

# Indo-Bangladesh Border Trade with Special Reference to Assam Border: Problems and Prospects

**Rupan Chakma**

Research Scholar, Department of Commerce, Assam University Silchar

**A S Yarso**

Assistant Professor, Department of Commerce, Assam University Silchar Assam

## Abstract

Indo-Bangladesh border trade at the Assam border is characterized by Assam's shortfall balance and the lowest 16 per cent average share of trade among the North-East Indian states with Bangladesh from 2009-10 to 2018-19. In FY 2018-2019, Assam exported the highest Rs. 962.7 million values of materials to Bangladesh and imported Rs. 1240.3 million through its LCSs. Covid-19 lockdown causes India to lose import duty monthly/daily Rs 20.47/0.79 million (Approx.) on this border. The estimated reduction of Assam's export to Bangladesh monthly/daily is Rs. 35.2/1.35 million, and for Bangladesh, the amount is Rs. 233.57/9.0 million Assam. Assam exports mineral and agro-horticultural goods, and Bangladesh exports cement, plastics, food products, and readymade garments (RMG) on the border. The complementarities of the two economies, tea for one and RMG for the latter, and geographical proximity are the bases for their cross-border trade. However, to extract their potential, they also have to work jointly in the service sector, like transport, insurance, education, and medical tourism.

**Keywords:** *Assam, Bangladesh, Border Trade, Export-Import, COVID-19 lockdown.*

## Introduction

Among the North East Indian (NEI) states, Assam has the largest economy with the largest share of NEI's economy. The total SGDP of NEI was USD 77 billion in FY 2020-2021, where Assam has the largest share with a nominal GDP of USD 54 billion. Assam should have an essential role in Bangladesh-NEI cross-border trade also. It has a land of 78,438 square km with a population of 31.1 million according to the census 2011, which is about 68 per cent of NEI's population. It is the only state bordered by all of the northeastern states of India except Sikkim. It is also the trade hub and port of all jacks in the northeastern region. The mainland of India is comparatively easily accessible from the capital of Assam. So, Bangladesh's border trade on its eastern side with North East India, Assam, is critical economically and geographically. Assam's Silchar city of Bark valley is directly connected with Imphal, the capital of Manipur, and Aizawl, the capital of Mizoram. Silchar is the nearest city distanced from Sylhet city of Bangladesh, with only 110 km to Assam through the Karimganj district. Moreover, the three districts of Barak valley are culturally the same as Bangladesh. Dhubri district of Assam is also culturally close to Bangladesh, through which the western or lower part of Assam relates to Bangladesh.

India-Bangladesh border is 4096.7 km long, out of which 1880 km border is shared by four North Eastern States of India comprising Assam, Meghalaya, Tripura, and Mizoram. Assam has 160 KM land and a 103 KM river border, which is a total of 263 KM with Bangladesh. NEI states have enormous mineral and forest resources and enormous possibilities in agro-horticultural production. But the area is landlocked, the communication infrastructure is poor, and the industrial base is weak. NEI-Bangladesh trade share is also about only two per cent of the total national trade of the countries. Assam can play a unique role from NEI to boost and revive Bangladesh's eastern side border trade.

## Literature Review

Bhattacharjee (2021) asserted that India's actions toward Bangladesh have also been influenced by domestic political dynamics as well as the needs of neighbouring states. Assam's problems have been a significant influence on this. Bilateral links and contacts between India and Bangladesh assist Assam in exploring a wide range of new opportunities, from trade and commerce to culture and tourism. The Indian government values Assam's engagement in trade and commerce with Bangladesh because of its size, population, and location. Many reasons contributed to the state's decline from its pre-Independence affluence, but the primary cause was decades of political turmoil and insurgency-fueled violence. Much of the turmoil was sparked by illegal immigration from Bangladesh, and many of the immigrants were from Bangladesh.

Kalita (2017) stated that LCSs along the Bangladesh border lack the necessary infrastructure. Exporters break the law by using a Bangladeshi mobile service SIM card at the border. Other products produced/sourced outside the North Eastern Region are exported to neighbouring countries such as Myanmar, Bangladesh, Bhutan, and others, with Assam serving solely as a transit route.

CUTS Int. & FICCI (2017) reported that cross-border trade between North-East India and its bordering countries has increased by more than 50 per cent over the last several years. Paradoxically, the region registers a trade deficit with Bangladesh. It is recommended that the holistic development of connectivity initiatives considering their dimensions, will enhance cross-border movements of goods and people and attract the private sector to invest in the region, including exploring potential regional value chains.

