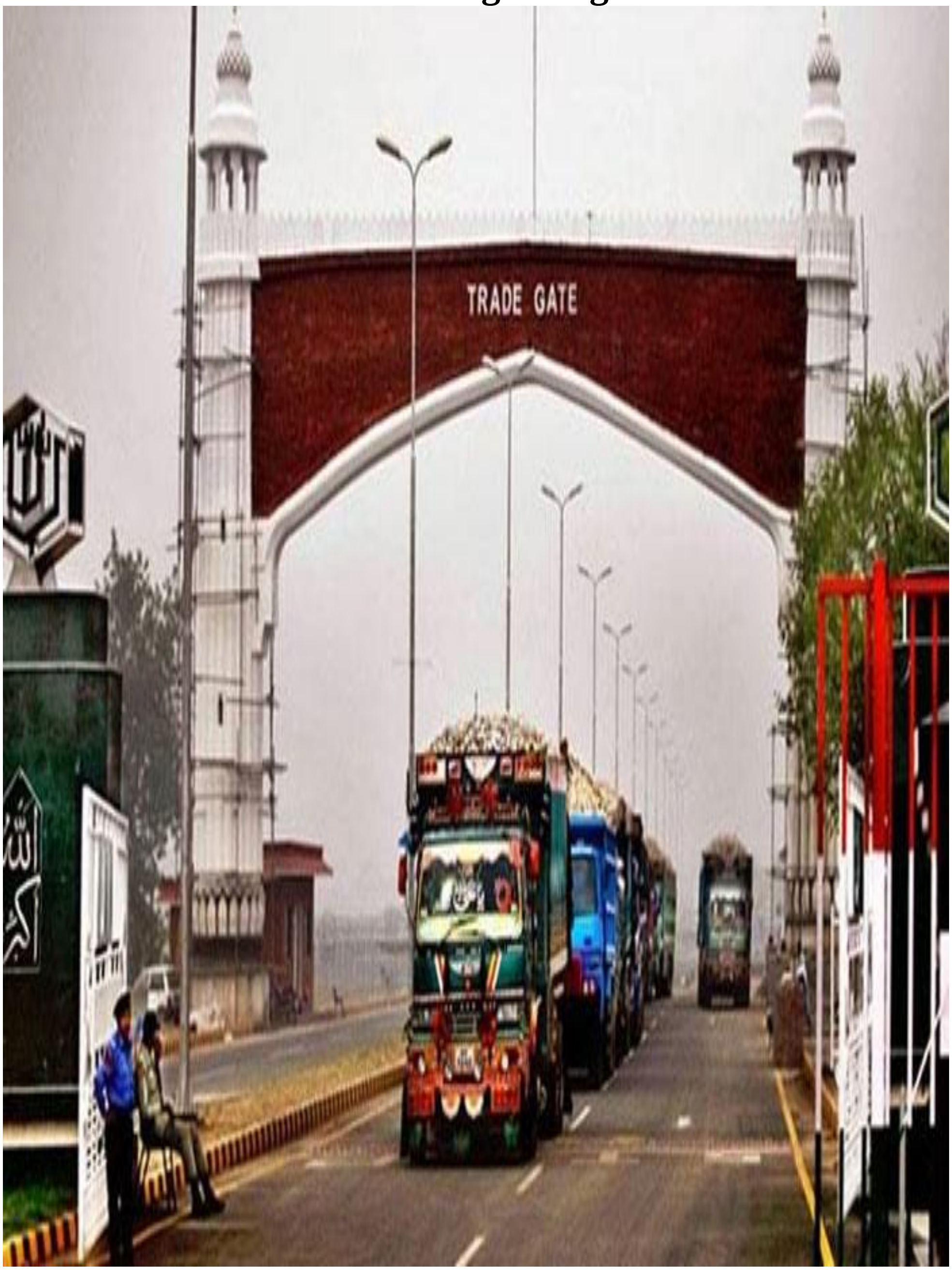
Economic Implications of Trade Curbs between India and Pakistan through Wagha Border



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Preliminary Draft

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Acknowledgements

India imposed 200 per cent custom duty on 16 February 2019 and Pakistan imposed complete trade embargo on 9 August 2019. In the wake of these trade curbs the idea to study the impact of these trade curbs was conceived by Dr. Rashpal Malhotra, Executive Vice-Chairman CRRID. We are grateful to him for conceiving the idea and commissioning the study. The underlying idea behind the study was to examine the economic impact of trade curbs on importers and exporters of Punjab, as most of their trade is being routed through Wagah-Attari Land route.

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We hope that this study would be useful to the Government of Punjab and the neighbouring states for taking up the issue of Wagah-Attari Trade with the Government of India.

Chapter-1
Introduction

International trade is considered as an engine of growth of the modern day global economy, but converse is equally true. That means, if trade stimulates growth, growth also stimulates trade. Trade generates gains of division of labour and the consequent gains of specialisation at the global level, which in turn leads to efficient and optimum use of global resources. This results in more and faster growth which in turn necessitates international trade. Thus, in a way, both are inextricably inter-wound.

