

## **Chapter-IV**

### **RE-OPENING OF BORDER *HATS*:**

#### **4.1- Introduction:**

The focus of re-opening of border *hats* for trade and commerce between Khasi-Jaintia and Garo Hills with the plain areas of the then Bengal to a large extent was a reflection of what was once time free and unified trade within the undivided India. The shutting down of cross border trade and border *hats* along the international border between Khasi-Jaintia and Garo Hills and parts of Bengal was the direct outcome of the partition of the country in 1947. Consequently India and Pakistan realized and recognized the necessity of forging bilateral economic relations between the people living in frontier regions of both the two nations. They also realized the need and urgent requirement of bilateral exchanges in the context of growth and development of their economies.

#### **4.2- The attempts of India and Pakistan to re-open border *hats*:**

Both the two nations- India and Pakistan agreed to explore all possible means, for expansion of economic relations on the basis of mutual advantage. It was decided, that until 29<sup>th</sup> February, 1948, there would be no restrictions on free flow of goods between the two dominions and custom barriers would not be set up<sup>87</sup>. This deal was better as known as the *Standstill Agreement 1947*<sup>88</sup>. However the deal proved to be temporary and short lived due to many practical problems

had to be cancelled. Subsequently several other accords were also concluded from time to time but without much success.

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<sup>87</sup> V.D Chopra (ed.), *Studies in Indo-Pak relations*, Patriot Publishers, New Delhi, 1984, p.189.

<sup>88</sup> *Ibid.*

As far as informal trade was concerned, both the two countries- India and Pakistan understood the necessity of providing special treatment to the people of border areas, residing along the Indo-Pakistan border, especially in the adjoining areas of East Pakistan (East Bengal) on the one hand, and West Bengal, Assam and Tripura on the other hand<sup>89</sup>. The detailed principles to sustain and regulate such informal trade was formulated and consequently approved by both the Governments in a **Pass Port Conference** held in Delhi in 1953<sup>90</sup>. Provisions of smooth transit of people and goods between the border regions of both the two countries were the outcome of the conference.

Furthermore as per the 'Agreed Decision' at the Indo-Passport Conference, 1953, it was decided that the Government of Pakistan will set up two additional Branch of **Visa Offices** in India one in Bombay and the other at **Shillong**; while the Government of India will set up two additional Branch of Visa Offices in Pakistan; one in Hyderabad, in Sind Province of Pakistan and the other at **Rajshahi**, in East Bengal<sup>91</sup>.

The official documents also included a schedule (Schedule-D) which specified the items of exchange to be transacted in border regions of both countries. It was also decided that the Governments of both countries will be responsible for the overall management of the carriage of goods covered according to the schedule 'D'<sup>92</sup>. It was further outlined that the goods listed in schedule 'D' shall be free from import, export and exchange control, restrictions, and custom duties and custom formalities<sup>93</sup>.

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<sup>89</sup> <http://meaindia.nic.in/1953/chap77.htm>.

<sup>90</sup> *Ibid.*

<sup>91</sup> *Ibid.*

<sup>92</sup> Schedule 'D' refers to the provisions of Border Trade as mentioned in Trade Agreement between India and Pakistan.1957.

<sup>93</sup> <http://meaindia.nic.in/treatiesagreement/1957/chap144.htm>.

**Table 4.1: The Items of Export from Khasi-Jaintia and Garo Hills (India) to Sylhet and Mymensing (Pakistan) as per the Scheduled D of Trade Agreement 1957.**

Sl.No	Name of Commodities	Quantities to be carried
1.	Fresh fruits	Head load
2.	Vegetables including potatoes	Head load
3.	Betel leaves	5 Seers
4.	Forest products such as timber, cane, thatching grass, firewood and bamboos	Head load
5.	Ginger, turmeric, <i>tezpatta</i> ,	Head load
6.	Milk	5 Seers
7.	Milk products excluding ghee	2 Seers
8.	Lime, and limestone	Head load

Both the two countries agreed that the export items from Khasi-Jaintia and Garo Hills (India) as mentioned in the Table: 1 above will allow to be carried on head load only whereas milk was allowed to be carried not more than five seers per item per head.