Barua, R. (2015) described the export structure of Assam as limited to local products like ginger, dry chilly, fruits, vegetables, coal, limestone, etc. Assam has high prospects of exporting agro-based products, processed foods, cement, horticultural products, organic tea, handloom and handicrafts, petroleum products, etc. The scholar suggested that based on domestic manufacturing capabilities and potential demand, exports of a few select categories need to grow significantly to realise overall growth targets and be prioritised accordingly.

## Methodology

Preliminary information has been collected by interviewing various stakeholders, including business people, government officials, political leaders, and academicians in Assam and Bangladesh. The official export-import data have been collected from Customs Offices in India and Bangladesh. Secondary information has been collected from different websites, published materials, journals, newspapers, and other sources and presented in tabular and graph format.

## Objectives

Assam is one of the five states of India bordered by Bangladesh. Here the authors have attempted to focus Indo-Bangladesh trade by highlighting Assam by framing the following research questions: What is the recent development in the trade on the Assam-Bangladesh border? During the lockdown of COVID-19, how much did Assam and Bangladesh lose in their cross-border trade? How can they overcome their economic loss by enhancing cross-border trade? The following objectives may answer all these questions:

1. To analyse the present status of the Assam-Bangladesh border trade
2. To explain the problems and prospects of the Assam-Bangladesh border trade.

## Present Status of the Assam-Bangladesh Border Trade

Assam-Bangladesh's border is unique from other states of India. They are connected at two points: Assam's southern part at Karimganj District and the western or lower part (Downside of Brahmaputra valley) at Dhubri District. But the capital city Guwahati is closer and easily accessible from Bangladesh at Dawki-Tamabil LCS through Meghalaya. There are 32 Land Custom Stations (LCS) at the NEI-Bangladesh border, where Assam has 13 LCSs, out of which four are functional, and the other 9 LCSs are non-functional. Non-functional LCSs include Mahisasan Railway station, Silchar RMS, Karimganj Rly Station, Silchar Steamerghat, Tezpur Steamerghat, Dhubri Steamerghat, Guwahati Steamerghat, and Latu Bazar. From the interview of Assam-Bangladesh trade stakeholders, it is known that the cross-border trade is mainly operated from Dhubri and Karimganj District by the local businessmen. Traditionally the export items of Assam to Bangladesh are mineral and agro-horticultural goods on Sutarkandi LCS of Karimganj District, which is the most significant trade point

on their border. At the beginning phase, it was found that the export share of agro-horticultural commodities was cent per cent. Afterward, it lost its position to oars and mineral items from 1980-1985 to 2000-2005 ([http://www.nits.ac.in/departments/humanities/new\\_hum/social\\_scanner/5.doc](http://www.nits.ac.in/departments/humanities/new_hum/social_scanner/5.doc)).

The top exportable products of Assam are tea, petroleum products, cosmetics, pharmaceutical products, textiles, food products, agro-horticulture produces, ornamental fish, agarwood oil, etc. The exported items of Assam to Bangladesh are different from the general export products of Assam. The top export and import items with Bangladesh from 2007-2008 to 2018-19 are presented in Table-1. The detailed item-wise export and import data of Sheowla (Sutarkandi on the Indian side) LCS have been presented in Table-6 and 7.

| <b>Table-1: The Top export-import items in the Assam-Bangladesh Border Trade from 2007-2008 to 2018-2019</b>   |  |
|--|--|
| <b>Imported items from Bangladesh</b>  | <b>Exported items to Bangladesh</b>  |
| <b>Building Materials:</b> Cement, PVC Door,<br><b>Plastics:</b> Household Goods, melamine,<br><b>Foods Products:</b> Drinks, Food items, Potato,<br><b>RMG:</b> Readymade garments, Waste Cotton,<br><b>Books:</b> Religious books, Printed books,                                | <b>Mineral:</b> Coal, Bolder stone,<br><b>Agro-horticultural:</b> Fresh Ginger, Pomegranate, Citrus & Orange, vegetables, Areca Nut. |
| Source: Dept. of Commerce, Govt. of Assam ( <a href="https://industries.assam.gov.in/portlet-innerpage/exportable-items-and-border-infrastructure">https://industries.assam.gov.in/portlet-innerpage/exportable-items-and-border-infrastructure</a> ) and Shillong Customs Office. |  |

