

MAPPING THE IMPACT OF INDIAN BORDER FENCE ON INFORMAL TRADE IN BANGLADESH

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Abstract: This study evaluates the impact of the fence constructed by India along its border with Bangladesh in 1983 on the informal and formal trade as well as the local people's livelihood. The research focuses on the Panchagarh District, one of the regions affected by the construction of the fence, utilizing a mixed-method approach that combines qualitative and quantitative techniques of analysis. The study highlights the historical trade relationship between India and Bangladesh and investigates various forms of formal and informal trade between the two countries. The empirical data collection conducted on Kajal-Dighi village under Kaliaganj, Laiyapara, Banderdanga, Paharipara under Borososhi, and Banglabandha under Tetulia Upazilla of Panchagarh district reveals the acuteness of the informal trading in non-fenced areas. The study finds that informal trade is still continuing and has significant effects on the local people's livelihood, causing unemployment for farmers and missing trust between the Border Guard Bangladesh (BGB) and the Indian Border Security Force (BSF). The paper provides alternative solutions for mitigating the fence's impact on local people's livelihood while creating trade policies that will benefit both countries. The study's recommendations highlight the need for reasonable and rational tariff structures for imported goods, reducing the cost of agricultural product cultivation, creating awareness among border residents, regular monitoring of the fence, and organizations focusing on development projects for needy people in border areas. The research concludes that addressing informal trading and its impact must be a priority to build a harmonious relationship between countries.

Keywords: Border, Impact, Fence, Informal trade, Formal trade, Livelihood, Bangladesh, India.

Introduction:

The border between Bangladesh and India is one of the most significant issues for the border arena people's daily lives, creating unwarranted division, and hampering relationships. However, despite the physical boundary, people still meet and do business within themselves, more connected with their communities than countries. The fence constructed by India along its border with Bangladesh was erected to stop unlawful migration and illegal trading, interrupting informal and formal trade between the countries. This study evaluates the impact of the fence on informal and formal trade as well as the local people's livelihood, utilizing a mixed-method approach that combines qualitative and quantitative techniques of analysis. The research focuses on the Panchagarh District, one of the regions affected by the construction of the fence, and aims to identify development initiatives for border residency people, and the impact and consequences of the fencing on the local people's lives. The study also highlights the social condition of the local people living in the border area and alternative solutions to mitigate the fence's impact on their livelihood. To this end, this research will investigate the informal and illegal trade along the border, the fences' political and security challenges, and how development initiatives can be implemented to create a harmonious relationship between

India and Bangladesh while addressing informal trading and its impact on security, the economy, and the livelihood of local people.

After the fencing there were significant issues that came to light. One of the main reasons for fencing is informal trade which is still going on and hampers the development of the Border area people. Informal trade is one of the most significant cruxes in the border area. Every year thousands of products are being informally traded through these two borders. Human trafficking, drug trafficking, different animals, pirated DVDs of films etc are the main things about Informal trade.

There is absence of education in the boundary zone. Individuals don't get appropriate education from the early age. This issue of education is hampering their advancement and drives them towards unlawful exercises. The central government doesn't have direct control over the border residency people as the people of border area are more connected with the local authority and they often support the cross border relation. BGB (Border Guard Bangladesh) and the local people have mistrust between them. When someone is being killed by BSF (the border security force of INDIA) for crossing the border, there is no reaction from the BGB to protect the border residency people. Corruption is another major problem. From the local people to government officials, local authorities, law enforcement agencies and BGB all are involved in informal trade in that area (Sikder&Sarkar, 2005).

Research Objective:

This research paper evaluates the impact of the fence on the formal and informal trading in Panchagarh District and how it changes the life of the commoners. This paper particularly focuses on the border around Panchagarh district as the case study area. It will pursue the development and changes of the border residency people after fencing and enclaves exchange program within this district. It will also identify the constraints that are on the way of development of those people's livelihood. There are few major objectives of this paper those are:

- To identify the development initiatives for the people of border residency Panchagarh.
- To analyze the impacts and the consequences of the fencing on the local people in today's time.
- To highlight the formal and informal trade between India and Bangladesh.
- To identify the impact of illegal and informal trade after the fence on local people.
- To highlight the social condition of the local people living in the border area.
- To recommend the alternative solution that can be implied for the development of the border residence.