**Table 4. 2: The Items of Export from Sylhet and Mymensing (Pakistan) to Khasi-Jaintia and Garo Hills (India) as per the Scheduled D of Trade Agreement 1957**

Sl.No	Name of commodities	Quantities to be carried
1.	Fresh fish,	10 Seers
2.	Dry fish	5 Seers
3.	Poultry	4 Seers
4.	Eggs	1 dozen
5.	Vegetables	Head Load
6.	Betel nuts	1 Seer
7.	Betel leaves	5 Seers
8.	Spices	2 Seers
9.	Milk	5 Seers
10.	Milk products (Excluding ghee)	2 Seers
11.	Fresh fruits	Head Load

The items of export from Sylhet and Mymensingh Sector (Pakistan) which will be allowed to enter into Khasi-Jaintia and Garo Hills (India) according to the quantities prescribed by the Government. The vegetables and fresh fruits will be allowed to be carried on head load.

The provisions relating to border trade referred to in the Article VIII<sup>94</sup> of the agreement indicated that in order to meet the day to day requirements of the people living within a ten mile belt of the border between West Bengal, Assam and Tripura on the one hand and East Pakistan on the other, and with a view to provide facilities to the people, to dispose their goods, border trade shall be allowed in accordance with that agreement. The agreement specified that such facilities shall be available to persons

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<sup>94</sup> *Ibid*, p.2.

holding 'A' category visa<sup>95</sup>. The expiry period of such visa holder will be six months from the date of the enforcement of the Agreement. At the same time it was also stipulated that, such visa holders may cross the border for trade purposes, only once in a day, through land customs frontiers between West Bengal, Assam and Tripura on one hand and East Pakistan on the other, on specified routes.

The Government of Pakistan agreed to open one check-post near Chhatak to cover the routes from a) Assam via Dhalai River, b) the bridle path from Bholaganj to Companyganj, c) the Shella river route and d) the route from Borsora<sup>96</sup>. As an experimental measure, Pakistan traders were permitted to come to Shella market/*hat* in boats for four days in a week for the purpose of collecting shingles, boulders and limestone. Besides, on bazaar day, twice a week, Pakistan traders, were permitted to come in boats to collect those permitted commodities authorized under the agreement. To quote B.K.Nehru, Governor of Meghalaya<sup>97</sup>

*To revive the border trade to some extent, Government has been making energetic efforts to open up trade by permitting Pakistan traders to come to certain specific markets on Indian side of the border.*

These border *hats* were permitted only on specific days and the Government of India had intended to open up twelve more such markets in some places on the border. It was proposed at that time, to extend the scheme to some other border markets also, if it proved to be effective in Shella. In addition to that, a coordinated development programme for border areas was also taken up at the bilateral level to cover many other sectors of development taking into account the need of border areas. The development of agro-industrial potential was also emphasized in that arrangement.

The Government of India also acknowledged the fact that there might be hurdles in re-opening of border *hats*. Therefore the government has explored many alternative

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<sup>95</sup> 'A' category only for facilitating trade, it was an experimental arrangement.

<sup>96</sup> <http://meaindia.nic.in/treatiesagreement/1953/chap83.hmt>.

<sup>97</sup> Meghalaya Assembly debates, *op.cit.*

sources of livelihood for the people of border region. One of the major efforts undertaken by the government as an experimental measure was an air lifting of oranges from Shella to Calcutta in the early fifties with the motive to restore and revive the shattering economy of the people living in border region. However, the air lifting of oranges from Shella proved to be temporary and inadequate and failed to cover even an appreciable fraction of oranges produced in the border areas. In such a situation, it had to be abandoned only after a few years of operations<sup>98</sup>.

The Government of India displayed its keen interest to revive and restore the shattered economy of border areas manifested in the remarks of B.K.Nehru. Nehru<sup>99</sup> who said,

*Attempt will also be made to find alternative markets for traditional produce of the border areas and alternative occupations and means of livelihood for the people.*

As has been discussed above, most of the agreements/plans to restore the economy of border regions as well as border trade and border *hats*/markets could not be continued for a longer periods. The developmental initiatives and connectivity initiated by both the two governments failed miserably to uplift the border settlers. The bilateral relations between India and Pakistan started deteriorating and weakening slowly and finally economic relations were totally stopped between East Pakistan and India in the Eastern Sector. The attack of Pakistan in the Western Sector of India in 1948 as well as the liberation movement under Shiekh Mujibur Rahman in East Pakistan made the situation not favourable to continue trade relations.