The export-import data of the Assam-Bangladesh border trade have been presented in Table-2. Assam has exported a total value of products worth Rs. 962.7 million to Bangladesh and imported Rs. 1240.3 million through its LCSs in FY 2018-2019. Assam-Bangladesh's total traded amount is Rs. 2203 million, 16.78 per cent of NEI-Bangladesh's total trade of Rs. 13125.5 million. It may also be seen that Assam had a negative balance in all the ten years except 2014-2015 and 2015-2016 of two years through the LCSs of the Assam-Bangladesh border. There is almost no change in the average 16 per cent (Range from 9 to 23 per cent) trade share of Assam-Bangladesh to NEI-Bangladesh over the period means maximum shares for Meghalaya and Tripura states. The Annual Average Growth Rate (AAGR) of border trade between Assam and Bangladesh was found to 15 per cent from FY 2009-2010 to 2018-2019. In figure-1, both export and import curves may be observed very close as they have approximately the same 17 per cent AAGR. But suddenly, both the curves fluctuated in 2010-2011 and 2016-2017, which is a challenge.

| <b>Table-2: Assam-Bangladesh border trade balance and its share to NEI's share (INR in Millions)</b>   |                  |                  |                       |                              |                        |                                       |
|--|------------------|------------------|-----------------------|------------------------------|------------------------|---------------------------------------|
| Indian FY (a)  | Assam Export (b) | Assam Import (c) | Assam Balance (b-c=d) | Total Assam-BD trade (b+c=e) | Total NEI-BD trade (f) | Share of Assam-BD trade to NEI-BD (g) |
| 2009-2010  | 341.96           | 864.32           | -522.36               | 1206.27                      | 8162.00                | 15                                    |
| 2010-2011  | 278.70           | 339.30           | -60.60                | 618.00                       | 5929.63                | 10                                    |
| 2011-2012  | 257.40           | 349.86           | -92.46                | 607.25                       | 6930.72                | 9                                     |
| 2012-2013  | 508.40           | 569.50           | -61.10                | 1077.90                      | 8079.59                | 13                                    |
| 2013-2014  | 696.74           | 797.32           | -100.58               | 1494.05                      | 6412.80                | 23                                    |
| 2014-2015  | 880.76           | 854.00           | 26.75                 | 1734.76                      | 9065.53                | 19                                    |
| 2015-2016  | 601.04           | 395.69           | 205.35                | 996.73                       | 8693.87                | 11                                    |
| 2016-2017  | 705.41           | 737.23           | -31.82                | 1442.64                      | 7848.85                | 18                                    |
| 2017-2018  | 834.32           | 1297.41          | -463.09               | 2131.74                      | 10877.19               | 20                                    |
| 2018-2019  | 962.70           | 1240.30          | -277.60               | 2203.00                      | 13592.13               | 16                                    |
| AAGR   | 17.12            | 17.38            | -                     | 15.00                        | 8.50                   | -                                     |
| Source: Customs Office, Shillong. Data of four functional LCSs of Sutarkandi, Karimganj Steamerghat, Golakganj and Mankachar of Assam-Bangladesh border. |                  |                  |                       |                              |                        |                                       |

Assam Tourism Department estimated due to the corona breakout, the India-Bangladesh trade lost approximately Rs. 2 billion per day as all the border trade points were not functioning, and North East India lost more than Rs. 5 billion per day revenue income (Nath, 2020). To find out the direct loss of the Assam-Bangladesh border due to lockdown, Table-3 has been prepared. COVID-19 lockdown started at the end of March 2020, the last month of FY 2019-2020. Based on the data available for seven months of FY 2019-2020, we have estimated India was losing revenue income from import duty monthly/daily Rs 20.47/0.79 million at the Assam-Bangladesh border. The estimated reduction of Assam's export monthly/daily in border trade lockdown monthly/daily Rs. 35.2/1.35 million, and for Bangladesh, the amount is Rs. 233.57/9.0 million.

