Indo-Pak Cross-LoC Trade Hitches: Tweaking through Trade Facilitation

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Abstract: The typical topographical setup of the state of Jammu and Kashmir besides hampering the possibility of the establishment of an industrial base puts limits to the agricultural activities. The economy of the state thus ever since has been greatly looking to trade after the effervescent tourism sector. This part of the land secures a rich trading history, the witness to it are some of the highly trodden historical routes and the world over laudable exports of antiques and other high unit value commodities. The division of the state in 1947 and accession of its two parts to two different nations resulted in stripping these divisions of their geographical contiguousness. The abandonment of the previously heavily used trade routes had its ramifications in terms of social and economic strangulation of the people of this erstwhile state. As to reinstate the decades old business and cultural relations between the sundered parts of the state, the authorities from both India and Pakistan held deliberations over throwing open the relinquished routes across the LoC. The trade activity thus started with much hype soon lost its charisma to the stumbling blocks, some of which were congenital and the others that crept in with time. The study through the prism of trade facilitation attempts to look for such impediments that have over the time marred the trade. In this regard, the study makes use of field research at the two TFCs emplaced in the state of Jammu and Kashmir.

Key words: *Economy, Trending history, Relation, Liberalization, Globalization.*

1. INTRODUCTION:

Trade Facilitation, the vivaciously debated programme grabbing the eyeballs of stakeholders in international trade, owes its genesis to the GATT articles, V (Freedom of Transit), VIII (Fees and Formalities connected with Importation and Exportation), X (Publication and administration of trade regulations) as maintained by the Doha Ministerial Declaration (OECD 2005). The concept was introduced as one of the four issues, collectively referred to as “Singapore Issues” (simplifying trade procedures, trade and investment, competition policy and transparency in government procurement), in the first ministerial conference of WTO held in Singapore in 1996. This comprehensive programme happened to glean the unprecedented attention primarily on part of slashed tariff structures, conceived in the Uruguay Round by GATT. Over and above, the incorporation of Medium and Small Enterprises (MSEs) in international market structure, the availability of contemporary advance technology for administrating cross-border transactions had its profound impact on the advent of the concept (WTO 2014). In face of no unanimously agreed upon standard definition of the concept, the WTO defining it as, “The simplification and harmonization of international trade procedures” (WTO 1998), acknowledges its concerns to the hilt. The term being flexible, incorporates within its ambit every possible measure that helps in timely and expedited transactions across the borders at mitigated costs. The objective of the programme is thus to create an eased up environment, conducive to cross-border transactions resulting in decreased transaction costs and timely trade. Such a milieu can be reached at, only by precluding the impediments, simplifying and standardizing the trade governing regulations like the customs procedures, document requirements, transit issues and transport protocols. The objectives of the programme never intend to encroach on the legitimate regulatory objectives of a nation and thus seek to safeguard the sincere interests of all the stakeholders in international trade.