With effect from 1966-1974, there was absolutely no trade relations, as a trade embargo was imposed due to the Indo-Pak war<sup>100</sup>. The situation worsened further as India decided to extend full support to the people of East Bengal in their liberation war against Pakistan. Both the Houses of Parliament passed a resolution on March 13<sup>th</sup>,

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<sup>98</sup> Donkumar Roy, *op.cit.*, p.92.

<sup>99</sup> *Ibid.*

<sup>100</sup> *Ibid.*

1971<sup>101</sup> to support the people of East Pakistan. A war broke out between India and Pakistan and the hope reopening of border *hats* as well as the plans for uplifting the border regions of both the two countries came to an end.

#### **4.3 -The attempts of India and Bangladesh to re-open border *hats*:**

As has been indicated above, prior to 1971 Bangladesh was a part of Pakistan which was better known as East Pakistan. It was created during the partition of India in 1947 was a geographical irrationality. Its eastern wing (East Pakistan) and western wing (West Pakistan) were one thousand miles away from each other. Although Pakistan came into existence on the basis of ‘the two nation’s theory’ which wanted to separate the Hindus from the Muslims, was not viable to prevent a large component being left in East Bengal. Islam, no doubt binds together the two wings but there were significant ethno-linguistic differences between East Pakistan and West Pakistan. Due to the vibrant movement against the West Pakistan, Bangladesh got independent on 16<sup>th</sup> December, 1971.

India played a crucial role in the creation of Bangladesh and it was doubtful whether the new State could ever come into existence without India’s armed intervention<sup>102</sup>. The main intention of India’s support as well as involvement in Bangladesh’s liberation war was to overcome geo-strategic weakness vis-a-vis Pakistan. It would certainly serve India’s vital strategic interest of having a neighbouring friend on its eastern front<sup>103</sup>. India was also the first country to recognize Bangladesh as an independent country.

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<sup>101</sup> Parliament Debates, March 13<sup>th</sup>, 1971.

<sup>102</sup> Shelton U.Kodikari “Bangladesh” in Shelton U.Kodikari (ed.) *External compulsions of South Asian Politics*, Sage Publications, New Delhi, 1993, p.128.

<sup>103</sup> Jha, Nalini Kant and Bibhuti Bhusan Biswa “India-Bangladesh Relations: Constraints and Prospects” in Jha, Nalini Kant and Subhash Shukla (eds.), *Indian Foreign Policy: Emerging Challenges*, Pentagon Press, New Delhi, 2012, p.187.

Therefore the emergence of Bangladesh as a sovereign country was a significant event in the Indian sub-continent<sup>104</sup>. It created an opportunity for a new beginning in restoring connectivity and regional cooperation between the North-East, West Bengal and the new nation<sup>105</sup>. Among India's neighbours, Bangladesh occupied a special position - not only because of her role in liberation war in 1971 but also because of geographical proximity, it surrounded Bangladesh on three sides. At that time India established itself to be close friend of Bangladesh and hosted the Bangladesh government in exile and sheltered about ten million refugees from Bangladesh. As a result a treaty of friendship, cooperation and peace was signed between the two neighbours. The people of Bangladesh were very much grateful for all kinds of help and support that India rendered during the liberation war of Independence in 1971. In a public meeting held in New Delhi on February 1972, both India and Bangladesh also pledged for 'Eternal Friendship' and talked of their common goals.

Nevertheless the beginning of closer economic relations between India and Bangladesh can be traced back since 1971 onwards. Bangladesh's requirement of consumer goods immediately after independence came from India. It had sought for easier access to Indian markets for its own products with non-tariff barriers that India used to impose on import products from across the border.

The **first bilateral Trade Agreement** between the two nations was signed **on 28th March 1972** which undertook to explore ways and means for expansion and promotion of trade on the basis of mutual advantage<sup>106</sup>. It set out its objectives to organize trade on a state to state basis as far as possible, for mutual cooperation and economic relations on the basis of equality and mutual benefit. The Trade Agreement

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<sup>104</sup> Kuldeep Singh, *India and Bangladesh*, Anmol Publications, Delhi, 1987, p.145.

<sup>105</sup> B.G.Verghese, 'Border Matter More Than Boundaries', *Man and Society: A Journal of North East Studies*, Vol.1, No.1, Spring 2004, p.21.

