

Bangladesh-India Border *Haats* and their Impacts on Poverty Reduction

Background & Context

India's North East region has had strong cultural, linguistic and historical trade links with Bangladesh, Myanmar, China and other countries in South East and East Asia. There was a lot of inter-dependence amongst these regions in the past and trade was thriving from ancient times.

However, developments in the past few decades changed a lot of that with geo-strategic importance and mistrust ruled the roost over most part of the latter half of the 20th century. Cross-border trade suffered due to new political boundaries and regimes.

The initiation of Border Haats along the India-Bangladesh border has also shown a lot of promise towards economic development of border communities, formalising informal trade, building trust and higher trade openness.

India's North East, which used to be its gateway to South East and East Asia now became land-locked with plummeting economic activities, income and livelihood options.

More recently, India, recognising the true potential of its North East region, came up with the Look East Policy in 1991, which

aims to develop the region as a hub for economic activities and the gateway to South East and East Asia once more.

Some other recent developments are worth noting as India is negotiating and signing various preferential trade agreements with its neighbours to increase people-to-people connectivity and more openness to cross-border trade. Such initiatives like the initiation of Border *Haats* (local markets) along the India-Bangladesh border has also shown a lot of promise towards economic development of border communities, formalising

informal trade, building trust and higher trade openness.

Two such Border *Haats* have been functioning along the Meghalaya-Bangladesh border since more than a year with encouraging results and two more have recently started functioning along the Tripura-Bangladesh border. This has particular and immediate impact on border area development with remote territories getting a much needed boost in livelihood opportunities and also formalisation of informal trade.

With many more Border *Haats* proposed along the India-Bangladesh border, there is hope and promise for people living in the remote border locations and particularly in the North East region of India which is a land-locked territory with low indices of human and economic development.

India's border with Bangladesh is much known for informal trade activities. Various studies have attempted to estimate the value of such informal trade and most of them have estimated very high figures. According to the World Bank's Bangladesh Development Series, Paper No. 13, bootleg informal trade accounted for a whopping 41 per cent (US\$237mn) of total imports of Bangladesh from India (US\$580mn) through land routes in 2003. Initiatives such as Border *Haats* have possibilities towards formalising such informal trade activities.

With Border Haats proposed along the India-Bangladesh border, there is hope and promise for people living in the remote border locations with low indices of human and economic development.

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Objectives & Purposes

The objectives of this project are as follows:

- To understand and estimate the positive impacts of Border *Haats* on poverty reduction through income and employment generation (and other multiplier effects including formalisation of informal trade) with specific emphasis to understand gender implications through study of existing Border *Haats* at India-Bangladesh border
- To estimate the possible future benefits from replication and up-scaling of such Border *Haats* in other locations along the North East India side of the India-Bangladesh border where there are possibilities for such *Haats*
- To examine economic feasibility of these Border *Haats* in the presence of hypothetical free flows of goods along the border as well as by looking into their (Border *Haats*) social and political dimensions at the local level

The project will understand and estimate the positive impacts of Border Haats on poverty reduction through income and employment generation.

The specific purposes are to:

- understand the impacts of existing Border *Haats* on poverty reduction through income and employment generation, and also, other multiplier effects and their impacts on informal trade, gender implications, and economic, social and political feasibility
- estimate the possible benefits from future Border *Haats* in other locations (two places which are known for bootleg informal trade) along the North East side of the India-Bangladesh border
- estimate the level of efficiency of the existing Border *Haats* and understand their long-term sustainability if there are no trade restrictions along the India-Bangladesh border

Activities

This project, including its report and policy dialogue, will be completed in 12 months (September 2015 to August 2016). This will be carried out with four main activities in both the countries. All activities will be undertaken by CUTS in partnership with Unnayan Shamannay, Dhaka. It will encompass the following activities:

- **Literature Survey, Secondary Data Analysis and Preparation of Survey Questionnaires** for better understanding about the functioning of existing Border *Haats* and their future prospects
- **Field Survey and Video Documentary** for analysing ground level issues in these Border *Haats*
- **Primary Data Analysis and Draft Report** for getting better results through research
- **Policy Dialogue and Publication and Dissemination** of the study to discuss the findings of the study with the relevant policymakers and other stakeholders

The project will estimate the level of efficiency of the existing Border Haats and understand their long-term sustainability.

Expected Outcomes

The project is expected to achieve the following outcomes:

- comprehensive understanding of economic benefits (poverty reduction effects in terms of income and employment generation) from the existing Border *Haats* including estimation of their level of efficiency
- better understanding of benefits that would accrue from replicating Border *Haats* at other locations and their viability if there are no trade restrictions along the India-Bangladesh border, including benefits from formalisation of informal 'bootleg' trade
- better understanding of political economy dimensions of Border *Haats* towards improving trade and socio-economic relations (including people-to-people connectivity) between the North East region of India and Bangladesh