| <b>Table-3: Loss of Assam-Bangladesh trade during COVID-19 lockdown (INR in Millions)</b>  |                                    |   |   |  |                              |
|--|------------------------------------|---|---|--|------------------------------|
| Sl. No.  | Name of LCSs of Assam              | Export FY 2019-2020 (Apr. to Oct. 7 months) | Import FY 2019-2020 (Apr. to Oct. 7 months) | Duty Involvement (2019-2020, 7 months) | Duty Involvement (2018-2019) |
| 1  | Sutarkandi, Karimganj              | 163.1                                       | 1469.8                                      | 124.3                                  | 107.9                        |
| 2  | Karimganj Steamerghat              | 21.0  | 0.0   | 0.0                                    | 0.0                          |
| 3  | Golakganj, Dhubri                  | 57.0  | 67.1  | 3.9                                    | 0.0                          |
| 4  | Mankachar, South Salmara-Mankachar | 5.3   | 98.1  | 15.1                                   | 28.9                         |
|  | <b>Total</b>                       | <b>246.4</b>                                | <b>1635</b>                                 | <b>143.3</b>                           | <b>136.8</b>                 |
| The estimated loss of export monthly/daily in border trade lockdown: Rs. 35.2/1.35 Million |                                    |   |   |  |                              |
| The estimated loss of revenue income from import duty: Rs. 20.47/0.79 Million              |                                    |   |   |  |                              |
| The estimated loss of Bangladesh in export to Assam: Rs. 233.57/9.0 Million                |                                    |   |   |  |                              |
| Source: Customs Office, Shillong.  |                                    |   |   |  |                              |

Therefore, the lockdown in border trade between Assam and Bangladesh due to the COVID-19 pandemic has a tremendous negative impact on revenue income from IGST and duties and foreign exchange earnings from exports. As the trade is operated especially from the border cities, the lives of the border people have been adversely affected in terms of income generation from export/imports. An influential role from the central Govt. of India is essential in all international matters besides the state government. Assam's Industries and Commerce Minister Chandra Mohan Patowary urged the Central Government for a bilateral trade agreement with Bangladesh in line with the Indo-Sri Lankan Free Trade Agreement (ISLFTA), which will boost the bilateral trade through land routes in NEI ("Assam urges Centre for Trade pact with B'desh", 2019).

The table shows that the Sutarkandi is the largest among the LCSs of Assam to Bangladesh in both export and import amount of value. Along with Sutarkandi, Golakganj LCS in the Dhubri district of Assam has the potential to become a significant export hub, but operational issues are preventing it from reaching its full potential. The challenges and concerns that traders and exporters experience on the ground may not reach policymakers at the appropriate moment. In this region, digitising all documents, the faster adoption of an EDI system (Electronic Database Interchange), the decrease in paperwork, and time-bound approvals are critical. More facilities are also required at the port to promote seamless and efficient trade. Reviving Ro-Ro services in Dhubri river port will also minimise costs and time. Dhubri, according to some traders, needs a local vessel building, maintenance, and repair facility so that Indian vessels can operate on the India-Bangladesh Protocol route. Only Bangladeshi vessels now operate on this route, which raises the cost. Local businesses also urged that the import duty on Indian products in Bangladesh be cut to the same level as Bhutanese products (Goswami, 2022). Bhutan is a Least Developed Country (LDC) that enjoys duty-free export to Bangladesh, but India is a non-LDC.

### **Problems and Prospects of the Assam-Bangladesh Border Trade**

Assam-Bangladesh border trade suffers from many problems like lack of communication infrastructure by land, water, rail, and air, weak service of the border ports, informal trade, visa complexity, cultural detachment, information gap, tariff, and some other non-tariff barriers which have been reflected in the interviews with the stakeholders. Bangladeshi respondents mentioned Bangladesh's small export basket, lack of coordination among export promotion departments, bureaucracy, red-tapism, and corruption as domestic problems. They also

mentioned some national issues like Tista River water share, border killing, and illegal immigration in Assam as the indirect effect of border trade. However, the potential is hidden in those problems and challenges, which need to be addressed appropriately to expand the border trade.

As a land-locked state, connectivity and communication to the mainland of India and seaport to the international market are very important for Assam. Bangladesh could play a vital role in this connection by its geographical position and water routes. Assam and Bangladesh can operate all types of sea and river communication using the Haldia seaport of Kolkata, Chittagong seaport, and river ports of Brahmaputra and Barak River. In this regard, India-Bangladesh Protocol on Inland Water Transit and Trade (PIWT &T) agreement was already signed on 6 June 2015 between the countries. But this water communication can be fully utilised only after removing infrastructural lacking in water ports and dredging the rivers for smooth navigation. Several attempts were made to introduce bus and air service between Dhaka and Guwahati, but it stopped within a few months due to fewer passengers. The amount of export and import is also yet to reach an optimum position as a small number of materials increases overhead costs. The Asian Highway routes will be established through Assam and Bangladesh, which will create other business opportunities.