2. A GLIMPSE OF INDIA’S TRADE FOSTERING MEASURES:

The overwhelming response to the trade facilitation measures shown by the economies worldwide has a striking impact in unshackling the developing nations from the negative perceptions they had allied with the programme. India like any other developing economy had been reluctant and superstitious about ramifications of the trade liberalization measures and had rather framed anti-import policies. It was only in late 80‘s that the country restrictively started to open up its economy to the outer markets. Afterwards the era of the early nineties witnessed the illustrious economic liberalization programme, complimentary to it were the efforts to improve cargo clearance and many other trade facilitating policy measures. The reforms of 1991 primarily aimed at a greater integration of the economy with the global economy and gave thrust to openness, transparency, liberalization and globalization (Government of India, Ministry of External Affairs 2014). Since then with the prior intent of expanding the share of global trade, the foreign trade policy has undergone vast changes in view of the changing dynamics of the international trade, with emphasis on trade facilitation in one way or the other. EXIM policy (1997-2002) with its clear intention of building a greater interface between traders and the regulatory authorities reduced the document requirements by almost half. The Board of Trade of the EXIM policy (2004-09) came up with suggestive measures for streamlining the institutional framework and the procedures regulating the trade and also emphasized the infrastructural requirements. The EXIM policy (2009-14) in its realm encompassed various simplified procedures for hassle free trade and measures contributing to decreased transaction costs. The policy included the measures like, simplification of application and redemption forms under Export Promotion Capital Goods (EPCG) scheme, exemption from double verification of shipping bills at Electronic Data Interchange (EDI) ports, compilation of the Standard Input Output Norms (SION)[1]. As a goodwill gesture for medical devices industry, the policy simplifies the procedure of Free Sale Certificate[2] and validates it for two years. In one of its provision for facilitating faster customs clearances, there has to be electronic message exchange between Customs and Directorate General of Foreign Trade (DGTF). The trade policy also directs the export promotion council to provide the Registration Cum Membership Certificate (RCMC) online and thus make it EDI enabled before 2009 (FIEO 2014). India with numerous entry and exit points makes trade facilitation a gigantic process to be accomplished. The country at present is home to 12 major ports, 187 minor ones and many other private notified ports. It also possesses along its international borders 66 functional, out of a total of 138 Land Customs Stations (LCSs), in addition to it has 36 international airports. For faster cargo clearance services and to mitigate the overcrowding at the ports, it has 155 Inland Container Depots (ICDs) and Container Freight Stations (CFSs) (Domnic et al, 2012). In wake of internal automation of the Indian Customs, paving a way for paperless customs clearance system, 98 percent of India‘s international trade is handled by Indian Customs EDI System (ICES) operational at 116 major customs stations. ICES has a role to act as an interface between various stakeholders in trade like traders, freight forwarders, Custom House Agents (CHA), Directorate General of Foreign Trade (DGFT), Directorate General of Commercial Intelligence and Statistics (DGCI&S) and RBI, helping them to exchange online customs clearance related information using Indian Customs Electronic Commerce/Electronic Data Interchange (EC/EDI) Gateway (ICEGATE)[3]. ICEGATE besides disseminating the trade statistics and other relevant information helps in e-filing of shipping bills and bills of entry, e-payment, online registration for Intellectual Property Rights (IPR), document tracking status at Customs EDI etc. (Icegate).

Despite these efforts and accomplishments, emphatically on trade facilitation front India has not managed to attain a state of triumph. The trade transaction costs in India are still about 15 percent of the value of goods and the time for clearance on average is 10 days (Taneja 2004).It takes 9 documents, 16 days and US$ 1170 to export and 11 documents, 20 days and US$ 1250 to import a standard container (20-foot full load container). This makes the country to secure 132nd rank out of 189 countries on ease of trading across borders (World Bank 2014). India has been dragged into a melancholy state, for its position vis-à-vis other countries in the South-Asian region has been weak. When compared to the score of 2012, India‘s Logistics Performance Index (LPI) score of 3.08 for 2014 has not recorded any change. It rather plunged from the score of 3.12 that it had secured in 2010 (World Bank 2014). Citing an example of the state of logistics in the country, the trucks have to stop for checking at several toll checkpoints at the state boundaries. A truck plying on the 2,150 kilometers long Kolkata and Mumbai roadway has to stop on an average for 32hours at about 26 such stops (Indian Chamber of Commerce 2014).

It was India which earlier agreed to the implementation of the TFA at the Bali conference but later led to a deadlock over the apprehensions that it might have to shun its subsidies to the agricultural sector (Outlook India 2014). The impasse at the WTO over ratification of the TFA continued for three long months when ultimately India broke the ice by striking a deal with the USA. The stalemate was knocked down on 13th November 2014 when USA dispensed its consent for supporting India at the WTO for the grant of an indefinite "Peace Clause". The agreement between these nations has cleared the way for full implementation of TFA.

The trading activity transacted across the Line of Control (LoC) between India and Pakistan is beset with procedural barriers and many other irritants and inconveniences that have put at stake the future of this trading activity. The need of the hour is that India refines and eases up the regulations and formalities in this trade process by adopting the trade facilitation measures, at least the direly felt measures if not all of them.