The theories of trade, beginning with classical (Adam Smith and David Ricardo) to the modern theories (Hecksher, 1919 and Ohlin, 1950), however, advocate that trade is an engine of growth. However, the engine of growth becomes all the more effective in regional economic cooperation and not just in promoting trade (Singh, Manmohan, 2005). The protagonists of centre-periphery theory are of the view that trade leads to unequal exchange of value from underdeveloped to developed countries (Prebisch, 1950; Emmanuel, A, 1972). Nonetheless, international trade helps in growth and widening the consumers' choices. It is all the more so when trade takes place between the countries experiencing similar stages of economic development, such as India and Pakistan (Ghuman, 1985). These two countries can gain a lot from their mutual trade because of having latent trade potentials, long common history and proximity to each other.

Though the partition had seeds of hatred and contempt, yet, the fundamental question is how long we will continue to be hostage of the past legacy? Occasionally the political leadership of both the countries has been trying to find out solution to the vexed issues but every time the rationality has been shattered against the substrate of irrationality. This shows that the relations between India and Pakistan have been like the proverbial game of 'ladder and snake'. A game in which when the things reach '99', a long and poisonous 'snake' stings them and the entire efforts fall back to zero i.e. back to the square. The trade relations are no exception to such relations.

People of both India and Pakistan had lived together over the centuries till their partition and independence on 15 August 1947. In view of their long common historical past and socio-cultural affinity, they are natural trade partners. As such development of trade and economic relations between the two neighbouring countries is but natural, rather necessary, to maintain historical continuity and reap the benefits of mutual trade. Continuation and strengthening of trade relations can help in a big way to ease tensions in the sub- continent to the benefit of both, even of the South Asian region as a whole, i.e., SAARC.

Unfortunately, after partition, it did not happen like this as economic and trade relations between these two neighbouring countries have always been governed by their bilateral political and diplomatic relations which had hardly been normal. And their political relations have been continuing under the legacy of partition which witnessed killing of nearly one million people and mass exodus of people from both sides of the international border. Thus, their relations as sovereign countries started from the bedrock of hatred and contempt towards each other.

Despite having fought two-low-intensity wars (1947-48 and 1999) and two-high intensity wars (1965, 1971), Kashmir and cross-border terrorism are continuing to be the bone of contention. As a consequence, their mutual trade relations have always been much below the potential.

In order to implement the partition, 12 committees were set up and one of them was concerned with foreign trade. The various committees were to ensure that the division took place in a cordial manner. The economic structure of the country was to be so preserved that each unit should have the maximum possible advantage and there should be close economic relations between the two dominions, owing to their natural interdependence. However, political pressure was brought to bear on the experts and considerations other than economic dictated the policies to be pursued. Economic rationale was sadly ignored while carving out the two sovereign states. Its effects were widespread and extremely damaging to social, cultural, political and economic life of the peoples of both the countries. The partition wrought havoc to the economies of both the newly independent countries. The division was so harsh, rigid and irrational that the newly demarcated boundary lines between the two countries cut asunder the rivers, canals, transport network and even the residential houses.

Punjab and Bengal were the worst sufferers as the partition split their socio-cultural and economic structure which was built over the centuries. And since then both the states have been suffering from legacy of partition. Punjab, sharing a live international border with a hostile country, has been the worst sufferer of the partition. Whenever, the situation gets escalated between the two countries, trade becomes first casualty. The land route trade through the Wagah[1]-Attari border is no exception. The on-going trade curbs (as a result of imposition of 200 per cent custom duty by India on its imports from Pakistan with effect from 16 February 2019 followed by complete trade embargo with effect from 9 August 2019) is the latest shock to all the stake-holders of both the countries involved in trade activities through the Wagah-Attari land route in particular and other routes in general. Though trade curbs have an adverse impact on all the stakeholders in India who are engaged in Indo-Pakistan trade but its impact is much more serious on Punjab as most of the trade through this route is originating from Punjab and some from the neighbouring states in north-west India. However, the stakeholders at other locations do not have that high a stake on Indo-Pakistan trade as the stakeholders in Punjab and its neighbouring states.

A synoptic history of land route trade through Wagah-Attari border

During the first few years of independence both India and Pakistan were closely dependent on each other and also on the United Kingdom for their imports and exports. For Pakistan, India was very important trade partner. During 1948-49, almost 56 per cent of undivided Pakistan's exports were to India and about 32 per cent of her imports were from India. As regards India, around 16 per cent of Indian exports were to Pakistan during 1948-49. Down the line, Pakistan's exports to India reduced to 2.1 per cent and its imports from India to 3.4 per cent. As compared to it, India's imports from and exports to Pakistan were just 0.63 per cent and 0.10 per cent respectively in 2018-19 (DGCI&S). Clearly, their trade dependence on each other is very low, particularly that of India. But what is important is not only the volume of their mutual trade but also the strategic engagement with each other. This has the potential to unleash the forces of normalisation of their political relations[2]. Their normal political relations would then allow them to exploit the enormous benefits of latent trade potentialities with each other (Ghuman, 2005). Pakistan (then West Pakistan) imported goods worth Rs. 777 lakh from India in the year 1949 through land route, mainly through Wagah-Attari border. In the same year Pakistan's exports to India through this land route were to the tune of Rs. 848 lakh (Ghuman, 1985). Thus, land route trade was quite substantial between two newly carved out countries. This was mainly because of their proximity and inter-dependence on each other.

