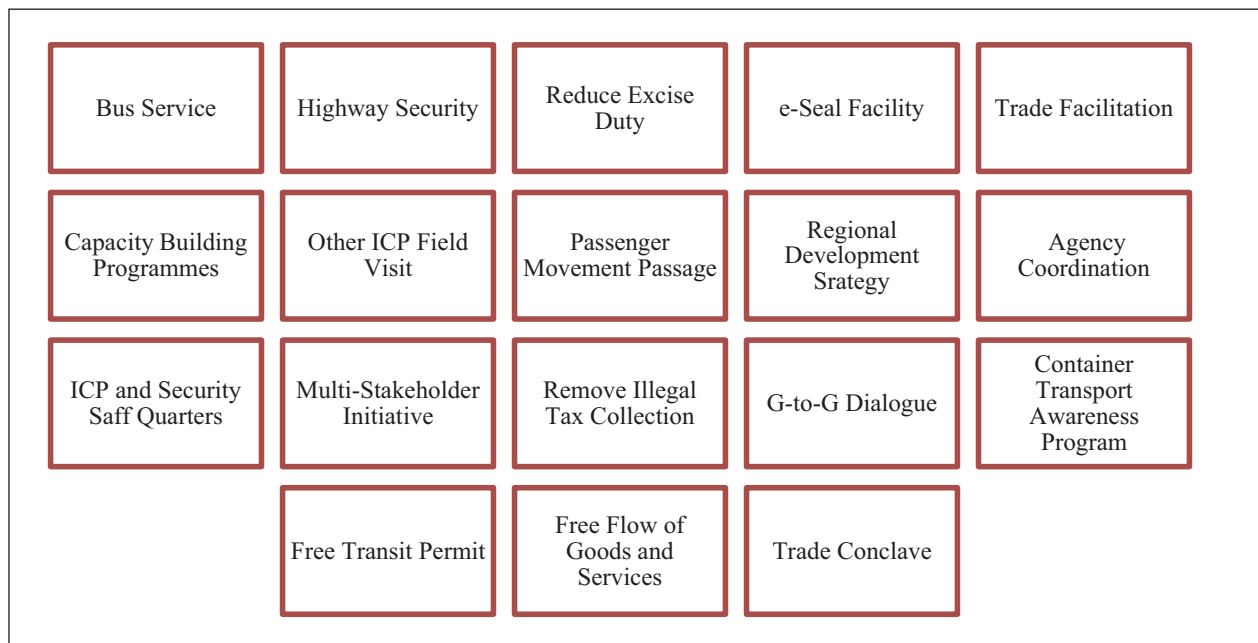
During the travel between Imphal and Moreh, the study team has observed restoration and widening of the Imphal-Moreh highway and hilly tracks at different points. Through out the stretch, most of the routes are in the process of two-way expansion. During our field visit, due to covid-19 there was no traffic congestion on the highway and hilly tracks (see Annexure 4). The NHIDCL is in the process of completion of road widening projects that can help in the faster

movement of container cargo. The NHIDCL also faces challenges with the ongoing construction, such as land acquisition, reconstruction of several old bridges such as Lilong bridge at Lilong Bazar, Thoubal bridge between Thoubal and Wangjing. In addition, two checkpoints were observed at Tengnoupal at Tengnoupal district and Khudengthabi at Moreh. The Assam Rifles have installed a cargo scanner at the second checkpoint for commodities that will be imported through Moreh and transferred to Imphal. Vehicles are currently travelling at 40 km/h in the valley and 20 km/h on the hills. When the project is completed, passenger car speeds may likely increase to 100 km in the valley and 65 km on the hills. Both the checkpoints were crowded and have inadequate infrastructure facilities for passengers and cargoes.

7.4. Concluding Remarks

The study team has visited Imphal and Moreh to have a series of discussions with the stakeholders to understand the key issues and challenges faced by the border trade at Moreh. The study had a

Figure 5: Respondents' General Recommendations



Source: Authors' own based on field survey

consultation at ICP with several stakeholders, District Commissioner, Tengnoupal, Manipur University and Ministry of Textile, Commerce and Industry, Manipur Government.

- About 65 per cent of the respondents strongly agree that promoting border trade between India and Myanmar would boost local industries across the border. However, about 45 per cent of the respondents have agreed that facilities at ICP are sufficient to meet trade and passengers' movement at the Moreh border, whereas, about 26 per cent of respondents viewed that facilities at ICP are not sufficient to meet trade and passengers movement at the Moreh.
- The respondents suggested setting up mega-scale factories and industries and Northeast Export Production Committee (NEEPC), promoting start-ups, trade and industries between India (Manipur) and Southeast Asia (Myanmar). In addition, open nodal office at Moreh for providing information regarding trade and finance, developing Moreh township, curbing illegal taxes, providing transport subsidies and introducing policy measures for formalizing informal trading were also suggested to strengthen the border trade at Moreh.
- Respondents also emphasised to improve the basic facilities at ICP Moreh such as warehouse, cold storage, banks, cranes, single window, quarantine centre, shuttle service, transshipment zone, testing requirements and weighbridge are essential requirements for trading. The responses show the importance of having government agencies representatives/offices such as the DGFT, Myanmar government, border security, Customs, food testing labs, plant and animal quarantine, container transport, RBI and Manipur Land Port Management Commission at the Moreh ICP for facilitating trade and providing information regarding trade procedures and process, banking and quarantine facilities.
- Products like automobiles, pharmaceuticals, agricultural products, textile, handicraft, furniture products, IT products and manufactured goods have immense export potentials, in addition to trade in services such as technical training and consultancy services, education and health services, tourism, which can be traded through the Moreh border.
- To bring holistic development in the region, respondents emphasised that enhancing investment in social overhead capital in Manipur, such as, development of transport, communication, roads, highways, bridges, international airport, mobile network and internet connectivity, ICT, more hotels and guest houses, uninterrupted power supply and dams for solving water scarcity would bring holistic development in the region.
- Respondents suggested that to encourage the traders and promote the youth to involve in trading activities, government have to arrange field visits for traders to other ICPs of the country for understanding the functions and operations of ICPs and ease of doing business. Providing an e-sealing facility for private container transport would reduce security checks and dwell time at the check posts would boost the trade. Proper and faster security checking of ICP staff members, easy passage for passengers and traders at borders and highways was also recommended by the stakeholders.