Methodology:

This paper adopted a mixed methodological approach and both the qualitative and quantitative techniques of analysis have been used. Quantitative techniques used to know about the value and quantity of the legal and illegal traded items along with prices and respondents. On the other hand, qualitative information had to gather to explain the impact of the fence and other informal trade related issues. Almost 500 responded from 20 different border arena villages were used as sample study. Among them, they were government officials, informal and formal traders, border resident people, local governance and local government leaders.

Data collection:

To execute the study different types of primary and secondary data were needed. Primary data's are collected through field survey and personal interviews. We collected the secondary data from online journal, article, related books as well as online survey. We divided the process into three different parts



Data requirement plan: The required data for the research are recent development initiatives, security challenges, border fencing effects and present conditions of the border area people. According to the requirement plan, this paper has covered, the people interviews of the border area, the researchers who worked on this issues and we took interviews of government officials who execute laws and rules for the border.

Source of Data: We will collect the data mainly from two different sources such as Primary sources
Secondary Sources

Primary Sources: For primary sources, personal interview and documented information from local resident people and business owners, local traders and government official numbers has taken.

Secondary Sources: As primary data is not enough to get the possible outcomes, we have collected secondary data. Related journals and articles, online articles and e-books and Government websites and the official journals.

Data collection Mechanism:

To see the development and changes after the fencing we will observe the physical changes of the local area and systematic changes. Interview of the local people to understand their perception about fencing and how it affects their daily life. Interview of the local agencies and custom officers to understand the security challenges and how they deal with the informal trade and business.

Historical aspect of trade relation between India-Bangladesh

On fifteenth August, 1947 the world saw a historical partition in the South Asia. The British Empire isolated two countries dependent on the religion as India and Pakistan. India was a Hindu dominant part nation and Pakistan was Muslim part. Pakistan needed to have two sections which was West Pakistan and East Pakistan. In 1971, Pakistan likewise got partitioned and another nation was conceived named Bangladesh. India helped Bangladesh to accomplish independence. It made them friendly neighbors after the independence.

Just after the independence, Bangladesh was in a disastrous condition. At that time the trade relation between India and Bangladesh got a way to move on. After that a series of discussions happened between both the countries and as a result the first Indo-Bangla trade agreement was signed on March 28, 1972 (**Indo Bangla trade and economic relation: Chapter 5**). that was the first formal trade agreement between these two countries. The main target of the treaty was to promote trade and commercial relations between two countries and to strengthen the economic relation based on the mutual benefit, understanding and friendship. The main goods which were included to be traded were oil seeds, chilies, raw cottons, milk, milk products, kerosene oil, eggs etc. (**Sen, Sunanda. 1972**). But as the time passed the trade agreement became failure. The cost of living jumped a high number within few months. The expectation of having a mutual economic agreement was not successful. Smuggling became a vital concern for the government of

Bangladesh and India. Finally the security forces had to be sent to the border to stop the smuggling. That's why the agreement was canceled.

After the failure of the 1972 trade agreement a new agreement was signed between these two countries in 1973. It included 3 new articles and rephrased the 1972 agreement. But this agreement also didn't last long when Sheikh Mujibur Rahman was assassinated. After the assassination Major Ziaur Rahman took power and the trade relation with India was on hold. Then again in 1976 both countries signed a trade protocol which visualized higher volume of trade and long term arrangements of coal and newsprint in order to balance the trade (**Indo Bangla trade and economic relation: Chapter 5**). During that time India was exporting to Bangladesh until both countries agreed on India importing from Bangladesh in 1978. In 1980 there was another agreement on trade between them. This agreement removed the clause of state to state base rather for the first time the provisions of the agreement were open for the stakeholders. It was provided for bilateral consultation at least once in a year instead of once in six months. It was signed for 3 years and came into effect from October 4, 1980. After few years Bangladesh started to move on to the path of economic liberalization. The main reason behind this is the establishment of SAARC. Since 1982 and particularly after