There is an interdependent regional value chain between the countries in India's textile and Bangladesh's RMG (readymade garments) industry. Bangladesh imports Indian cotton, textiles, and apparel products as raw materials for its RMG industry. It exports readymade garments products as more than eighty per cent of its total export to the world. Its export basket has leather products, jute and jute made products, aquatic products like shrimp, fish, etc. On the other hand, Assam has tea, minerals, petroleum products, cosmetics, textiles, ornamental fish, agarwood oil, and agro-horticulture products. Export data of Assam originated products had represented that it exported tea for 83 per cent (Rs.1.73718 billion) of the total export of FY 2014-2015 of Rs. 2.08915 billion to different countries (Dept. of Commerce, Govt. of Assam, <https://industries.assam.gov.in/portlet-innerpage/export-and-import-of-assam> ). The rest of the portion is shared by mineral products, agro-horticultural products, and other products. In that year, Assam exported tea to Bangladesh at Rs. 345.7 million (83 per cent) to total Assam originated export of Rs. 417.1 million. But there is a port restriction for tea, the top exporting product of Assam on NEI's LCSs in Bangladesh.

In reality, Bangladesh is one of the largest buyers of Indian black tea by importing through non-north eastern LCSs of Petrapole, Chittagong port, or others. It imported black tea from India worth USD 10.31 million in Jan-Nov 2016 maximum of which was Assam tea. Calcutta Seaport accounts for 73.43 per cent of the export share, followed by Tuticorin seaport, Petrapole LCS and Tudyalur ICD, which account for 14.9, 10.23 1.44 per cent of exports, respectively (Retrieved from <https://www.infodriveindia.com/india-export-data/black-tea-export/fc-bangladesh-report.aspx> Downloaded on 05 April 2020). Dept. of Commerce and Industry Minister Chandra Mohan Patowary of Assam Government focused on the issue of tea in India Bangladesh Stakeholders Meet 23 October 2019 reported by United News of India. He mentioned Bangladesh could import more tea from Assam, and after the package, it could sell the tea at foreign markets for greater dividends, as was done by some brands in Dubai. A few years back, it was found that Bangladesh failed to generate the optimum quantity of tea to compete with the other global tea-producing countries because of a lack of new adaptation or modern technologies (Nasir & Shamsuddoha, 2011). The situation was improved as the Statistical Bulletin of Bangladesh Tea Board for Nov. 2017 reported that Bangladesh exported worth USD 41.89 million in 2016-2017. Bangladesh sold KG 21 lakh of tea to 22 countries in 2020, which was 260 per cent more than the previous year (Hossain, 2022). Therefore, the tea industry has massive potential for both countries to cooperate and build an interdependent supply chain like RMG and textiles.

In the first Export and Logistic Policy of 2019, Assam emphasised boosting its wellness hospitality and health tourism that may develop cross-border service trade also (Kalita, 2019). In hospitality and health tourism, Assam has a huge market in Bangladesh as the number of patients from Bangladesh is increasing in India. In 2017, India received 10.04 million foreign tourists for the first time. Bangladesh accounted for 21 per cent of arrivals with 2.16 million tourists, according to India Tourism Statistics 2018 published by the Ministry of Tourism of the Indian government. In 2020, the ministry reported that 54 per cent of medical tourists were from Bangladesh to India (Rao, 2021). The number of tourists was also observed at the Assam-Bangladesh border port (Karimganj Steamerghat), where 4101 passengers in 2013-14 were increased to 7441 in 2019-20. The per capita expenditure incurred by Bangladeshis for medical treatments comes to about \$600, and the average annual expenditure of Bangladeshi students in India was estimated at \$1400 (Kumar, 2012).

Assam can invest more in the hotel service business, developing attractive tourist spots, medical services, and educational institutions to attract Bangladeshi students, patients, and tourists.

Moreover, India treats Bangladesh as a Least Developed Country (LDC) and Most Favored Nations (MFN) and removed maximum tariff barriers under the South Asian Free trade agreement (SAFTA). It removed all tariffs for Bangladeshi products from 2011 except for 25 sensitive products, including liquor and cigarettes. But recently, India introduced the counter veiling duty for Bangladeshi readymade garments and antidumping duty for jute and jute made products and fishing nets. The RMG and jute are the top exporting products of Bangladesh, and it will discourage the export of these items to the Indian market, including Assam. Table-4 shows the tariff structure of India for Bangladeshi products.

| SL. No. | Product name           | Type of tariff       | Tariff Rates       | Start from                |
|---------|------------------------|----------------------|--------------------|---------------------------|
| 1       | All imported goods     | IGST                 | 15% - 28%          | 1 <sup>st</sup> July 2017 |
| 2       | Ready-Made Garments    | Counter Veiling Duty | 1.8% - 7.42%       | FY 2017-2018              |
| 3       | Jute and Jute products | Anti-dumping duty    | \$19-\$352 per ton | January 2017              |
| 4       | Fishing net            | Anti-dumping duty    | \$2.69 per kg      | 2018                      |

Source: 19 June 2019, Business Today, Delhi and Financial Express, Dhaka 12 February 2020.