Annexure 1

Study on Strengthening Border Connectivity at Moreh Border in Northeast India Stakeholders' Consultation at ICP Moreh

6 December 2021; 1-5 pm

Agenda

- 12.30 pm: Registration
- 1.00 – 1.35 pm: Welcome by Mr Robin Gangte, US & Manager ICP
- 1.35 – 1.45 pm: Remarks by Mr Ajeet Kumar Singh, Director (Operations), LPAL, New Delhi
- 1.45 – 2.00 pm: Presentation by Dr Prabir De, Professor, ASEAN-India Centre (AIC), RIS, New Delhi and Team
- 2.00 – 3.00 pm: Representations, Q&A, Consultations
- ICP
 - Customs
 - Immigration
 - Assam Rifles
 - Banks
 - Food Safety (FSSAI)
 - Port Health
 - Plant and Animal Quarantine Agencies
- 3.00 – 3.15 pm: Tea/Coffee Break (can be served during the session also)
- 3.15 – 4.45 pm: Representations, Q&A, Consultations (contd.)
- Trade bodies
 - Civil society organizations
- 4.45 – 5.00 pm: Concluding session
- Closing remarks: Prof. Ch. Priyoranjan Singh, Manipur University

Annexure 2

Study on Strengthening Border Connectivity at Moreh Border in Northeast India Stakeholders' Consultation with Commerce and Industries Dept., Manipur

8 December 2021; 1.30 - 3.30 pm

Old Secretariat Conference Hall, Imphal

Agenda

- | | |
|-----------------|--|
| In chair: | Mrs Rekha Raikar Kumar, Member (Finance), Land Ports Authority of India (LPAI), New Delhi |
| 1.30 - 1.35 pm: | Welcome by Prof. Ch. Priyoranjan Singh, Manipur University, Imphal and Study Team Member |
| 1.35 - 1.45 pm: | Remarks by Mr Michael Achom, Secretary (Textile, Commerce and Industry), Manipur Government, Imphal |
| 1.45 - 1.55 pm: | Remarks by Mrs Rekha Raikar Kumar, Member (Finance), Land Ports Authority of India (LPAI), New Delhi |
| 1.55 - 2.10 pm: | Presentation by Dr Prabir De, Professor, ASEAN-India Centre (AIC), RIS, New Delhi and Team |
| 2.10 - 3.15 pm: | Discussion across the table - officials, trade bodies, etc. |
| 3.15 - 3.30 pm: | Wrapping up and concluding remarks |

Annexure 3
Study on Strengthening Border Connectivity at Moreh in
Northeast India

Feedback Form

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ID (to be filled up by my study team):

1. Promoting border trade between India (Moreh) and Myanmar (Tamu) would boost local industries across the border
 - Strongly Agree
 - Agree
 - Neutral
 - Disagree
 - Strongly Disagree
2. The existing facilities at ICP are sufficient to meet potential trade and passengers at the border.
 - Strongly Agree
 - Agree
 - Neutral
 - Disagree
 - Strongly Disagree
3. According to you, what should be done in promoting trade and industries between India (Manipur) and Southeast Asia (Myanmar)?