Bangladesh moved on the path of economic liberalization, bilateral trade has been improving steadily **(Balaji, Madhumita. 2016)**. In 1992, both the countries extended the bilateral trade agreement for 3 years again. India agreed to import Urea, newsprint, scrapped railway wagons and phosphoric acid from Bangladesh **(Indo Bangla trade and economic relation: Chapter 5)**. When Sheikh Hasina came into power in 1996, the trade relation improved considerably. During her regime she visited

Delhi few times and signed a number of treaties. In January 1997, then prime minister of India Inder Kumar Gujral visited Bangladesh. Many economic issues were resolved during this period of time. After that in Khaleda Zia's regime (2001-2006), there was a massive increase in the export of Bangladesh to India and import dropped down **(Balaji, Madhumita. 2016)**. In 2006, Khaled Zia visited India and signed a number of economic agreements. There were two bilateral agreements aiming to boost economic activities.

In 2008 when Sheikh Hasina came into power again she adopted India positive foreign policy, the trade was increased. In 2011-2012, India's total export to Bangladesh reached 5.84 billion US dollars. This does not obviously take into account the substantial volume of 'illegal or informal' exports that takes place continuously and is estimated at a substantive figure **(Balaji, Madhumita. 2016)**.

A high level of Bangladesh's import from India is in the idea of sources of info (cotton) implied for the generation of its primary fare thing (readymade garments); an area in which the country has championed itself. In 2011-2012, Bangladesh's exports to India reached only 584.64 million US dollars. In 2014-15, BD export figure further dropped down to USD 396 million. In the current scenario the total bilateral trade volume of USD 6.5 billion looks impressive but the sheen is lost when one looks at the country's exports to India that account for a mere USD 500 million leaving a high trade deficit **(Ahmed, Zahoor and G, Deepika. 2014)**.

There are few issues between these two countries as per as trade is concerned. Two countries start trading with each other when they perceived clear comparative advantages in exporting products required by each other. India has a 'revealed comparative advantages' in many goods that are required by Bangladesh. This is one reason why Indian exports to Bangladesh have been growing over the years.

On the other hand, Bangladesh lacks a similar 'revealed comparative advantages'. As a result, its products have not been able to find an easy market in India. Trade is also facilitated when two countries have a complementary in their products. This complementary has to be both of products as well as quantity. India has the capability to meet the import requirements of Bangladesh. But in most cases, the reverse is not true. Thus, there exists a case of partial complementary or one way complementary between the two countries. In the case of sea-borne trade certain products have to go to specific ports for customs clearance. This has given rise to black-market smuggling which bypasses custom posts altogether or even "official smuggling" involving bribes to customs and other officials on both sides of the border **(Ahmed, Zahoor and G, Deepika. 2014)**. Trade between the two countries has also been constrained by the lack of trans-shipment/transit facilities between Bangladesh and India. Although some policy decisions have been taken in this regard, but progress on ground is still awaited. Trans-shipment through Bangladesh is expected to benefit India by cutting the distance between India's northeast and the mainland, thus facilitating the transport of goods. These goods can also be expected through Chittagong Port. This will also bring in significant amount of revenue to Bangladesh as port fee **(Ahmad, Zahoor and G, Deepika. 2014)**.

India and Bangladesh have shared the common objective of fostering closer economic integration in South Asia. Bilateral trade and investment relations are currently of special interest to both countries. After the India visit of Sheikh Hasina in January 2010, there has been a genuine effort to boost indo-Bangladesh relations **(Chakma, B. 2015)**. India likewise demonstrated it's longing to get greater speculation and educated Bangladesh that about \$3.5 billion worth private venture will be there.

Different Kinds of Trade between Bangladesh and India:

India and Bangladesh both are having a long borderline which has encompassed Bangladesh. These peripheral territories are being shielded by the fringe security from both Bangladesh and India. In Bangladesh

border BGB (Border Guard Bangladesh) is protecting it and in India BSF (Border Security Force) is doing it. The border areas are very important for the trading between these two countries. Just after the independence, there was no fencing. The people of border arenas usually did informal trading. This made a concerning fact for both Bangladesh and India. In 1982 the borders were surrounded by fences. This impacted trading in the border arenas. So, the border arena has two types of trade. They are:



Formal Trade:

Formal trade is a kind of trade which is legal. The government knows about all the formal trades happening in the border arenas. Every year thousands of things are being traded legally between the borders. Between Bangladesh and India, there are various agreements for the formal trades which has been mentioned earlier in this chapter. There are various kinds of things which are being traded in formal way. For example: Cotton, cow, Cosmetics, Saree, battery, fabrics, electronics, Wooden furniture, raw jute, vehicles, tissue paper etc. These are few of the products which are traded between India and Bangladesh through the border areas. Along with formal trades, there have been also informal trades in border arenas.