Nevertheless, the non-tariff barriers are the most crucial problem mentioned by the stakeholders of the Bangladeshi respondents. India does not allow importing fresh fish from Bangladesh at Sutarkandi LCS. However, there is a considerable demand for *hilsha* (one type of popular fish) and other fish in the Barak valley of Assam. Certificates from the Bureau of Indian Standards (BIS) and the National Accreditation Board for Testing and Calibration Laboratories (NABL) are required for quality testing of different Bangladeshi products. Compliance with the Food Adulteration Act 1954 regarding the shelf life of processed food products is another non-tariff barrier for Bangladesh. The requirement of a certain level for the country of origin for jute bags/sacks and non-halogenated hydrocarbon certificates for jute products has increased the production cost. Leather, plastics, and melamine products are also subject to chemical testing certificates. Therefore, the speedy implementation of the agreement was necessary between the Bangladesh Standard and Testing Institution (BSTI) and the BIS to cooperate for standardisation and conformity assessment in 2015.

Assam is mainly facing tariff barriers to exporting to Bangladesh, as mentioned by the stakeholders in India. The tariffs that exporters of Assam are being faced with have been presented in table-5. It is facing some non-tariff barriers also, including Pre-Shipment Inspection (PSI) report for coal and other mineral products, port restriction for tea, default and delay of payment by the importer, high bank charge, not honouring of L/C on the due date, nonpayment of interest for delaying and returning of L/Cs without payment by Bangladesh Bank.

| SL. No. | Product name                              | Type of tariff/Duty | Tariff Rates   |
|---------|---|---------------------|----------------|
| 1       | All products                              | Value Added Tax     | 15%            |
| 2       | Indian Orange                             | Import duty         | Rs 37/- per KG |
| 3       | Pomegranate                               | Import duty         | 25 %           |
| 4       | Intermediate goods                        | Import tariff       | 10%            |
| 5       | Tea and other agro-horticultural products | Import duty         | High rate      |

Source: Meeting Minutes of Joint Working Group on Trade of India and Bangladesh, 2013-2016.

Both Governments of India and Bangladesh have removed their restrictions on investments in each other's areas. There is no legal binding to invest in Assam for Bangladeshi business people and vice versa. Before Covid-19 lockdown, on 22-23, Oct. 2019 first India-Bangladesh Stakeholder Meet was held in Guwahati, which was, in fact, an Assam-Bangladesh Businessmen's Meet (Singh, 2019). A senior fellow of ORF, Joyeeta Bhattacharjee, highlighted, "Bilateral ties and engagements between India and Bangladesh help explore many new possibilities for Assam, ranging from trade and commerce to culture and tourism" (Bhattacharjee, 2021).



## Findings

After analysing the objectives, some significant findings may be summarised as under:

1. Indo-Bangladesh border trade at the Assam border is characterised by Assam's shortfall balance and the lowest 16 per cent average share of trade among the North-East Indian states. Export and import data of Assam with Bangladesh has recorded as 17 per cent Annual Average Growth Rate (AAGR) from FY 2009-2010 to 2018-2019.
2. The economies of Assam and Bangladesh are much complementary as far as the top exporting products are considered. Assam's export items to Bangladesh mainly comprise mineral goods and agro-horticultural goods. However, Meghalaya shares a significant portion of mineral goods and Mizoram shares in agro-horticultural goods.
3. Assam exports tea to Bangladesh with the maximum share of Assam originated export. However, Bangladesh does not import tea through the NEI LCSs. Bangladesh faces tariffs and various non-tariff barriers for its main export product, RMG. It faces vast non-tariff barriers for all other export products also.
4. Based on the data available for seven months of FY 2019-2020, it was estimated that India lost revenue income on account of lockdown due to the Covid-19 pandemic from import duty monthly/daily of Rs. 20.47/0.79 million at the Assam-Bangladesh border. The estimated loss of Assam's export monthly/daily was Rs. 35.2/1.35 million, and for Bangladesh, the amount was Rs 233.57/9.0 million.

## Suggestions

Both governments of India and Bangladesh have to accomplish some tremendous bold steps to tackle the COVID-19 loss and regain economic stability.