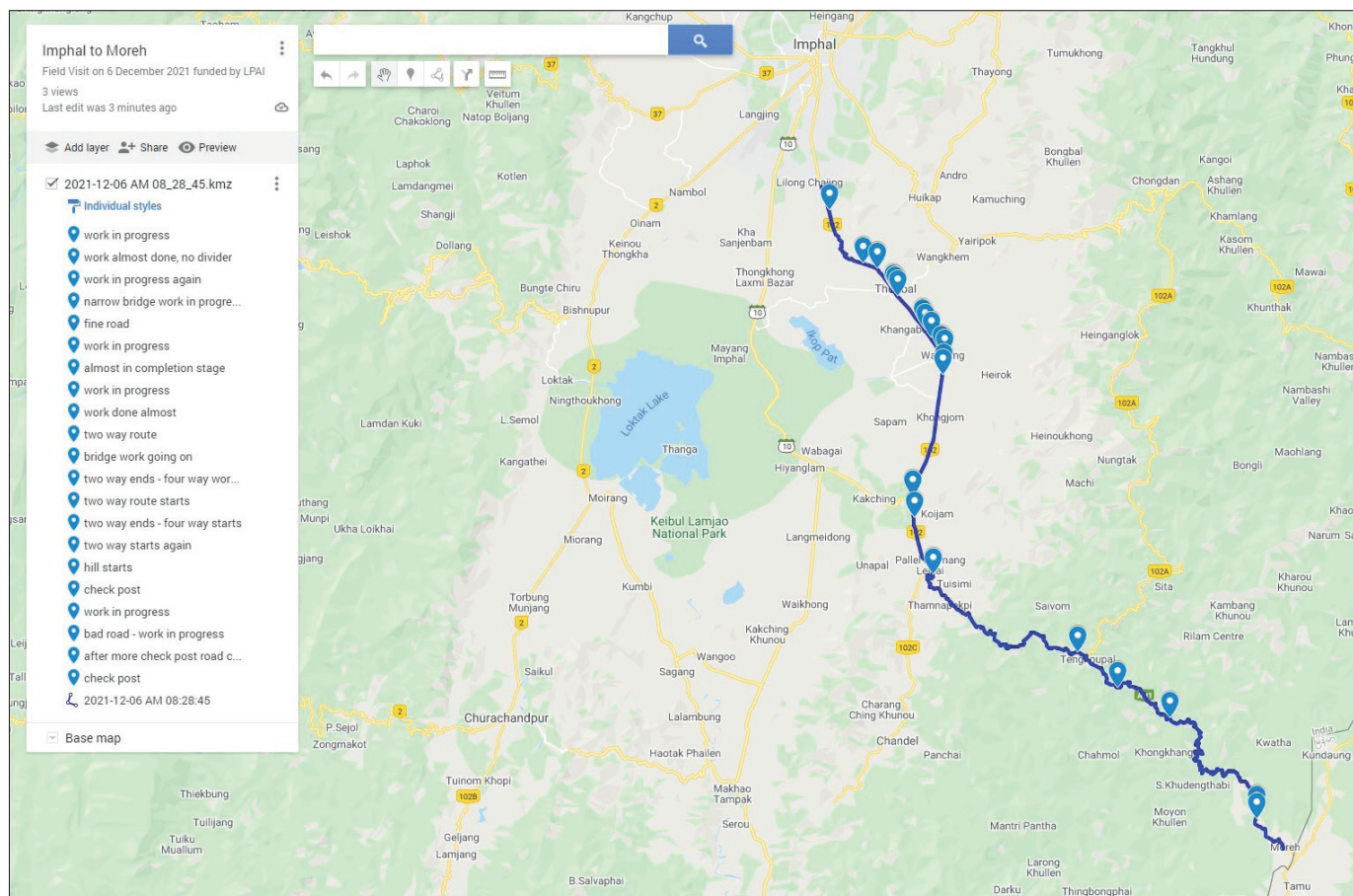
Manipur state government:

Government of India:

4. According to you, what types of **facilities** are needed at the Moreh ICP?
5. What are the export (goods and services) potentials from Manipur through the Moreh border?
6. What types of **infrastructure** are required for the state of Manipur to enhance export?
7. General recommendations (if any)

Annexure 4

Live GPS Route Tracking between Imphal and Moreh



Source: Survey (2021)

Policy Recommendations

8.1. Policy Recommendations for the Ministry of Home Affairs (MoHA)

(i) Safety and Security Measures

- Safe trade is as good as free trade. In view of the findings of this study, the MoHA may consider to recast the mandates given to the Assam Rifles (AR) on the matter of security and management of trade flow on the National Highway (NH) connecting Moreh with Imphal and beyond.
- A Joint Highway Management Committee of State, Central and Assam Rifles may be set up, that may minimise harassment of non-traders' travel and transit through inter-agency responsibility delegation and intelligence sharing.

(ii) Smart Border

- Introduce new technology such as access control systems.
- Introduce hybrid border fencing with watchtowers, night-vision cameras, radar cameras etc. so that trade can take place with sufficient security and safety, and at the same time, illegal immigration, informal trade, terrorism, etc. could be checked.

(iii) ICP Moreh, Local Community and Development

- To encourage formal trade through ICP Moreh, the LPAI has to ensure the planned and proposed trade facilitation agencies at the ICP to be fully functional, such as functioning efficient food testing labs and sanitary and phytosanitary labs to encourage potential trade items.
- Introduce banking facilities and formal foreign exchange facilities and LoCs for the traders at the ICP Moreh, which would encourage formal trade and reduce transaction costs for the traders.
- Strengthen the digital connectivity at the ICP Moreh, which would effectively enable trade facilitation through Single Window System and Port Community System.
- Provide accommodation facility for the staff and security personnel within the ICP complex, which would improve the efficiency of the ICP's day to day operations.
- Trade bodies at Moreh strongly suggested that the LPAI should form a Stakeholders Forum within the ICP complex for smooth inter-agency coordination.
- Organize training and capacity building programmes for the local traders and youths on trade procedures and customs guidelines

and also to train the youths to become professional custom house agents (CHAs), thereby engaging them in trade activities at the ICP Moreh and beyond.

- Access to basic infrastructure facilities such as cranes and other essential equipment at the ICP would facilitate smooth functioning for transit trade operations.
- Promote gender sensitization in local trade to encourage greater women participation in trade activities.
- The land capacity of ICP Moreh is limited. The land area coverage needs to be increased for avoiding congestions and traffic of cargo trucks once the border opens and formal trade begins.
- ICP Moreh requires smart or automated warehouses. Facilities like cold-storage or temperature-controlled warehouses and distribution centres are added gradually. Bigger warehouses for both hazardous and non-hazardous cargoes are required to promote value chains.
- Establish Manipur Land Port Commission with two zones: one for Customs and the other for warehouses.
- Tunnels can be established for passenger movement at borders and a land port community centre can be developed for checking immigration.
- Provide basic infrastructures such as proper roads at ICP and Customs as well as basic facilities such as cranes for carrying heavy cargo and other machinery for loading and moving cargo from trucks to warehouses and vice-versa as well as for cargo scanning.
- Proper arrangement for sealing the containers at ICP so that they are not opened multiple times while taken inside India and vice versa.
- Completion of the Imphal-Moreh road will help improve the tracking of the safety and security of vehicles with the help of digital technology, such as radio-frequency

identification (RFID). An Electronic Data Interchange (EDI) should also be introduced at Moreh customs and human resources of stakeholders in ICP should be scaled up.