<sup>106</sup> [Htt://meaindia.nic.in/treatiesagreement/1972/chap455.htm](http://meaindia.nic.in/treatiesagreement/1972/chap455.htm), p.1.



between the Government India and the Government of the People's Republic of Bangladesh<sup>107</sup> agreed as follows:

Article I: The two Governments recognizing the need for requirements of each other in the context of the developing economies under take to explore all possibilities for expansion and promotion of trade between the two countries on the basis of mutual advantage.

Article II: The two Governments agreed to an interim trade arrangement as set out in Scheduled 'A' attached to this Agreement.

Article III : Imports and exports of commodities and goods produced in India or Bangladesh as the case may be which are not included in Schedule 'A' and, in the case of commodities and goods included in that schedule, imports and exports and foreign exchange laws, regulations and procedures in force in either country from time to time.

Article IV: In order to meet the day to day requirements of the people living within a sixteen kilometer belt of border between West Bengal, Assam, Meghalaya, Tripura, and Mizoram on the one hand and Bangladesh on the other, and with a view to providing facilities to these people to dispose of their goods, border trade shall be allowed in specified commodities in accordance with schedule 'B' attached to this Agreement.

As per the above accord between the two nations- India and Bangladesh, the people of Khasi-Jaintia and Garo hills were to export to Sylhet and Mymensingh of Bangladesh the local commodities/goods such as fresh fruits, vegetables, chilies, tezpat, onion, tapioca, milk and milk products, betel leaves, mustard seed, lime and lime stone to be carried by men on head load only. The forest products include timbers; cane thatching grass, fire wood and bamboos, shingles, boulders and sand are also allowed to be carried by boats, rafts and carts<sup>108</sup>.

The Sylhet and Mymensingh sectors on the other hand, were export to Khasi-Jaintia and Garo hills of India commodities such as fish fresh and dry, poultry and eggs,

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<sup>107</sup> *Ibid.*

<sup>108</sup> *Ibid.*, pp.6-14.

vegetables, betel nuts, betel leaves, fresh fruits to be carried by men on head load only. It is imperative to note that each person was allowed to carry in cash a sum of not exceeding one hundred in Bangladesh or Indian currency while crossing the border from either the country into the other<sup>109</sup>. In fact, the volume of exports and imports both from the hills and the plains was traded through border *hats* were permitted by the Government especially in the foot hills of Khasi-Jaintia and Garo sector.

It was firmly believed that the first Trade Agreement between the two nations would have had great impact on the economy of Meghalaya in particular and neighbouring states of India bordering Bangladesh in general. It would be advantageous to the border people as well as the whole state through export of its valuable minerals such as lime stone and coal and traditional crops such betel nut, oranges etc. Besides the transport facilities arranged by the Agreement would open up new avenues to trade.

As a matter of fact cross border trade was in operation for three months only and it was suspended by Bangladesh. Bangladesh complained that border trade was responsible for large scale of smuggling by unscrupulous traders<sup>110</sup>. Consequently cross border trade was scrapped by mutual consent of both countries - India and Bangladesh. Another reason, for the suspension of border trade was the difficulties in implementation of the provisions of the Trade Agreement in the absence of check points along the entire length of the Indo-Bangladesh border<sup>111</sup>. Though border trade between India and Bangladesh legally stands cancelled, the ground reality is different the de facto border trade is continuing and flourishing. Illegal trade in many commodities especially smuggling of cattle across international borders continued and resulted in huge revenue loss<sup>112</sup>.

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<sup>109</sup> *Ibid*, p.4.

<sup>110</sup> L.S.Gassah,"Partnership in Indo-Bangladesh Economic Development : The of Jaintia Hills in Meghalaya" in C.J.Thomas (ed.), *Engagement and Development: North East India and Neighbouring countries*, Akansha Publishing house, New Delhi,p.184.

<sup>111</sup> *Ibid*.

<sup>112</sup> *Journal of South Asia Politics*, Vol.14 No.12, April 2016, p.52.

The hopes of the people for the possibility of revival of traditional border *hats* were in vain. The State Government approached the Union Government just after the suspension of border trade and requested the Union Government to take up the case of Meghalaya on special consideration with the Bangladesh counterpart, in view of the hardship of the people of border areas.

The first trade agreement of 1972 was replaced by another trade agreement for three years. This agreement was signed on July 5<sup>th</sup>, 1973. This agreement provided for a system of Balanced Trade and Payment Arrangement (BTPA) and most 'favoured nations treatment' to each other. India and Bangladesh also signed another trade protocol on January, 12<sup>th</sup>, 1976 for higher volume of trade and long-term arrangements for trade of coal and newsprint. BTPA was extended till September 1979.