3. TRADE ACROSS THE LOC AND THE INTERTWINED SNAGS:

The peculiar topography of the state has thwarted the establishment of an industrial base in Jammu and Kashmir. The hilly terrain also puts a limit to the agricultural activities and thus the state after tourism has had been greatly looking forward to trade for the growth of its economy. This part of the country secures a great trading history, mainly with erstwhile state of Punjab and other parts of the British India. The commodities that the state had been exporting have won laurels and met admiration across the world for their antiquity. The routes (mainly the Jhelum Valley Road, that is present day's Srinagar-Muzaffarabad road) that had been used to transact trade are witness to the rich trading history of the state with Punjab and other parts of the erstwhile British India. The nations of India and Pakistan deliberating and mulling from long past to reopen these historical routes for trade and travel, at last made it a realization in October 2008.

India put up the two trade centres (one at Salamabad Uri, Baramulla and the other at Chakan-Da-Bagh, Poonch) in the state of Jammu and Kashmir seven years after the Doha Ministerial Conference was held in 2001 for discussions on the Singapore issues. These trade centres under the name of "Trade Facilitation Centres (TFCs)" were not emplaced at the behest of any WTO agreements or negotiations. It rather was an individual effort on part of the nation, fraught with political motives. The business motive was to foster the transactions across the line that had partitioned the erstwhile state's most contiguous areas. The generation of a greater room for trust and confidence with its hostile neighbor Pakistan was the driving political motive that resulted in the reincarnation of the business across the divide. The opening up of the crossing points on the LoC for trade was thus more a peace building initiative between these nations. The dominance till date has been that of the political intentions that have severely marred the trade. The security concerns of the nation have held back the trade from any developments that could expedite and bloat the transactions. The business across the line is associated with awful risks, for it is not regulated by any legal contract. The trade bereft of the very foundational elements like communication and the financial intermediation, renders it as a "blind gamble". Despite the fact that the state's economy would be buttressed by this trading activity to a considerable extent, authorities have turned a blind eye towards it.

With the prime intention of the study to look for the anomalies involved in Cross-LoC trade, the traders from both the TFCs were reached out so as to acquire concrete information on some of the pressing issues. A purposive sample of 45 respondents was chosen, 20 from TFC Uri, Baramulla and the other 25 from TFC Chakan-Da-Bagh Poonch. The major problems that the trade has had been facing from the very commencement period are,