- It is suggested that an Inland Customs Depot (ICD) should be set up between Imphal and Moreh.
- Arrange visits of local traders to ICPs located in other parts of the country.
- Set up a good quality multipurpose hotel for accommodation, holding conferences, seminars, exhibitions, etc. at Moreh, either within ICP or outside.
- Set up foreign exchange desk and ATM at ICP.
- Setup a visa counter at the ICP Moreh.

(iv) Digitalization of Trade Procedures and Processes

- Implement paperless trade systems for effective and viable trading through land routes.
- Land Port Community System could be established to maintain both cargo and passenger information.

(v) Trade/Exhibition Centres at Moreh

- Establish trade centres at Moreh where regular exhibitions can be conducted for showcasing indigenous products. The trade centre can also exhibit products of Manipur and the rest of the country. Both Central and State governments should jointly develop the trade centre(s).
- Organise an annual summit 'India-Myanmar Business Conclave' to promote bilateral trade.

(vi) Skilling of Human Resources

- Need to add manpower capacity for managing the works in the office and also on computers and web portals.

8.2. Policy Recommendations for the Ministry of Commerce and Industry (MoCI)

- The MoCI may redesign the entire gamut of Indo-Myanmar Border trade in consultation with Northeastern states, the Ministry of DONER and the NEC in view of the emerging reality of formal and informal trade at the Indo-Myanmar land border.
- The current import tariff rates for Myanmar goods under the DFTPS should be commodity-specific duty drawbacks in the positive and negative lists as most imported goods fall under these two lists. Imports like maize, pulses, fruits, timber, gemstone, etc. are all industrial intermediates that can have high-value chain effects in industry and agriculture on both sides of the borders.
- The LCS Moreh should be entitled to avail necessary import quotas in commodities like maize and pulses for rapid livestock, poultry and fishery sector and industrial growths in Northeast India, based on far cheaper cost and shorter landing time of these commodities through the land route. It takes only two days to land goods from Moreh to Kolkata as against one month to one and a half month by sea route. Pulses like tur land at around Rs 50 per kg at Imphal as against market prices of around Rs 150 in Northeast India.

(i) Duty-Free Scheme

- Duty-free tariff schemes can be made available based on tariff lines.
- India and Myanmar could prepare a list of products that can be freely traded at the borders.

(ii) Subsidy/Tariff/Quotas for Trade Deficit Items

- Government should provide quotas for maize and pulses to make it trade surplus product from trade deficit product and also to reduce imports from Myanmar.

- Provide quota for pulses to restrict imports from Myanmar.
- Manipur has the potential to become a manufacturing hub if the government provides preferential tariffs for raw materials for shoe production and other products as well as parts and components for machinery.

(iii) Building Partnerships between NER/Manipur and Myanmar

- Negotiate for a Border Free Trade Agreement between India and Myanmar to promote trade between Moreh and Tamu.
- Provide special tariff concessions in terms of most frequent goods that are traded between India and Myanmar and also have potential value chain linkages through land routes. This will promote formal trade through ICP Moreh and also strengthen the trade relations between India and Southeast Asian countries.
- Engaging in India-Myanmar Comprehensive Trade and Economic Partnership Agreement, in line with the bilateral FTAs that India has with some other ASEAN nations, would fast track many of the trade facilitation measure gaps such as MVA, transit, etc.
- Free border trade arrangement SOP should be prepared between India and Myanmar.
- Reformulate border trade agreements with a focus on head load trade and barter trade.

8.3. Policy Recommendations for the FSSAI

(i) Food Testing Laboratory at Moreh

- To promote trade at Moreh and Tamu, food safety at the border must be strengthened.
- Food testing laboratories and FSSAI testing facilities should be operational at ICP Moreh with adequate capacity and trained human resources.
- Provide proper facilities and equipment for testing plant and animal quarantine and their certification as well.

8.4. Policy Recommendations for the Indian Customs

- Customs officials still function and check at Gate No. 2 at Moreh, where the bulk of the informal headload trade was conducted before the closure of border trade in the pre-Pandemic. Whereas preventive measures generated revenue in terms of penalties, the huge flow of informal trade at this gate did not generate any revenue as headload trade had ceased to be legal after the introduction of the normal trade regime in 2015. In the post-pandemic when the border will open for trade, whether headload trade should be allowed through this gate is a matter of great concern for the traders as well as the general population of Moreh. For one, trade will come to a grinding halt if formal trade fails to take off, having a drastic impact on the income and employment of the trading town. Secondly, informal trade will only be diverted to other sections of the India-Myanmar border, which already is happening, as imported goods are still sold in all markets of Manipur, but at higher prices.
- Customs officials at the ICP should periodically update themselves on the latest changes in the Government of India and Government of Myanmar trade and tariff regulations to guide/inform the traders towards the most profitable trading activities. Customs agencies should have a repository of all the relevant notifications, regulations, publications on tariff, quotas, etc. that can be accessed by traders.
- Land customs agencies of India (Moreh) and Myanmar (Tamu) should have official periodic interactions to avoid unnecessary contradictions, or not agreed upon duty structures that are not in the interest of either of the countries. Myanmar Customs at Tamu allows all informal exports from Moreh to be accounted as formal imports from India by charging import duties that are

negotiated with the Indian exporters, rather than notified by the Myanmar Government. This is the reason why Myanmar records high levels of imports of goods on the land route at the Indo-Myanmar LCSs in Manipur and Mizoram, whereas Indian trade data shows near-zero exports from India. Traders suggest that if the imports tariff rates are negotiated, the huge amount of informal imports at the Moreh and Tamu can turn formal and imports revenue can soar in no time.