Another trade agreement was signed in 1980 and later amended and came into force on April 1<sup>st</sup>, 2006. This agreement provides for expansion of trade and economic cooperation, making mutually beneficial arrangement for the use of water ways, railways and roadways, passing of goods between two places in one country through the territory of the other, exchange of business and trade delegations and consultation to review the working of the agreement at least once a year. India had also announced that it would grant duty-free access to import goods from Bangladesh and even agreed to cut import duty from 45 percent to 10 percent.

Economic relations have played a significant role in the bilateral relations between India and Bangladesh. These relations have been multifaceted, embracing trade transactions, credit arrangements, joint ventures, transit facilities and transport development. Economic relations have continued even in adverse political relations.

However the prospect of revivals of border *hats* since 1971 till 2000 could not be materialized due to issues which have lingered in the Indo-Bangladesh relations. One of the major constraints was the unwillingness of Bangladesh to open her borders due to trade imbalance with India. As we know that India had more advantages both in term of

agriculture and industry as compared to Bangladesh due to sheer size and large scale of economies.

The structure of Indian economy is much developed, more diversified and technological advanced. All these factors have made Indian products very competitive, both in terms of price and quality in Bangladesh markets. On the other hand, India's import from Bangladesh were limited to a few products, as Bangladesh did not have a large supply base to offer a wide variety of products to India. The immediate result is an increase in trade imbalance between the two nations<sup>113</sup>. So the discernment of Bangladesh with regard to revival of Border *hats* would be opened the door for Indian goods to be flooded more and more in Bangladesh markets which will increase trade deficit between the two nations.

Furthermore with the change of Government in Bangladesh after the assassination of Shiekh Mujibur Rahman from democratic to Islamic nation added new dimensions had a strong bearing on her relations with India. After 1975 the bilateral relations between the two neighbouring countries got strained over a number of issues and made them distant neighbours<sup>114</sup>. The boundary dispute, the rising tide of Islamic Terrorism posed a serious threat to the internal security of India particularly in North Eastern Region, illegal migration to India, trafficking of small arms, drugs and narcotic, secessionist tendency along the international border, circulation of fake currency and smuggling of five rupee coins to Bangladesh for making razor blades in Bangladesh<sup>115</sup> had disappointed the relations between India and Bangladesh. The government of India accused Bangladesh of encouraging such activities which affects the security and economy of India. The decision of the Government of India for going ahead with

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<sup>113</sup> Mohammad Monirul Islam, "Trade cooperation between Bangladesh and India with special reference to North East India" in *Dialogue*, April-June 2011, Volume 12.No.4.p.3.

<sup>114</sup> Debajyoti Das,*op.cit.*, p.2.

<sup>115</sup> The Shillong Times, 19<sup>th</sup> December 2009.

fencing of international border with Bangladesh had made the whole issue complicated in the bilateral relations between the two sovereign states.

In the context of deteriorating relations between India and Bangladesh, therefore, the issue of re-opening of border *hats* appears to be very difficult. The proposal for revival of *hats* has been a long pending issue for almost three decades between the two nations- India and Bangladesh. Despite several requests and memorandums by the people especially from border areas, Non-Governmental Organizations and State Government to the Union Government to explore possible ways and means of starting a dialogue with a neighbouring country, not much satisfactory progress have been witnessed by the people. Though the Union Government has taken up this matter with Bangladesh Government it appears to be an intricate issue.

However the announcement of the Look East Policy by the Government of India in 1991 was considered as another landmark in the quest for strong economic and strategic relations with South Asian countries including Bangladesh and ASEAN countries. The Look East Policy (now better known as Act East Policy) was initiated by Prime Minister Narasimha Rao. This policy also signaled a broader regional engagement, opening of borders, restoration of connectivity and co-operation between India and neighbouring countries. The issue of openings of border for trade and border markets between India and Bangladesh also become imperative as India embarks on its Look East Policy.