1. India-Bangladesh should remove infrastructural limitations in their LCS by establishing necessary other compliance services like a lab for quality testing, a bank branch, an information communication centre, and electricity and water utility services. Smooth and seamless communication connectivity is badly needed through roadways, riverways, railways, and airways. Based on the connectivity network, the Asian Highway routes will be established through Assam and Bangladesh, which will create other trade opportunities.
2. India and Bangladesh should focus on promoting tea and agro-horticultural goods of Assam and readymade garments, jute/jute made goods, and leather goods of Bangladesh, which are in their main export basket. Speedy implementation of the Standardisation Agreement 2015 is essential to remove some non-tariff barriers. The joint venture in the agro-horticultural production and food processing industry for Assam and Bangladesh is feasible based on the cheap labour force of Bangladesh.
3. Bangladesh should lower tariffs on several agro-horticultural products of Assam that are not produced domestically due to the climate.
4. Assam and Bangladesh may invest in the service trade, including medical tourism, education, transport, bank, and insurance business, to make the potential true. An arrival visa may be introduced to encourage travellers and facilitate transport services between Guwahati and Dhaka.

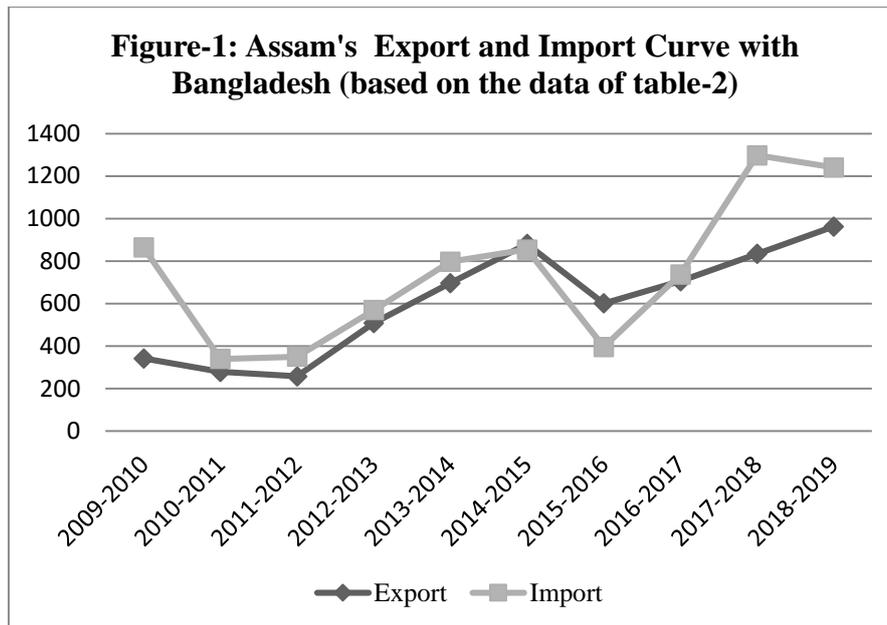
## Conclusion

The interdependence of the market supply chain and intra-industry trade is the way to establish a solid cross-border trade relation. India and Bangladesh should increase border trade through Assam by removing the communication gap to get leverage from international trade. Assam can be an essential supplier of tea, coal, and petroleum products to Bangladesh. Bangladesh also can play a vital role in shortcut communication services in four ways road, water, train, and air routes. It may also be connected with Bhutan, Myanmar, and other countries through Assam. It can also provide access from the Chittagong seaport to Assam and transit to the mainland of India. As a representative of North East India, Chief Minister of Meghalaya, Conrad Sangma, said, "Half of the time, we are worried about Bangladeshis coming in. That is a worry for us, but I think we need to see this as an opportunity," in a workshop ("Trade with Bangladesh to help exports: CM", 2019). Therefore friendship,

compromise, and progressiveness are the main mantras of India and Bangladesh at the Assam border to work together to win jointly.

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**Table-6: Item-wise export of Bangladesh to Assam at Sheowla (Sutarkandi, Assam on the Indian side) LCS**