(i) Capacity Building and Workshop Programme

- Conduct capacity building and awareness workshops on F, Z, H holder cards at Manipur.
- Conduct workshops and training programmes for raising awareness of the traders on theoretical and practical knowledge about trade procedures and processes.

(ii) Employ Customs House Agent

- Release Customs House Agent (CHA) license.
- Encourage local youth to participate in CHA employment programmes

8.5. Policy Recommendations for the Ministry of External Affairs (MEA)

- The MEA has to evolve a policy for cooperation between Northeast India and Northern Myanmar neighbouring India and establish negotiated understanding with the Myanmar government. For example, trade bodies/forums of Manipur in India and Sagaing State in Myanmar can be given formal recognition for trade negotiation purposes.
- The MEA has to encourage academic exchange programmes and joint research

between universities of Northeast India and Myanmar as well as various forms of tourism including religious and health tourism, that increase people to people connectivity and trade in knowledge, services and goods.

- Coordinate with Myanmar Government, for reviving Transit Permit charges for goods coming from third country to India from Myanmar.
- Provide an on-arrival e-visa facility for Burmese people at Moreh and design a people-friendly visa regime.
- Provide e-gate pass permits and other border facilities to traders
- Reduce e-visa fees for traders

(i) Passenger Movement and Free Movement Regime

- Develop proper SOP for passenger movement at the border
- To stop informal trade, suspension of free movement regime (FMR) and ceiling of borders is required.

(ii) Ease of Travel between Moreh and Imphal

- Myanmar government has allowed third-country nationals to move through the Tamu border, which has led to the facilitation of passengers' movement between the two countries through the Moreh and Tamu borders. After the clearance of immigration at Moreh ICP, in-coming nationals (mostly from Myanmar) face multiple security checks between Moreh and Imphal, causing time delays and costs. The travel of foreign nationals should be made comfortable. Some of the people, particularly business people, should not face such trouble, and they should be handled nicely. Besides hotels and other amenities at Moreh, there should be adequate transportation facilities between Moreh and Imphal.

8.6. Policy Recommendations for the Ministry of Civil Aviation (MoCA)

(i) Opening of International Flights from Imphal

- Direct flight from India to Myanmar is required for better connectivity. There are no flights between Imphal and Mandalay or Imphal and Yangon, whereas there are several flights between Mandalay and Yangon. Connecting Imphal with Mandalay and Imphal with Yangon will pave the way to enhance tourism and trade. If air connectivity is allowed, flights from Imphal should go straight to Mandalay and not via Aizawl. Besides, Imphal may also be connected with Bodh Gaya by direct flight.
- The airport infrastructure at Imphal has to be upgraded to accommodate international flights.

8.7. Policy Recommendations for the Ministry of Road, Transport and Highways (MoRTH)

(i) Improvement of the Road Infrastructure, Completion of the TH, and the Replacement of 69 Bridges

- Fast track the work for completing the ongoing infrastructure development projects. The road between Imphal and Moreh should be made into a six-lane road. In particular, the Moreh-Pallel section of the road has to be improved. Focus on the ongoing projects at the border without disturbing the cultural linkages between people living at the borders. The widening of the road in Monwya-Yargi section in Myanmar should be carried out to make it a four-lane road.
- Road conditions in Manipur, particularly those connecting neighbouring countries, should be made higher quality. Timely

completion of the TH and the replacement of 69 bridges are critical to the NER's linkages with Southeast Asia and vice versa.

(ii) Conclude the Negotiation of the Trilateral Motor Vehicle Agreement

- The current progress in the negotiation of the Motor Vehicle Agreement (MVA) between India, Myanmar, and Thailand for the TH has been slow. Given that all three countries have ratified the WTO Trade Facilitation Agreement (TFA), the TH countries may resume the MVA negotiations at the earliest time and complete the negotiations before the TH comes into operation. In many areas, the WTO TFA and the TH MVA are interrelated. Myanmar's progress in implementing the WTO TFA has been slow. Myanmar needs technical assistance and capacity building while implementing the WTO FTA. Both India and Thailand may offer adequate technical assistance and capacity building to Myanmar while implementing the TH MVA.

8.8. Policy Recommendations for the Ministry of Tourism

- Myanmar and Manipur have strong cultural links. The people of Myanmar, particularly from the Sagaing region, would like to travel to Bodh Gaya via Imphal. They can come in groups by road to Imphal and then fly to Bodh Gaya via Kolkata or Patna. Transportation facilitation is thus key to the rise of tourism between India and Myanmar.
- Operationalize the bus services between Mandalay to Imphal in order to promote tourism and business engagements between India and Myanmar.
- Facilitate the establishment of more star hotels for tourists and business travellers. Other than Burmese, most of the foreign tourists in Manipur are from Japan and the United Kingdom.