Informal Trade:

Informal trade is something that can't be calculated. Informal trade is also acknowledged as illegal trade. Products that are being traded illegally are called informal trade products. In the border areas, informal trades are very much popular. Individuals of those regions are generally relying upon the illegal exchanges. In the border areas of India and Bangladesh, unofficial trade is exceedingly present. For example: In Panchagarh border which is named Banglabandha and there are different places of border where informal trade is flourishing. According to the survey in Panchagarh, there are various products which are legal as well as labeled as illegal goods and are being traded illegally such as cow, drugs, phensidyl, mobile phone, memory card, cosmetics, tea leaves etc. (the exact number of the informal goods is being attached in the appendix) These are the two types of trade happen in the border arena of Bangladesh and India.

The impact of Fence and Informal trade on the local arena of Panchagarh:

The impact of fence in the border area of Panchagarh has significant consequences on the local area. Before fencing people indiscriminately went other side of the border and brought their necessary goods. The movement of informal traders slows down due to fence and it became a life threat profession. However, many people take the risk and try to do businesses. Sometimes they successes and sometimes they caught by the BGB (Border guards Bangladesh) or BSF (Border Security Force). After the fencing, the flow of informal goods and products has decreased drastically. There are different types of people who truly hold this informal business staying in and from outside of Bangladesh. These people are extremely powerful and influential. The respondents mentioned few such people's names who are involved into this business directly while staying outside of the country. Informal traders use many special techniques during the time of bringing in and out the goods from India to Bangladesh and vice versa. After receiving the goods they sell those products in their respective local markets and even where they get more money. For instance informal traders bought Indian sarees, different types of alcohol approximately BDT 500 to 700 per piece and sell at BDT 3000 to 4000 though they do not pay any tariff or tax to the government respectively,

In Bangladesh a very competitive market picture we can observe but it increases five times more when goods and services comes through illegal way or informal channel. It has an adverse effect on the local market. Price hike goes up and down price, instability and competitive market situation prevails all over the market.

According to economic law, in any market when the supply is less than the demand is high; it increases the price of the products and goods. At the same time when supply is low then the demand goes down. Same thing happened in cow market. The supplies of the cows are less than their demand. During the festivals or eid the demand increases. Because of the demand, cow traders brought cows at lower price such as one cow at Tk. 5,000 to 6,000 and they can sell it up to 30,000 to 50,000 Tk, according to the respondents. After the fence people cannot move easily for trading purpose or any other purpose without Visa and it is consider as illegal movement and illegal migration to enter into India. Fence not only reduce their movement but also reduce the informal trading as it becomes life threatening if they caught while bringing in products without Visa access.

Reason or justification behind the informal trade:

According to the respondents and involved people, the most harmful commodity they bring in are drugs, cigarettes, phensidyl, alcohol which are strictly prohibited to trade both legally and illegally under the Drugs Policy of Bangladesh but they are doing for some extra money to earn for their livelihood i.e. They justify their activities by saying that these drugs used for medical purpose such as phensidylas cough syrup and alcohol or other drugs as pain killer. They are less concern about the consequences and laws rather more concern about earning as much as money they can by adopting any possible means (**Shikder, 2012**). From our field survey it was observed that most of the people are either farmer or daily labor that has no permanent work for their livelihood. They have no other alternatives but to do involve with smuggling or so called black. Especially the border arena local people both male and female are involved with this activity. Male members are more active into these types of informal trading where women work as helper to their husbands. As they pay for the goods they believe it's a legal trade but they have a little idea about the legal and formal trade. They are not fully aware of the trading laws and the punishments of informal trade. Some people think fence is just a symbol that shows countries boundary not their relations with the people living other side of the fence. The bond they share it continues after the fence with informal trade relation. It's risky but easy and profitable for the both traders in Bangladesh and India.