4. THE FINANCIAL AND THE COMMUNICATION LACUNA:

The trade facilitation concept contemplates making use of the modern means of communication for a greater and easier interaction between the various stakeholders. The trade assisted with the modern Information and Communication Technologies (ICTs) thus would mitigate the communication barriers resulting in a timely and a greater trade. Duvaland Utoktham (2014) in their study *Enabling Participation of SMEs in International Trade and Production Networks: Trade Facilitation, Trade Finance and Communication Technology*, posit that followed by the access to finance, the usage of modern ICT increase the likelihood of participation of the Small and Medium Enterprises (SMEs) in direct exports. In this regard, the Cross-LoC trade is in shambles and shackles. Amidst other innumerous complexities and impediments associated with the trade, the absenteeism of the main prerequisites "Communication and Finance" happen to seek the attention first. Lest to foster the trade, the two countries need to close their heads to provide this trade a safe and an obstacle free passage. Rabia Noor (2009) in her report, *Cross-LoC trade: A Business of 'Blinds'*, carried by the Greater Kashmir newspaper mentions, that it had been barely a four months trading period that the voices of the traders for not appropriating the payments against their traded consignments got shriller from both the sides. It took the form of an outcry when they began to realize that the trade was mere a blind gamble. Another report from the editorial board of the Greater Kashmir newspaper entitled *Cross-LoC Trade* states that the fruit growers of the state in the starting three weeks of the trade had sent across the line a more than seven thousand boxes of fruit worth INR 3.5 million. Owing to the communication lacuna between traders, the fate of these consignments remained unknown which prompted the fruit growers of the state to eschew sending over the consignments of fruit. Moreover it puts forth the irony, that the traders from the Pakistan-Occupied Kashmir (POK) are being facilitated to contact their counterparts in Jammu and Kashmir over telephone but not the other way round (Greater Kashmir 2008). It has become a concomitant part of the trade, even though facilitating regular meetings of the traders from both the sides has been agreed upon in the Standard Operating Procedure (SOP) by both the nations. The respondents unanimously allege the authorities for the hefty elapsed period from the time they had their last meeting on 20th May 2014. The traders report it a blind transactions process wherein they are forced by the operational trade practices to send their consignments, inter alia not knowing the creditworthiness of the consignee, the fate of the consignment transported and existing rates of the sent over goods on the other side of the LoC. The communication barrier has held the trade hostage and deprived it of its state of efflorescence. The governments from both the sides since the very inception of this trading activity have put forth innumerous oral statements with thrust on steering clear the trade of various hassles which ever failed to meet an on-ground execution. On the sidelines of 17th SAARC summit in Maldives both the then prime ministers affirmed to fast track the trade across the LoC, understood at large by the trading community as the hope for establishing banking and communication facilities (Akmali 2011). On 23rd June, the ministry of home affairs team on its visit to the state for discussing the out of sorts trade with the state authorities, at long last decided to install the communication facilities and put at the traders disposal the direly required banking facilities. These statements like the preceding one's delivered no good to the traders and proved to be mere rhetoric (Ali 2014). The absenteeism of the financial intermediation in this trade on grounds of the nonexistence of banking facilities has greatly marred the trade. This off-putting feature has reduced the trade to a sheer barter, which in turn has exacerbated for the traders the risks of settlements. The inherent barter system has been the prime factor daunting any of the efforts on part of stakeholders to invigorate the trade. Not giving due consideration to the banking arrangements, the SOP has long made the traders vulnerable to the increased risks of settlement and even losses in case the consignee turns defaulter. Here the trader, trading every single time has to be overcautious regarding the creditworthiness of his counterpart as the barter trade exacerbated by no legal commitments puts the consignee at liberty to turn out to be a defaulter. It was till July 2012 that we had a total of 75 defaulters, and the number of such nonpayers is on the rise. Out of this lot, 25 belonged to the Pakistan regulated division of the state and the rest to our part of the state (Misri 2012).

5. TRADE ENTANGLED WITH SECURITY CONCERNS:

Trade facilitation as a comprehensive concept aims at improving the procedures and regulations ruling the cross-frontier movement of goods for safeguarding national sovereignty and the legitimate regulatory objectives (Grainger 2011). The trans-frontier trade in the state between the two antagonistic neighbours is deeply embroiled in India's national security issues. The hostile environment in the state has not even spared the trade and has largely flawed it. The trade is carried over the dividing line that has served most to the hostility and acrimony between India and Pakistan. The Indian side has had been reiterating the threats of insurgency posed along this divide. The routine exchange of consignments has many a times been the victim of the security matters thus forcing the traders to suspend the trading activity for days and even sometimes extending to weeks and months. The customs officer TFC Chakan-Da-Bagh remarking on the impact of the ceasefire violations on Cross-LoC trade stated that "it instills a state of insecurity amongst all the stakeholders in the trade". The incidents of skirmishes on LoC heighten the risks of default on part of the trading counterparts. The bothersome nature of the security officials has its own kind of disconcerting impact on the trade that has been time to time forcing the traders for close down. Trade through TFC Chakan-da-Bagh was suspended for a long month, for the traders alleged the security officials for annoying and harassing them on one or the other pretext. The authorities turning a deaf ear to the voices, rather decided to oust the local traders and get engaged the traders from Jammu city as to keep the trade going. This decision on part of regulatory authorities was denounced greatly by the traders in Muzaffarabad as they wanted to be in business only with the traders they had been trading with (Mir 2010). The trade seldom no doubt has been used by some unscrupulous elements for their malicious interests. But the security services having a vigil over trade have time and again put the traders to various inconveniences with their unnecessary and easily avoidable security practices. Bearing in mind the importance of the national security, the security officials barred 42 trading firms earlier engaged in trade from carrying on the trading activity further (Kathju 2013). The report carried on the incident in Greater Kashmir reads a remark by the security officials on one of the debarred trader as,

> *"The subject (name withheld) is 24 years old, having qualified 12th standard. There is nothing adverse against him from criminal/militancy point of view. However brother of the subject (name withheld) has ex-filtrated to PoK in 2000 and is still there and is taking care of the trade across. Therefore his name may be debarred from the traders list"* (Ali 2013).