8.9. Policy Recommendations for the Government of Manipur

- The Manipur government may set up an empowered team for the facilitation of trade, people-to-people contact, and economic interactions between the Manipur and Myanmar governments under the overall guidance of the Government of India under the Act East Policy.
- Moreh smart city plan should be prepared and put in action: Manipur state government should come out with a township development plan for Moreh and establish Municipal administration in place of the present rural self-government administration.

(i) Supporting MSMEs at the Border

- Trade is mostly handled at Moreh by SMEs. Supporting MSMEs help in involving the local youth and ethnic communities.
- Providing access to financial loans may expand industrial activities in the local market.
- Extend transport subsidies to the exporters located in Imphal and Moreh, which would help them to compete with bigger exporters who are not from the region.
- Give duty drawbacks to exporters which will increase the number of traders.
- Establish a platform to market artisan products
- Make arrangements for packaging raw material in Imphal to accelerate trade.
- Social, legal, political framework for government agencies and tribal bodies are required to be set up.
- Need to set up cultural routes and material routes for enhancing linkages between India and Myanmar.
- Make border trade comfortable for traders.
- Release border development fund.

(ii) Set up Special Economic/Business Zones at or near Moreh

- Special Economic Zone or Border Economic Zone or Industrial Zones and Border Haats have to be planned within or in the vicinity of Moreh or as satellite zones in the valley, which can become the base for value chains and economic integration between NER and Southeast Asian countries.
- The cost will go down for pharmaceutical products if we make Special Economic Zones (SEZs).
- Myanmar has set up an industrial zone at Tamu, which has helped the border area to flourish. India can also set up a similar industrial zone at Moreh which can help in generating employment.
- Establish a common development zone within a 20 km radius where people from Myanmar can participate in day-to-day work.
- Promote tourism by road and air through Imphal and Moreh.

(iii) Maintaining Law and Order

- Law and order is a critical issue for peace and prosperity in the region. The problems faced by local traders and the problems faced by manufacturers are different. Trade and violence cannot go together. The movement of vehicles between Moreh and Dimapur and Moreh and Silchar with high security is very much needed. Moreh town and Imphal city should be protected from the occurrence of *bandhs* (general strikes), theft, violence, and disturbances of the peace.

(iv) Export and Import Diversification

- Promote and encourage traders to export more agricultural and horticulture products, food processing, pharmaceuticals, textile, garments, organic farming and livestock, furniture industry.

(v) Set-up Trade-Related Government Branches at Moreh/Tengnoupal

- Set up an industry department with a representative for DGFT for coordinating and harmonizing the legal, technical, and institutional framework at Moreh.

Top to bottom flow of government agencies is required at Moreh for its proper functioning.

(vi) Public-Private Dialogue

- Need to conduct a public-private dialogue.
- Channelize agent forum for industry associations and develop trade association chamber to put forward their issues to the government.
- Regular Capacity building and awareness workshops/programmes for border area development and tribal development.

(vii) Local Youth and Women Employment and Skill Development

- Concrete policies for the tribal community at the borders for increasing their participation in trade.
- Plan regular workshops for border area development for the youth of Moreh.
- Government should work towards generating employment in trade-related services and focus on sector-wise employment generation.
- Strengthening Manipur skill development society (MSDS)

(viii) Setup Health and Medical Facilities at Moreh

- Set up super speciality hospital and nurse training programmes at Moreh to promote medical tourism.

(ix) Improvement in Basic Amenities

- Improve connectivity by setting up network towers, cable facilities, etc.
- Provide 24x7 electricity and mobile network services.

- Establish more guest houses and hotels at Moreh based on perspective planning
- Establish basic ICT infrastructure at Moreh.

(x) Streamlining Banking and Foreign Exchange Facilities

- Increase involvement of banks in foreign exchange and letters of credit.
- Establish more banks with foreign exchange facilities.

(xi) Enhanced Facilities at the ICP and Other Check Posts

- Need multi-stakeholder engagement in terms of strengthening the border connectivity.
- Empower authorities at Customs and ICP for improving acceptability between the people, Customs, ICP and border security management team.
- Provide facility for authorities at Customs and ICP.
- Full-body scanners are required for increasing the efficiency at check posts.
- Reduce the number of security checkpoints between Moreh to Imphal.

(xii) Transparency about Trade Procedures (WTO TFA transparency criterion)

- The government needs to provide the list of documents and procedures that are required by Myanmar for trading. Myanmar's trade operations information is also required for formulating better policies.
- Establish a portal for sharing information regarding export products, import products, rules, regulations, trade procedures and documentation requirements.
- Land port community system or land port system. e.g., EDI system
- Web portal for information sharing

(xiii) Industry Association Border Trust

- Formulate a trust at Moreh for traders just like we have in JNPT and CNPT.
- Establish a small artisan community for promoting exports and increasing production.

(xix) Transit Facilitation between Moreh and Tamu

- Provide transit facilitation by giving border e-gate passes.

Conclusions

Myanmar is a gateway as well as a land bridge connecting India and Southeast Asia. India is Myanmar's fourth-largest trading partner. Trade has special significance for the economies of the NER states. However, transport and logistics bottlenecks have long been identified as serious constraints to the growth of the NER. The growth potential is considerably high in the NER when one considers its geographical proximity to the growing Southeast and East Asian markets. Given the locational advantage of NER having Southeast Asia, border connectivity at Moreh is critical for India's Act East Policy for Northeast India. The potential for border trade between India and Myanmar is yet to be realised. Just a few products are traded between India and Myanmar through land boundaries in informal mode. Informal trade between India and Myanmar is unaccountable and very high.