Case Studies and Analysis

To understand the trading prompts and its impact on the livelihood we gather some major data for the research. To recognize the existing border relation and informal trading relations and their working system, we took Panchagarh district as our study area. Panchagarh district is surrounded from three sides by India and the estimated border length is 288km. Only 135.591km border is fenced by the BSF whereas the rest of the area is yet to be enclosed (**Bdnews24.com. 2018**). These unprotected non-fenced border areas are being indiscriminately used as the hubs for informal trading. Empirical data on the cross-border informal business and trade has showed the acuteness of this practice and the methods traders are using for a long period of time.

The empirical data collection had been conducted on Kajal-Dighi village under Kaliaganj union, laiyapara, Banderdanga village, Paharipara under Borososhi and Banglabandha under Tetulia Upazilla of Panchagarh district here the interviewees varied from local chairman, tax officers, immigration officers and employers of BGB Headquarter to local people who are in full or partially involved into the informal trading. The questionnaire which was asked to the interviewees is given below.

Questions asked the BGB officers and guards:

1. How many people are guarding the border?
2. What are the new equipment and policies they are taking to develop the security of the border?
3. How BGB is using technologies to modernize them?
4. What are the problems of Border Management?
5. Porous nature of
6. What are the difficulties in identifying nationals?
7. How does over-population affect the guarding process?

8. How and why did they arrange flag meeting?
9. Is fencing helping the local people and decreasing the border illegal migration and trade?
10. What are the reasons behind the illegal trade going on still now even after fencing the border?

Questions asked to the Customs officers and Tax officers:

1. What kind of problem customs do face because of informal trade?
2. How many informal products are collected by the customs?
3. Which products are mostly caught by customs?
4. What do they do with the collected products?
5. How do these informal trades affect the relation between India and Bangladesh?
6. Recommendation to reduce the informal
7. Has the formal trade increased and informal trade decreased after fencing?

During the interviews, informal traders opined that fencing has made it difficult for them to carry out products and goods and to pass them through borders. A 26 years aged man, who used to illegally trade alcohol and phensidyl, said that the fencing after 2013 made it inconvenient for to trade without any hassle. As the border guard got stricter after the fencing from both BGB and BSF, they started to use some strategies to get some little convenience. For example- they preferred night to smuggle products and they used bamboo to throw the products like phensidyl, parts of mobile, memory cards and tea to carry all the way through India to Bangladesh and vice versa. During the dry season, the strategy would be different i.e. moving through the path underneath the bridge towards the fencing area, distorting the fence a bit to pass through and restoring it after coming back.

The cross border informal trading became more challenging after the fencing; nonetheless it is going smoothly because smoothly. It's because local people are involved, except the traders themselves, assist the traders by protecting them or by providing necessary information i.e. when any particular fenced area would be walked past by the guards and would be free for a short period of time from any kind of on looks. More than 100 people are involved in the informal trading in the village of paharipara. The number of women (10 to 20) is much less than that of men.

Interviewees pointed out several reasons working behind the informal trades; among them unemployment, low profit rate, part time income opportunities are mention worthy. According to the interviewee, who is 26 years old informal trader, a strong syndicate system is working behind the curtain of the whole process of illegal trading. The syndicate is basically a group of investors who are running the business by investing in a large amount of capital. Syndicate members consist of Bangladeshi and Indians.

Information from Informal Traders:

Some of the traders are not directly involved in the trading procedure; rather they feel at ease to do it passively. Those traders assign people who are willing to carry out merchandise and sell them in the local market if they get paid a handsome remuneration. If any of them is unfortunate enough to get caught by the border guards, he may sentenced to prison for several years. One of the female interviewee talked about a boy who got caught back in 2013 while he was doing informal trading and he was sentenced to 5 years prison due to this reason. His family tried to get him released even by offering three lakh taka ransoms but it went in vain. The boy got released 5 years later but died 12 months later of his acquittal. In Paharipara, one of the interviewee named Mohammad Ali, a thirty years aged man involved in informal trading, said that there is no such way informal trade can be stopped as many people get benefitted extensively from it. He informed us that informal traders like him use Indian sim card to communicate with other members of their network in the border area. When asked about the payment method, he gave away the information that banking system is used mostly for that; but if they use cash money, they would transact it in 'taka' currency. During the monsoon season, Ilesha fish is very demandable product for the business. On other regular business season, mostly papers, cosmetics, sarees, goats, fish and cigarette are traded from Panchagarh to phulbaria, India while motor bikes parts, cycles, cows and reminiscence cards are passed through the border from Phulbaria