The demands for opening of border *hats* have received wide attention both at the political and popular level. Proposals have been made from both the sides by the people as well as political parties, statesmen for opening up of border markets. In recent years India and Bangladesh have discussed the issues related to border problem and re-opening up of border *hats*. In a meeting held on September, 2009 in New Delhi between

S.M.Krishna, Union Minister of External Affairs of India and Dipu Moni<sup>116</sup> Foreign Minister of Bangladesh, discussed the steps to be taken up by both the countries to boost up trade, revive border *hats* and connectivity. J.D.Rymbai, the former Chief Minister of Meghalaya had stressed the need to have a '**look south policy**', under which the export infrastructure will be improved by encouraging development linkages with Bangladesh. In his words, ***immediate opening of these border hats in as many points as possible should also be part of Look South Policy.***

Donkumar Roy, the Chief Minister of Meghalaya as well as an MLA from border area is of the view that for the people of Meghalaya, '**Look East**' policy means to look south, towards Bangladesh<sup>117</sup>. According to him, the people of border belt of Meghalaya would be among the primary beneficiaries of heightened trade and increased interactions with Bangladesh. Mani Shankar Aiyar the former Union Minister of Development of North Eastern Region (DONER) of India of India had expressed the same view. He said in his public delivery, on Look East Policy, in North Eastern Council on August 9<sup>th</sup>, 2009, *that for the people of North East Region and particularly Meghalaya Look East Policy begins with 'Look South' towards Bangladesh which is the natural markets for at least three or more states of North East India.* He has impressed upon the Union Government to take necessary actions at bilateral level for opening up of border markets.

Donkumar Massar<sup>118</sup>, the Minister of Border Area of Meghalaya has stressed upon the need for development of infrastructure and road connectivity in border areas to improve the trade activities which inversely promote socio-economic development of the local people in the border areas. He remarked, *We have to look for appropriate locations for opening up of border hats and this issue should be properly discussed with Bangladesh.* In spite of several meetings and proposals between the leaders of both the

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<sup>116</sup> The Shillong Times, op.cit.

<sup>117</sup> The Times of India, op.cit.

<sup>118</sup> The Shillong Times, January 19<sup>th</sup>, 2009

two nations, the issue of re-opening up of traditional markets remained pending for many decades. It is a necessity since these border *hats* play vital role for the people of border areas so that their produce such as fruits, timbers, raw materials could be exported to Bangladesh.

Revival of border *hats* forms a part of long standing demand of the people of the border regions. Border *hats* are considered as the life line of the people living in the border areas/regions. Re-opening of *hats* is necessity in order to help the economic as of the people of border areas. This is an important agenda for the socio-economic development of the area. The members of Meghalaya Legislative Assembly and the members of Parliament, from time to time have requested the State Government as well as the Union Government to see into this important matter.

The representatives to the Meghalaya State Legislative Assembly particularly those from border areas have demanded for the need to open up of border *hats* so that it would help to uplift the economy of border areas. They reiterated and emphasized the need to revive all the border *hats* in the Indo-Bangladesh border. Donkumar Roy<sup>119</sup> the Chief Minister of Meghalaya, being one of the representatives from border areas of Khasi Hills has suggested that *border hats should be re-activated and trade links with Bangladesh should be strengthened as that is more feasible for Meghalaya than doing business with ASEAN, the Far East Asians or with Association of South East Asian Nations*. D.D.Lapang, the Chief Minister of Meghalaya has taken up the issue of revival of border *hats* with the Union Government. He has reiterated the necessity to re-activate all border *hats* in Meghalaya in order to facilitate exchange of goods to Bangladesh<sup>120</sup>.

The North Eastern States particularly Meghalaya has requested the Union Government to negotiate with the Government of Bangladesh on the issue of opening up of border *hats* and trade, because strengthening trade ties will bring about economic development in the region. In response to one of the question raised by A.L.Hek,

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<sup>119</sup> The Times of India, 10th November, 2008.

<sup>120</sup> The Shillong Times, June 18<sup>th</sup>, 2007.

Member of Meghalaya State Legislative Assembly, with regard to the steps taken by Meghalaya Government to revive border *hats*, Mahendra Rava, Minister-in charge of Border Trade informed in the house that the State Government is pursuing the matter with the Government of India. The Government of India has in turn taken up the issue with the Bangladesh Government<sup>121</sup>. D.D.Lapang<sup>122</sup> the Chief Minister of Meghalaya is of the view that, opening of border *hats* in different strategic locations along the international border with Bangladesh is one of the means to uplift the economic conditions of the people living in border area.