6. TRADERS PUT TO INCONVENIENCES BY THE AUTHORITIES:

The mitigation of inconveniences to the traders at the ports and the land customs stations remains one of the prime concerns of the trade facilitation programme. In this respect, the greatest problem that traders have to encounter is the unpacking of the goods in the process of examination resulting in most of the cases, the loss in value of goods. In order to avert this, the programme aims at skill improvement of the concerned officials in the process of examination and rummaging of the consignments. Moreover, dwindled human interference in this process by making use of the sophisticated equipment is also aimed (Chaturvedi 2006). The case for the LoC trade in this regard is a disheartening one. The examination and frisking of the goods to check out for the contraband items together rby the security services and the customs personnel is reported by the traders as the worst experience. The commodities are unpacked and thrown open on the ground, resulting in cumulative losses to traders worth thousands of rupees per day. The customs department deployed by the central government is outrightly outside the domains agreed upon in the SOP. The traders have been alleging the department acting as the prime and dominating body in one or the other aspects of the trade. The department has been sabotaging the trade with the diktats of their own. Their discretion decides which item shall be traded and which not, despite the items being in the permissible trading list. The twenty-one permitted tradable commodities have been knocked down to a disheartening four or five items only (Kathju 2013). After hardly a seven-month period since the trade was embarked on, the authorities issued a ban on some of the highly traded commodities. It was on 8th May 2009 that the trade was made to confront a harsh setback when the government of India imposed a ban on trading-in of Garlic and Ginger. Then on the maiden anniversary of trade in October 2009, it was now the Pakistani government giving trade a fatal blow with proscription of the exports of Moong Dal which had constituted near about 60 percent of trade till October 2009 (Bhallesi 2012). Continuing with their exercise of tapering the items in the list, the authorities later curbed the exports of Coconut, Groundnut and Ajwan (Carom seeds).The Indian authorities justified the ban on grounds that the items did not fall within the ambit of the permissible list of commodities despite the fact that these items had been part of the trade since it started and had recorded greatest trade (Ali 2104). Exacerbating the worries and the vexations of traders, the TFCs have also been stated purportedly obstructing the trade as the traders are asked for such irrelevant documents on Sale Tax Clearance, Income Tax clearance that fall outside their realm (Misri 2012).

7. THE INADEQUACY OF EQUIPMENT AND INFRASTRUCTURE:

The comprehensive approach of the trade facilitation besides various important factors that speed up trade gives due consideration to the prerequisite adequate infrastructure. It finds its place in the programme, for it bears a sizable impact on lowering the trade costs and expediting the trade (Weerahewa 2009). In this respect, the infrastructure bottlenecks in the LoC trade have inflicted greater real costs on the trading community. The infrastructure constraints at both the TFCs have been conveyed by the traders as one of the irritants at the hands of which the trade has suffered greatly. The centres lack the basic accommodation for the trucks ferrying the goods. Besides there being no truck terminals, none of the TFCs has a capacity of receiving more than 30 to 40 trucks simultaneously which renders both the TFCs congested. The complaints from the traders about the ravage their consignments meet at the hands of the security agencies and the customs officials is partially on part of the inadequate equipment set up at both the TFCs. In this backdrop, these personnel are somewhat forced to resort to the manual scrutiny of the goods, the ultimate cost of which is borne by the traders. Both the TFCs as of today have been installed with the X-ray machines suited for piecemeal inspection of the commodities. In addition to this the security agencies are equipped with a metal detector and a sniffer dog for signaling the consignments clear of contrabands. The TFCs lack the facility for warehousing and the cold storage, forcing the traders to bear the additional costs brought upon them by the vagaries of nature. There is not even space for the consignments susceptible to trivial weather changes and thus are bound to be spoiled in the open space facing the rough weather. The quarantine departments are not also fully equipped for carrying a deep check over of the consignment of eatables or plants and plant products. They are having at their disposal nothing more than a microscope and thus might not furnish a full assurance report about the consignments, for being safe to be traded-out or traded-in. Yet another factor stated as trade-hampering to some extent has been the accommodation problem faced by the drivers and the traders. They find it almost impossible to procure a paid lodging and dining as the TFCs are located in the remotest parts of the state adjoining the border.