The Trilateral Highway (TH) through India, Myanmar, and Thailand is being planned to improve connectivity between India and Southeast Asia, with plans to extend the TH to Cambodia, Lao PDR, and Viet Nam. The completion of TH is expected to speed up the flow of commodities and people between India and Southeast Asia. This would assist local industries by allowing them to trade more easily across land borders. Furthermore, traders from other Indian states and the Northeastern

region (NER) would prefer to access Southeast Asia via ICP Moreh. The ocean and land route rates analysis shows that it takes about 12 days to ship cargo containers from JNPT, Mumbai to Port of Yangon via Colombo (Sri Lanka), Singapore, Malaysia (excluding dwelling time at each port) through the ocean routes. While it takes only 7 days to ship cargo containers from Mumbai to Yangon through land routes. The study also finds that transportation cost through ocean routes (6.64 per cent) is appeared more cost-effective than the land routes (12.84 per cent) for India's exports to Myanmar. While transportation cost for imports through land routes (57.11 per cent) has come out to be even higher than ocean routes (7.27 per cent).

The study has looked into the status of border area development at Moreh and the potential intra- and inter- regional economic linkages of the NER in the context of border infrastructure and ongoing connectivity projects with Myanmar. The study has addressed the issues related to the challenges and bottlenecks at the India-Myanmar border, institutional arrangements and provides policy recommendations to augment the border connectivity for the LPAI and other central and state agencies.

The sector that assumes significance for the NER states is the food processing industry. Because of the growing production of fruits and vegetables in Manipur, the food processing

industry has unmet value chain potentials, but it may need initial government support to compete in the local market, as well as support for exporting the products.

The ICP at Moreh encapsulates all agencies relating to the movement of people and goods and is going to play a critical role. However, building capacities within the ICP cannot alone be the catalyst for trade growth and achieving the goals of India's Act East Policy for Northeast India. There are many other critical roles that both State and Central government agencies have to play, to ensure the effective utilisation of ICP at Moreh and enhance border trade between India and Myanmar. Particularly, transforming the informal trade to a formal trade channel at the borders through various developmental activities and institutional mechanisms is required. There are several challenges, including shortages of staff, lack of electricity, lack of good-quality internet, absence of accommodation for officials, and other social infrastructure that need to be created at Moreh. The traders are also facing challenges in financial transfer and banking facilities, particularly lack of access to avail Letter of Credit. Most of the trade is happening through cash transfer, which paves the way for more informal trade and illegal trading at the border. Besides, Moreh ICP has restricted people movement and also goods movement due to the pandemic.

To strengthen the border infrastructure and connectivity at Moreh in Manipur, there is a need for newer initiatives to enable smart borders to promote formal trade and restrict smuggling and fraud across the border. Besides, better border connectivity would generate more job creation for the local people at Moreh in terms of both trade-related services and promoting industrial activities. Building infrastructure networks such as the Trilateral Highway and its potential extension to the Mekong subregion may facilitate trade and integration between India and other countries. The synergy between them may enable to realize the benefits of economic

integration and generate new growth potential for NER. However, for an effective realisation of such networks, border connectivity requires a complete overhauling. Moreh is having an ICP, which has started improving border connectivity. However, to expand the benefits on a wider scale, border connectivity at Moreh needs further strengthening in a calibrated manner.

Greater linkages between SMEs in the two countries, particularly in the border areas, will pave the way for higher trade and value chains. Some potential exporters have been SMEs, which can do business between the two countries in the areas of processed foods, automobiles, steel items, textiles, apparel, etc. An electronic mode of trade, instead of a manual system, must be introduced. India-Myanmar trade can also be conducted in the local currencies (rupee-kyat). The Government of India may extend a transport subsidy to the exporters located in Imphal and Moreh. This subsidy would help them to compete with bigger exporters who are not from the region.

Trade in services via tourism and other related services are some potential areas for business, which are yet to be unlocked. People from Myanmar would like to travel to Bodh Gaya. They can cross the border at Moreh and reach Imphal, then take a flight for Kolkata or Guwahati for their onward journey to Patna or Bodh Gaya. Besides, several patients from Myanmar are visiting Imphal via Moreh for medical treatments. Manipur government may also consider setting up a tourist house for foreign travellers at Moreh. This is also to be noted that the E-visas are yet to be accepted at the Moreh border by Indian Immigration.

Here are major takeaways of this study:

(i) Facilitate Formal Trade through ICP Moreh

To encourage formal trade through ICP Moreh, the LPAI has to ensure the planned and proposed trade facilitation agencies at the ICP to be fully

functional, such as functioning efficient food testing labs and sanitary and phytosanitary labs to encourage potential trade items. Introduce banking facilities and formal foreign exchange facilities and LoCs for the traders at the ICP Moreh, which would encourage formal trade and reduce transaction costs for the traders. Need for higher-level coordination among the stakeholders and agencies concerned, such as transport, customs, immigration, and quarantine authorities.

(ii) Digitalization of Trade Procedures and Processes

Implement paperless trade systems for effective and viable trading through land routes via ICP Moreh. Strengthen the digital connectivity at the ICP Moreh, which would effectively enable trade facilitation through Single Window System and Port Community System. Completion of the Imphal–Moreh road will help improve the tracking of the safety and security of vehicles with the help of digital technology, such as radio-frequency identification (RFID), Mobile X-Ray Container Scanning System (MXCS) and Electronic Cargo Tracking System (ECTS). Instead of manual system, the Electronic Data Interchange (EDI) should be introduced at Moreh customs and accordingly human resources of stakeholders in ICP should be scaled up. Establishing the Land Port Community System would also strengthen the intra-ICP connectivity.