to Panchagarh. A group particular of traders are totally engaged in informal cow trading. Informal traders take advantage during the price hike situation or crisis situation after natural disaster. They bring sugar, onions, and salt and sell it in the nearby market for profit.

Quantity of informal goods smuggled from India to Bangladesh:

Items	Unit	Quantity (per month)
Cow	Number	1000-1500
Phensedyle	Piece	12000-15000
Cosmetics	Box	146
Mobile	Carton	2-3
Memory Card	Box	5-6
Parts of Motor Cycle	Piece	80
Saree	Piece	3000-3200
Tea leaves	Kg	30-40
Drugs(Heroin, Yaba, Cocaineetc)	Gram, Piece	800-1000gram, 9000piece
Stones	Ton	

Quantity of informal goods smuggled from Bangladesh to Bangladesh:

Items	Unit	Quantity (per month)
Fish (seasonal)	Kg	2167
Tea leaves	Kg	20-25
Goat	Number	500-800
Cigarette	Carton	50-60

In Tetulia Upazilla, a cow trader, who is a primary trader and has a group working for him, gave information about the trading method. He used to earn twenty to thirty thousand taka per month by cow trading. After fencing the border, BGB became stricter than before and cow trading informally became very risky and hazardous. BGB even captured traders with cows and busted out several organized auction. As this business became precarious, many former informal traders have started to work in farming, tea gardens, took job as drivers or some have taken jobs as rock- lifters. Before fencing there were scarcities of sugar, onion in this area. Therefore people used to bring these products from India. Phensidyl still gets illegal access to Panchagarh from Vojonpur and Narayanjot. Per phensidyl cost 100 taka but they sell it by 1000 taka in the local market.

Interviewees revealed the previously existing vat system on this business. When the cows would cross the border and get here in Bangladesh, the merchants used to take them to the camp. The officers of camp would count it and give them a slip of vat. They would have to pay 500 taka for one cow in a tax office which would have permitted the traders to sell the cows. There was a time limit. Within 4 days, illegally traded cows could be sold in a legal way. This system was stopped later by the BGB intervention because farmers' harvest would get damaged by the cows. As the complaints were piling up, BGB got strict on illegal cow entry. After being asked about the Alcohol trading, few informal trader interviewees said that they had never traded alcohol because it is harmful for the youths. They were only focused on the cows because they were conscious on not to cause any harm to the society. However, they had to face a lot of hassles to get the cows passed through the border and many of them get caught and faces serious consequences.

Information from BGB Officials:

In the interview session with BGB officers, they talked about the security aspect of the informal trading and how it affects the border security. The BGB was being accused of not carrying on their duties and responsibilities properly; so, they became stricter than before. In Panchagarh there are 19 to 25units while in

India, it is 40 to 50 units. BGB believes that fencing is kind of disrespectful but it increased security for both the country. People in the border area feel more secured now than it was before. To reduce the informal trading more, BGB needs more advance technological equipment i.e. CCTV cameras, more search lights, advance Laser lights, sensor sound activated goods and etc. They need more security force too.

There is a good understanding persisting between BSF and BGB. They arrange flag meetings if any commander gets changed or for further development of the relation (Jamwal, N.S, 2004). After being asked about the migration and if they face difficult to identify the illegal immigrants as they look alike local people, they answered affirmatively. But the local people help BGB to identify. BGB suggested that if the communication network of the traders could be interrupted, 50% of the informal trading could have been stopped. They think that, most of the traders take life risk and get engaged in this business because of the unemployment problem. If those traders are given decent jobs, they would never have come to this risky occupation in the first place.