8. INFORMATION DISSEMINATION AND THE DOCUMENTATION OBLIGATIONS:

Over and above, aiming at improving the transport and communication infrastructure and use of modern tools of technology, trade facilitation greatly involves the dissemination of the trade-related information and well-timed discussions among all the stakeholders regarding the unsolved disputes and the new upcoming issues (UN 2006).The respondents reached out, divulged the extent of inconveniences and adversities they have to confront while transacting trade through these routes. On the issue of diffusion of trade-related information by the TFCs, the traders seemed to be highly discontented with the approach of the administration. Most of the respondents alleged that the custom's and the custodian's offices rarely know that who the consignee is on a particular trading day. At each of the TFC, more than 80 percent respondents admitted that they are informed only by their trading counterparts or their commission agents about the arrival of their consignments. The published sources are not greatly made use of for the dissemination of even highly prioritized information like changes and updates in trade regulations. Most of the respondents revealed that they come to obtain such information from sources other than the TFCs, or in most of the cases go uninformed and thus have to face unnecessary vexations. At both the TFCs, the traders showed their extended displeasure with the present system of circulation of information.

Table. 2.5.1. Dissemination of Information

Indicators	Trade Facilitation Centre, Uri			Trade Facilitation Centre, Chakan-Da-Bagh		
Information about Consignment	By Trading Partner/ Agent	By Custodian/ Customs Office		By Trading Partner/ Agent	By Custodian/Customs Office	
	85%	15%		80%	20%	
Information on Changes and Updates in Trade Regulations	Custodian/ Customs Office	Published sources/ Notice Board	Other Responses	Custodian/ Customs Office	Published sources/ Notice Board	Other Responses
	25%	10%	65%	24%	8%	68%
Satisfied with Present System of Information Dissemination	Yes	No	Neutral	Yes	No	Neutral
	15%	75%	10%	20%	72%	8%

Source: Field Survey.

The document requirements as revealed by the following table seem to be very feverish and cumbersome for the active traders and the aspiring traders as well. The trade as being hinged with the national security concerns heavily involves the security officials and their hectic process of providing their consent to a person to engage in trade. Respondents disclosed the process of acquiring the indispensable No Objection Certificate (NOC) for getting registered, from the state's police department as a very toiling and annoying requirement. Furthermore, the vexing duplication of the required documents for trading-in and trading-out processes was also regarded as most futile a requisite for trade by the traders. Traders linked this unnecessary duplication work with the security concerns attached to this trade. Juxtaposing the degree of duplication of documents at both the TFCs, it is vivid that the TFC Chakan-Da-Bagh obliges the traders to do more paperwork. The simple Truck Entry Permit (TEP) itself requires four documents and in addition is needed to be submitted in triplicate or quadruplicate. In the trade process, the security clearance certificate proves to be the most costly document for the traders as they have to undergo an exorbitant loss while their goods are unpacked and dusted on the floor by the security officials.