(iii) Promote Youth and Women Participation

Organize training and capacity building programmes for the local traders and youths on trade procedures and customs guidelines and also to train the youths to become professional custom house agents (CHAs), thereby engaging them in trade activities at the ICP Moreh and beyond. Besides, gender sensitization in local trade to encourage greater women participation in trade activities is suggested.

(iv) Business Development

Establish trade centres at Moreh where regular exhibitions can be conducted for showcasing indigenous products. The trade centre can also exhibit products of Manipur and the rest of the country. Organise an annual summit ‘India-Myanmar Business Conclave’ to promote border trade between Moreh and Tamu. Set up a good quality multipurpose hotel for accommodation, holding conferences, seminars, exhibitions, etc. at Moreh, either within ICP or outside.

(v) Strengthen Border Security

Safe and secure border is must for free and open trade. Use of technology-driven processes expedites trade. Earlier there used to be seven checkpoints on the hill between Pallel and Moreh, but presently, there are only two operational checkpoints between Imphal and Moreh at Tegnoupal and Khudengthabi. New technologies such as full-body cargo scanner should be added. Build smart border fencing for restricting illegal imports passing through Moreh and Tamu.

(vi) Complete T-MVA

Negotiation of Trilateral MVA (T-MVA) is critical for the commencement of the TH and improving the regional connectivity and boosting commerce, economic cooperation, and people-to-people interaction as well as facilitating regional cross-border road transit.

(vii) New Connectivity Projects

There are several new connectivity projects governments can take up. Rail connectivity between these points would increase bilateral trade and improve people-to-people contact. Thus, establishment of a rail link between Jiribam and Moreh in India and Tamu and Kalay in Myanmar could be a good choice. Air connectivity between India and Myanmar is the best feasible option for religious (Buddhist circuits) and medical tourism.

(viii) Improved Coordination

ICP Moreh can play a pivotal role in integrating markets, productions and people's connectivity between India and Myanmar. Improved coordination and cooperation between State government and Central government bodies such as Customs, immigration etc. as well as other stakeholders such as banks, traders, trade logistics etc will strengthen the border connectivity and unleash the economic potential of the NER.

(ix) Overhauling Infrastructure in Moreh

Government should consider redeveloping the Friendship Bridge near Gate 1 at the Moreh-Tamu border so that cargo vehicles use the

bridge for direct shipments through Moreh ICP. Besides, increase the number of hotels, homestay and guest house facilities at the Moreh border for promoting trade and tourism at Moreh. Set up foreign exchange facilities and proper technology for validating the foreign currency notes due to the high risk of fake currency circulation in banks at Moreh.

(x) Develop Moreh as Border Economic Zone

Declare Moreh as Border Economic Zone. Set up border haats and SEZs for strengthening cultural and economic relations, boosting bilateral trade, promoting industrial and manufacturing activities, encouraging investment for infrastructure development and marketing centres.

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The North Eastern Region of India (NER), consists of the states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim, is the gateway to Southeast and East Asia. Surrounded by international borders, the NER plays a critical role to India's economic and strategic relations with the ASEAN. With a diverse population housing India's rich culture, heritage and natural flora and fauna, the NER is called as India's permanent place of happiness. Nevertheless, given its strategic location, the NER can be developed as a thriving and essential base for India's growing economic linkages, not only with Southeast Asia but also with Bangladesh. Trade has special significance for the economies of the NER states. However, such potentials remain unlocked due mainly to barriers at the border and behind the border. Today, given its geographical location, an enhanced engagement with Southeast and East Asia under the Act East Policy (AEP) is found to be new hope.

Strengthening of border infrastructure at Moreh in Manipur and backend connectivity would lead to facilitate not only India's overland trade with Southeast Asian countries but also complete the task of having a smart border which can serve as a gateway port between India and the Southeast and East Asia. A smart border will help improve the prevention and detection of smuggling and fraud. Improvement of border connectivity may generate jobs for the local people.

Border infrastructure and trade facilitation have been regarded as essential to strengthen the country's global competitiveness. Strengthening Moreh border (and also at Tamu on other side) may generate strong catalytic power not only for facilitating trade between Southeast Asia and India but also for improve the country's competitiveness. Today, Moreh border is having an ICP. However, to expand the benefits in a wider scale, border connectivity at Moreh needs further strengthening in a calibrated manner.

Directed by the LPAI, the Study has four major objectives: (i) to shed light on the economic principles underlying the Moreh border development and to offer new ideas on how its potential can be better exploited in view of the TH development and backend connectivity with rest of India; (ii) to assess the status of intra- and inter- regional economic linkages of the NER; (iii) to identify the constraints challenges and bottlenecks at the India Myanmar border and recommends policy measures to augment the border connectivity for LPAI and other central and state agencies; and (iv) to review the institutional arrangements and identifies key elements that may hinder the movement of goods and people across the India-Myanmar border along the Trilateral Highway. The Study recommends that the NER has to improve its 'backend' infrastructure, which would not only help the region to raise its competitiveness but also narrow the development gaps.

Established as a statutory body under the Department of Border Management, Ministry of Home Affairs, the Land Ports Authority of India (LPAI) is entrusted with the task of building land ports on India's borders and provide state of the art infrastructure facilities to facilitate seamless and efficient movement of cargo and passengers with an overall objective of reducing dwell time and trade transaction costs, promote regional trade and people-to-people contact and imbibe the best international practices. LPAI endeavours to provide safe, secure and systematic facilities for movement of cargo as well passengers at its ICPs.



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