#### **4.4 -The arguments in favour of the revival of border *hats*:**

With regard to the issue of revival of more traditional border *hats* many strong arguments are also being put forward in favour of it. Some of the major arguments in favour of revival of more border *hats* are discussed below:

**Firstly**, if more traditional border *hats* are revived, certainly it would enable the people living on both sides the international border between India and Bangladesh in Meghalaya sector to exchange/barter their locally produced goods and perishable items. Apparently it will help to sustain and improve the livelihood of the people living in these far flung frontiers of both countries.

**Secondly** trade dealings in the border *hats* are free from tax and all sorts of rules and regulations of foreign trade. Therefore it will definitely solve the problem of thousands of poor people living in border areas of both the two countries who are not in a position to involve themselves in the complicated rules of international trade.

**Thirdly** it would indirectly pave the way for developmental activities in the border regions. Construction of roads and bridges, railway linkages, warehousing, hotels as well as setting up of banks, improvement of telecommunication system, etc

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<sup>121</sup> Meghalaya Assembly Debates, 17<sup>th</sup> December 1998.

<sup>122</sup> *Ibid*, February 4<sup>th</sup>, 2010.



will takes place. This will definitely take place and serve the cause of overall development of the border region.

**Fourthly** it would also reduce the isolation and inaccessibility of these border regions. This is exactly what lies behind India's Look East Policy<sup>123</sup>.

**Fifthly** it is worth mentioning that if more border *hats* are revived it will help very much in arresting and containing illegal trade and informal trade particularly small time informal trade and bootleg smuggling across the border.

**Sixthly** border *hats* will act as linkages between the people of border regions of both the two countries. It will also provide scope for the people to exchange new innovative ideas and knowledge, new information between the communities. Indeed it will enable the people of border regions to know better each other, learn to adjust and live together in harmony and even sharing other's life experiences. Once these border markets are revived, mutual trust and confidence would be prevailed and doubts and suspicions would be declined among the two nations.

**Lastly** border *hats* would reduce the transport cost of goods and make it economically viable option.

The issue of revival of border markets should not be merely assessed only by trade statistics in term of money. If that is the case, it would be an under-represented. The re-opening of more border markets/ *hats* would transform the economy of border areas from underdeveloped economy into dynamic and sustaining economy<sup>124</sup>. At the same time it would facilitates and augment bilateral economic collaborations between the two nations- for comparative advantage. Nevertheless a sealed border would be the case of backward economy because a huge investment on the border areas is always discouraged. The opening up of border would bring about all round development.

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<sup>123</sup> Look East Policy is upgraded to Act East Policy since 2014 with the objective to serve as platform for deepening and strengthening its relationship with ASEAN and East Asian countries.

<sup>124</sup> M.A. Salam, "Reviving the Traditional Trade Route: A Study of Cross-Border Trade of Arunachal Pradesh in Perspective" in Gurudas Das and C.J.Thomas (eds.), *India-China Trade and strategy for frontier development*, Book well Publications, New Delhi, 2010, p.392.

Hence, trade would be thrived and flourished and these border regions would be converted into economically healthy zones.

#### **4.5 - The Present Scenario:**

The visit of Shiek Hasina, the Prime Minister of Bangladesh to India in January, 2010 was regarded as an important milestone towards closer bilateral co-operation between the two countries. During her visit she had emphasized the need for strengthening trade and commerce between the two nations, and expressed keen desire of her Government to increase trade, opening up of border markets and providing transit facility to states of North East India<sup>125</sup>. Moreover, Shiekh Hasina assured India, that her government would take action against the North East terrorists if they take shelter in her country.

Bangladesh is also ready to help to reconnect India's North Eastern States with the rest of the main land India, but also enable Nepal and Bhutan to gain access to the sea, and enable India reach Myanmar and Thailand over land through easy terrain.

In the words of Tariq A.Karim, Bangladesh High Commissioner to India, *the officials of both the countries will be meeting soon to finalize the modalities for functioning of these border hats*<sup>126</sup>.

Subsequently a Memorandum of Understanding (MoU) between India and Bangladesh for setting up border *hats* was signed on 23<sup>rd</sup> October, 2010. The main objective is to promote the wellbeing of the people living in remote areas across the borders of two countries by establishing traditional system of marketing the local produce through border *hats* in local currency or barter system. As part of the pilot project to revive the historic trade relations between India and Bangladesh, the first border *hat*/market was opened in 2011 at Kalaichar in South West Garo Hills District,

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<sup>125</sup> The Shillong Times, January, 12<sup>th</sup> 2010.