Table. 2.5.2. Documents Required: Registration and Cargo Clearance

Indicators	**Trade Facilitation Centre Uri**		**Trade Facilitation Centre Chakan-Da-Bagh**	
Documents for Registration	Proof of State subject, PAN card, TIN no., Identity proof, Police verification certificate and CID verification certificate.			
Documents for Clearance	Incoming Consignment	Outgoing Consignment	Incoming Consignment.	Outgoing Consignment
	Quarantine certificate (1), Security Certificate (1), TEP (3) & release application (1).	Invoice (5), Cargo Manifest (5), Quarantine (1), Security certificate (2) & TEP (3) including, Drivers registration Certificate (3), License (3), Snap (3).	Quarantine certificate (1), Security Certificate (2), TEP (3) & release application (1)	Cargo Manifest (6), Invoice (8), Quarantine (1), Security Certificate (1) & Application for TEP (4) including RC (4), License (4), Snap (5).

Source: Field Survey

Note: The numbers in the parenthesis depict the number of copies of a document to be submitted.

As to get their consignments cleared and to have a nod from the regulatory authorities, the traders need to file the documents, and this process thus requires some time to be spared on part of traders. The time requirements on part of the traders are portrayed in the succeeding table. The time factor involved in the trading activity imparts a hale and hearty impact on the overall trade activity. The time required at both the TFCs for submitting documents is on an average an hour at minimum, both in case of the trade-in and trade-out processes. The time period for the clearance of the traded-in and traded-out consignments is of great concern. It requires a minimum of two days for the traded-out consignment and one day for the traded-in consignment to get cleared at the TFC Uri. In contrast to this the traders registered with the TFC Chakan-Da-Bagh need at minimum four hours to clear the traded-in cargo and a minimum of two days for clearing traded-out consignments. Traders appeared to be most displeased in case of the consignments of perishable commodities send across the LoC, as the clearance period encroaches on the value of such commodities. During the peak trading season when most of the commodities and consignments are exchanged across the dividing line, the overall time required to send a consignment to Pakistani side of Kashmir is on an average thirteen days and ten days for TFC Uri and TFC Chakan-Da-Bagh respectively. To trade-in a consignment, it takes on an average six days through TFC Uri and seven days through TFC Chakan-Da-Bagh.

Table. 2.5.3. Time Requirements for Different Trade Activities

	Trade Facilitation Centre Uri		**Trade Facilitation Centre Chakan-Da-Bagh**	
Time taken to file Documents	Incoming Consignments	Outgoing Consignments	Incoming Consignments	Outgoing Consignments
	1 hour	1 hour	1 hour	1 hour
Time taken for Consignment Clearance	Traded out	Traded in	Traded out	Traded in
	2 days	1 day	2 days	4 hours
Time taken to trade in/out	To Trade out	To Trade in	To Trade out	To Trade in
	13 days	6 days	10 days	7 days

Source: Field Survey

Albeit, the document requirements and the time taken to trade-in and trade-out at both the TFCs are lower than at the national level, but even this time period is of great concern. The trade process is in its early naïve stage and by the time the inefficiencies and irregularities are supposed to dwell greatly. It is thus in this very infancy stage of the trade that the trade-related anomalies and snags be arrested and the trade be regulated on lines of the streamlined and standardized regulations.

The trade is dictated by the daunting regulations and annoying formalities, which have marred it from time to time, on one or the other pretext. The pesky regulations deterring the trade have encroached on the value and quantity of the trade transacted. The annual growth rate of the quantity of trade transacted except for 2009-10 has been dwindling. The unsound ban imposed by the authorities on the high-value goods has resulted in the diminishing increase in the growth rate of the value of the consignments transacted. Aggravating the situation, the initially agreed upon twenty-one tradable commodities list has been knocked down to a mere four or five low valued commodities. The stringent regulations and formalities have thus reduced the trade to the exchange of a few low valued commodities.

The trade started with much fanfare and hype, soon seemed succumbing to the frictions and not lived upto the expectations of the traders and its vehement supporters. The non- existence of the banking and communication facilities that act as the key players in trade were the first to take the air out of this much lauded trade activity. The inconsistencies have had greatly marred and victimized the trade and acted as the preventives for the trade in reaching to its full potential. In this scenario, bearing in mind the pity and abject condition of the trade, there seems to be an earnest need of bringing about a reform by adopting some reformative measures that will help in facilitating a greater, speedy and timely trade.