| SL. No. | Export items        | BD FY 2019-2020 |                  | BD FY 2018-2019 |                  | BD FY 2017-2018 |                  |
|---------|---------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|
|         |                     | Quantity (MT)   | Value (BDT) lakh | Quantity (MT)   | Value (BDT) lakh | Quantity (MT)   | Value (BDT) lakh |
| 1       | Food products       | 9000            | 6210             | 12710           | 8230             | 15960           | 10180            |
| 2       | Plastic goods       | 1233            | 1553             | 1065            | 1216             | 882             | 1141             |
| 3       | Waste cotton        | 1385            | 273              | 1473            | 309              | 1182            | 243              |
| 4       | Cement              | 3805            | 240              | 1805            | 108              | 9910            | 570              |
| 5       | Fatty Acid          | 123             | 35               | 194             | 56               | 333             | 93               |
| 6       | Mosquito net        | 181             | 134              | 117             | 167              | 96              | 157              |
| 7       | Tube-well           | 49              | 29               | 72              | 34               | 55              | 24               |
| 8       | Ceramic products    | 32              | 29               | 39              | 31               | 23              | 16               |
| 9       | Gypsum board        | 25              | 3                | 0               | 0                | 0               | 0                |
| 10      | Caustic soda        | 800             | 230              | 760             | 344              | 620             | 348              |
| 11      | Wooden furniture    | 124             | 291              | 40              | 68               | 17              | 15               |
| 12      | White paper/writing | 339             | 246              | 316             | 250              | 43              | 28               |
| 13      | Tissue paper        | 52              | 52               | 36              | 44               | 34              | 48               |
| 14      | Molasses            | 10              | 1                | 80              | 10               | 30              | 4                |
| 15      | Ready-made garments | 163             | 108              | 16              | 14               | 0               | 0                |
| 16      | Edible oil          | 16199           | 12474            | 156             | 145              | 10              | 8                |
| 17      | Melamine            | 4               | 9                | 15              | 27               | 3               | 6                |
| 18      | Crasher machine     | 94              | 72               | 0               | 0                | 1               | 3                |
| 19      | Glassware           | 41              | 22               | 26              | 7                | 0               | 0                |
| 20      | Glass               | 6               | 2                | 7               | 2                | 0               | 0                |
| 21      | Hydrochloric acid   | 9               | 1                | 45              | 14               | 0               | 0                |
| 22      | Bathroom fittings   | 0               | 0                | 4               | 11               | 0               | 0                |
| 23      | Hardboard           | 0               | 0                | 0               | 0                | 90              | 14               |
| 24      | Particle board      | 0               | 0                | 0               | 0                | 122             | 21               |
| 25      | Iron rod            | 0               | 0                | 0               | 0                | 13              | 6                |
|         | <b>Total Export</b> |                 | <b>22014</b>     |                 | <b>11087</b>     |                 | <b>12925</b>     |

Source: Sheowla LCS, Sylhet, Bangladesh.

**Table-7: Item-wise import of Bangladesh from Assam at Sheowla  
(Sutarkandi, Assam on the Indian side) LCS**

| SL. No. | Import items     | BD FY 2019-2020 |                  | BD FY 2018-2019 |                  | BD FY 2017-2018 |                  |
|---------|------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|
|         |                  | Quantity (MT)   | Value (BDT) lakh | Quantity (MT)   | Value (BDT) lakh | Quantity (MT)   | Value (BDT) lakh |
| 1       | Coal             | 19154           | 1258             | 62289           | 4064             | 66078           | 3904             |
| 2       | Onion            | 1586            | 611              | 0               | 0                | 0               | 0                |
| 3       | Dry fish         | 112             | 195              | 93              | 159              | 0               | 0                |
| 4       | Ginger           | 6166            | 4808             | 1312            | 1009             | 2134            | 1627             |
| 5       | Orange           | 5581            | 1933             | 2062            | 705              | 1396            | 470              |
| 6       | Grape            | 2325            | 1310             | 88              | 48               | 8               | 4                |
| 7       | Musk melon       | 4               | 1                | 1370            | 708              | 0               | 0                |
| 8       | Apple            | 661             | 285              | 751             | 385              | 1309            | 655              |
| 9       | Pomegranate      | 5513            | 2864             | 187             | 56               | 32              | 16               |
| 10      | Citrus (Satkora) | 44              | 13               | 0               | 0                | 11              | 3                |
| 11      | Rice             | 0               | 0                | 0               | 0                | 4410            | 1212             |
| 12      | Tomato           | 0               | 0                | 305             | 104              | 33              | 11               |
| 13      | Limestone        | 0               | 0                | 2040            | 20               | 4170            | 40               |
| 14      | Printed sheet    | 0               | 0                | 0               | 0                | 44              | 46               |
| 15      | Maze             | 0               | 0                | 20              | 2                | 0               | 0                |
| 16      | Agar             | 0               | 0                | 1               | 2                | 0               | 0                |
|         | <b>Total</b>     |                 | <b>13278</b>     |                 | <b>7262</b>      |                 | <b>7988</b>      |

Source: Sheowla LCS, Sylhet, Bangladesh.

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