<sup>126</sup> *Ibid.*

Meghalaya and Baliamari in Kurigram District of Bangladesh. The second border *hat*/market was opened in 2012 at Balat- Dolura, bordering East Khasi Hills District of Meghalaya on Indian side and Lauwaghar, Sunamganj District on Bangladesh side. These two border *hats* are operating without any stoppage since 2011 and 2012 respectively<sup>127</sup>.

According to the Memorandum of Understanding (MOU) signed between India and Bangladesh, 25 vendors from each country are allowed to trade in border *hats*. On the other hand the total number of vendees from both the two countries is about 2000 in each border *hat*. In order to enable the vendors/vendees/border settlers to enter into border *hats* for trade transactions, The Passes/Identity Cards are issued by the Deputy Commissioners of bordering Districts of both the two countries. Passes/Identity cards are mandatory.

**Table 4.3: Identity Cards for the Vendors**

Respondent	Location					
	India		Bangladesh		Total	
	Count	Percentage	Count	Percentage	Count	Percentage
<b>Yes</b>	50	100	50	100	100	100
<b>No</b>	0	0	0	0	0	0
<b>Total</b>	50	100	50	100	100	100

A close look at the above table shows that Passes/Identity Cards for the vendors of both the two countries is mandatory. The study also reveals that equal numbers of authorized vendors from both the two countries- India and Bangladesh are allowed to trade in border *hats*.

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<sup>127</sup> Two more border *hats*- Srinagar and Kamalagar are opened in 2015 along the international border between India and Bangladesh in Tripura sector.

The opening up of the above two border *hats* along the international border between India and Bangladesh in Meghalaya sector is therefore recognized as the first step towards deepening the bilateral relations between two countries. More importantly it will help to improve the economic aspects of the people living in the frontier regions of both countries. No doubt, the opening up of these two border *hats* in Meghalaya sector could be materialized due to mutual trust and close collaboration between India and Bangladesh.

**Table 4.4: Significance of border *hats* for India and Bangladesh**

<b>Respondents</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Valid Percentage</b>	<b>Cumulative Percentage</b>
<b>Yes</b>	7	100.0	100.0	100.0
<b>No</b>	0	.0	.0	.0

This table above shows that all the respondents responded about the significance of border *hats* for both India and Bangladesh. It enables both the two countries to work and collaborate in all spheres of bilateral relations and bring them closer to each other especially in term of trade and commerce.

The historic event of opening of border *hats* marked the turning point particularly for the people living in border areas after waiting for more than a half century. At present the inhabitants of the both the hills and the plain areas could come together to carry on trade transactions as in the past. The political leaders of both the countries are optimistic about the prospects of border *hats* and have reiterated their commitments to look into the prospect of revival of more border markets so as to accomplish the long standing demands of the people and non-governmental organizations of the state.

Though two border *hats* are opened in Meghalaya sector, the people are still desire to revive more border *hats*. In fact most of the traditional border *hats* remained close and insignificant. For instance *Hat Shella* and *Hat Majai* are the two famous thriving *hats* of Khasi-Jaintia Hills in the past but at present they are becoming insignificant. The Tribal Chiefs under the aegis of Grand Council of Chiefs of Meghalaya (GCCM) have urged the Chief Minister's intervention for early re-opening of 38 border *hats* along the Indo-Bangladesh border in Meghalaya sector<sup>128</sup>. Grand Council of Chiefs of Meghalaya's Chairman, John.F.Kharshiing reiterated and impressed on the State Government to take up the matter with the centre for negotiating with the Bangladesh counterpart to speed up the process of re-opening of more border *hats*. It was estimated that trade transactions worth \$ 20 million will take place each year from these border markets.

The revival of border *hats* is regarded as a step on right direction while Bangladesh held that border *hats* are symbols of friendship between the two countries. The two countries- India and Bangladesh reiterated their commitments to work out and implement the Coordinated Border Management Plan (CBMP) with the objective to boost to trade transactions in border *hats*. The two nations also agreed to initiate markets infrastructures development work, setting up of banks near border *hats*, construction of roads to improve connectivity and regular patrolling of border areas on both sides of the international border to prevent any untoward incidents.

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<sup>128</sup> Meghalaya Times, 28<sup>th</sup> Nov, 2012, 'Tribal Chiefs demand re-opening of 38 border *hats* in Meghalaya', p.1.