9. THE SUGGESTIVE MEASURES:

The absenteeism of the very basic trade amenities like communication and financial intermediation in itself describes the plight of the trade, further exacerbated by the infrastructural bottlenecks and security concerns. The TFCs possess the inadequate staff and equipment for clearing the consignments and the result being the tardy consignment clearances adding to the real costs borne by the traders. The unnecessary document requirements and the duplication of paperwork escalates the trader’s vexations, for they are obliged to show compliance even when this issue can be easily obviated. The goods during the process of frisking and reconnoitring are greatly sabotaged and the result being the diminished value of the goods. Moreover, the study espies that even the positive list of twenty one tradable items has been mutilated and tampered by the timely bans on the high valued goods on one or the other pretext. The unsound bans imposed by the authorities on the high value goods has resulted in diminishing increase in the annual percentage growth of the value of the consignments transacted. The regulations and the formalities have thus limited the trade to exchange of low valued commodities.

In conformance with the Trade Facilitation Programme, the study comes up with the impediments to the trade, which if obviated could result in greater and timely trade. The trade has been marred by a plague of stumbling blocks and unnecessary regulations. The impediments have greatly chocked the trade and have made the realization of the potential trade a thing far from reality. To realize a greater, expedited and timely trade, the utmost need of the hour is to adopt the trade facilitation programme. The trade being in the naïve stage can embrace some of the prime and pressing measures and also there is no obligation for these measures to be implemented in a single go.

As to sort out the barter issue in the trade, the trade facilitation programme would at once suggest the inclusion of the banking services in the trade, thus the foremost obligation is to put in place the service of financial intermediation. The local banks, Jammu and Kashmir Bank (J&K Bank) and some local bank of POK should be allowed to open branches in each other‘s territory. The other viable option that needs not to open up branches is to create a “Nostro” and “Vostro” accounts in these local banks. In order to put this thing into action, it needs affirmation of Reserve Bank of India (RBI) for creating a facility for selling/ buying the Pakistani currency to/from J&K bank as to fund the Indian rupee Vostro account. The same needs to be done on part of the state bank of Pakistan. The administration needs to put at the disposal of the traders the direly needed communication facilities. To the traders should be made available the service of International Subscriber Dialing (ISD) as is being provided to the traders on the POK side. The existing positive list of the tradable items is greatly recommended to be replaced by the negative list. The negative list should be with respect to some limited commodities like arms, narcotics and other bootlegged items. The inclusion of the modern tools of information technology in trade is highly recommended by the trade facilitation programme. And in this regard, the TFCs need to incorporate the use of modern information technology and thus set up their own website, which will fulfill the purpose of tracking of the consignments and online document submission, thus doing away with the unnecessary paperwork and duplications in paperwork. This will also keep abreast the traders of the information on updated and amended regulations or other circulars and miscellaneous information. As to save the goods from undergoing loss in value during manual security checks, the TFCs direly require installing full body truck scanners. This will also facilitate in quick clearance of the consignments. The need for warehouses and cold storages is direly felt by the traders. The traders should be issued multiple entry permits valid for at least a year as to make them able to take stock of the markets across the LoC. The traders should also be allowed to visit POK in their own vehicles. Regular meetings of the traders with their trading counterparts should be arranged for healthier trading relationships and diminished cases of default. Yet another most important implication is that the trade should be greatly segregated from the security concerns and political interests. The trade should be given ample chances to flourish, thrive and thus reach its potential level.

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Notes:

1. SION is a standard rule which defines the amount of input required to manufacture a unit of output for export purposes.
2. A Certificate of Free Sale is defined as a certificate verifying that a specific food, drug, cosmetic or medical device product is considered in conformance with the applicable food, drug, and cosmetic or medical device laws.
3. ICEGATE (Indian Customs Electronic Commerce/Electronic Data interchange (EC/EDI) Gateway) is a portal that provides e-filing services to the trade and cargo carriers and other clients of Customs Department (collectively called Trading Partner).