Information from Local government:

In the interview session with the Chairman of Banglabandha, Kudrat-E-Khuda, he informed that informal trading has reduced after opening the land port of Banglebandha. Still there are areas which are yet to be fenced and protected and those areas are being used as hubs to execute informal trading. Rivers, such as Mahananda River in Tetulia, are the main corridors for them. Because of fencing, people are changing their professions and stop taking risks. He himself tries to aware local people about the risk factors of cutting the fence and doing the informal business. He is also affirmative that cows, phensidyls are still being passed through the border informally for business. The chairman revealed about the behavioral pattern of the BSF guards. According to him, BSF guards who came from Kashmir border region inflict upon more aggressiveness than they need to show. It is because Kashmir border region is conflict-prone and those guards are habituated and trained to have that much aggressiveness and harshness. The Chairman opined that fencing has made the local people feel secured.

Customs office situated in Panchagarh Sadar delivered the information about what happens to the merchandises captured by the BGB. Mostly Cows, cycle, Tea leaves and alcohols are seized. They are put immediate auction in the locality. Every month nearly 15 to 20 cases are filed against informal traders. Almost every month BGB catches hold of 15 to 20 cows and 10 to 15 kg tea leave. According to the custom officers, there is too much tax and vat imposed on the products which is the reason working behind this informal trading business. There is 25% custom duty and ATV as well as SD; these increase the price of the products in Bangladesh. Reformation in the duty policies can decrease the informal ways of trade. Most of the interviewees in the case study pose positive attitude towards the fencing as they believe that fencing has increased the border security in a greater extent. People do cooperate with BGB and local police. But informal trading is still going on in different ways and methods though in Panchagarh the percentage of informal trade is much less than other border areas in Bangladesh.(Informal and Illegal Trade)

Concluding Observations and Policy Recommendations

Illegal trade occurs in border area because they don't have to pay extra money such as tariff, non- tariff barriers, duties, tax or any type of import restrictions. To avoid such import barriers informal trade increased all of a sudden and become popular method but after the fence in border area especially Panchagarh people faced lot of challenges during informal trades. So informal trade decreases day by day though not fully stopped. Still a lot of people are engaged with cross-border informal business and earn their livelihood to rely on that. According to respondents there are five types of people involved in informal trade including carriers, carriers-investors, investors, primary traders and syndicate traders. Among them syndicate traders and investors plays an important role in informal trading.

They also bribe the law enforcement bodies or agencies to import illegally through border routes. Most of the time cows and buffaloes are illegally imported by using rivers in dry seasons and other products using secret routes. Later those smuggled items store in village houses and some are taken by businessmen who actually

buy these commodities from village houses and supply to the local market and some store in their go downs. It is pointed out that high and unrealistic tariff values discourage the formal import and encourage the informal trades. As smuggling cannot prohibitory stop the law agencies and government should focus on trade liberalization and reduce formal trade barriers. Moreover these people also help to bring harmony in the border area to reduce border conflict through a mutual economic relation among the people and sometimes between the countries law agencies.

As illegal trade creates a free trade situation in border areas and the importance of such trade is no less significant than the official bilateral trade between India and Bangladesh. It is said that Bangladesh suffers a trade deficit both in formal and informal trade with India. To save economy of Bangladesh trade surplus is necessary.

Recommendations:

Most of the people who involved with informal trade are either farmer, labor or jobless people as well as very poor. They are involved to earn money and try to get rid of from the extreme poverty. Most of them have no lands, permanent jobs or even houses. There several steps can be taken to reduce informal trade. There are some recommendations given below:

1. Reasonable and rational tariff structure for the imported goods should be
2. Reduce the cost of agricultural products cultivation by supporting financially and technologically.
3. Create awareness among border residents the impact of informal trade to our
4. Regular monitoring in the fence by BGB to stop illegal movement to control informal Using new technologies and more forces in units need to be ensured.
5. Youth and employment project to reduce poverty especially in the border arena
6. For correcting trade policy, two nations government should set for more dialogue and negotiation to control informal trade
7. Soft policy should imply rather coercion in case of illegal movement of the people
8. NGOs should come forward with development projects for the needy peoples in border areas.
9. Short terms loans for the farmers and labors to work and start other business along with their
10. Government should focus on the development of such areas people's daily life including education and health facility, infrastructure developments such as road, bridge construction and fulfill other human

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