Owing to various unpleasant happenings and reasons, the mutual trade relations between these two counties started deteriorating (Ghuman, 1986). Nonetheless, trade continued till they engaged in 1965 war with each other. As a result of Indo-Pakistan war of 1965, both the countries imposed complete trade embargo and there was absolutely no formal trade between the two neighbouring countries for about nine years. It is something unprecedented that a short bout of war led to a nine-year (1965-74) trade embargo. Inter-country smuggling and entry of Indian and Pakistan goods in each other's market through third countries was, however, a regular phenomenon throughout this period. But that involved very high transport and transhipment costs besides taking many additional days for transporting goods from one destination to another destination.

In the intervening period, they lost many opportunities to have the benefit of their latent trade potentialities. Many new countries entered into the wedge and became their new trade partners. The 1971 war between India and Pakistan led to partition of the latter and the creation of Bangladesh as a sovereign State. It further added fuel to the fire to their already inimical relations. The diplomatic and political relations between India and Pakistan were again adversely hit.

Nonetheless, the trade between India and Pakistan was resumed in 1975 after a gap of 9 long years. Even after that the trade relations between these two neighbouring countries have passed through rough weathers and, hence, witnessed various ups and downs. It is clear from the preceding discussion that Indo-Pak political and diplomatic relations have always been in doll drums ever since partition and independence. But Punjab has always been the worst victim of such relations between India and Pakistan.

Despite the resumption of trade in 1975, the Wagah-Attari land route for Indo-Pakistan trade was opened only in 2005. The truck movement on this route was resumed on 1st October 2007 (Gill and Madaan, 2015). The integrated check post (ICP) at Attari was inaugurated on 13th April 2012 with provisions to extend facilities to do fast and cost-effective land route trade. The project detail is given in Annexure-1.1. The ICP introduced efficiency to the movement of goods between the two countries. However, the trade was limited to a few items. Pakistan's imports via Wagah border were limited only to 138 items w.e.f. 28 January 2014. This list of 138 items is not applicable to the rail route. This was in spite of the fact that India had granted most favoured nation (MFN) status in 1996 to Pakistan for trade purpose under WTO. Pakistan has not granted MFN status to India, so far, even though it has granted MFN status to all other countries trading under the WTO trade regime[3].

Despite many constraints, the trade was taking place through Wagah-Attari route both by road and rail since 2005. But the unfortunate killing of 40 CRPF personnel of India (Pulwama attack) by vehicle-borne suicide bombers on 14th February 2019 on the Jammu-Srinagar national highway, led to the imposition of 200 per cent custom duty on all goods imported from Pakistan. The notification to this effect was issued by Government of India on 16th February 2019; vide Ministry of Finance's notification No. 5/2019 (Annexure-1.2). India also withdrew the MFN status to Pakistan. Pakistan put a complete ban (seemingly in retaliation to Indian government's decision to abrogate Article 370 for the state of Jammu &

Kashmir on 5th August 2019) with effect from 9 August 2019 (Annexure-1.3 and 1.3-A) on its trade with India. The trade (between the two countries) which was limping since 16 February 2019 came to a complete halt w.e.f. 9 August 2019. As a result, land route trade through Wagah-Attari border, too, was stopped.

Trade potential and gains from trade

Indo-Pak trade relations have always been subject to hostile political relations between the two neighbouring countries. This has also been reflected by Gill and Madaan (2015). There has always been a face-off between economic rationality and politico-military rationality (many a times irrationality). Certain internal and external forces, on both sides of the border, have always been active to generate and spread hate for each other. Such forces have always been trying to push both the countries into a situation of action and reaction like the one explained by Newton's Third Law: 'equal and opposite reaction'. Enormous amount of resources, which could otherwise be used in socio-economic development, have been wasted to fuel the enmity between the two countries. Some vexed and unsolved issues between the two countries have always been very handy to such fundamentalist forces. Paradoxically, the partition has overshadowed their millennium old historical past despite the fact that huge trade potentials.

For certain selected years during 1973-80, India's total potential gains (had India imported certain commodities from Pakistan) from its imports from Pakistan could have been to the tune of Indian Rs. 1351 million (US $ 163 million). Pakistan, too, could have gained, (had she imported certain items from India) during those years to the tune of US $ 143 million. Thus, together both the countries could have gained US $ 306 million (Ghuman, 1986). The figure may not sound very high but this is only for a few selected items and that, too, for a few selected years. The amount of annual gains from trade could have run into billions of dollars had they exploited fully the latent potentialities of their mutual trade ever since 1947.

The bilateral trade potential of India and Pakistan in 1995 was US $ 6693 million, US $ 5085 million Pakistan's imports from India and US $ 1608 million India's import from Pakistan (Ghuman, 1986, pp. 132-133). According to a recent World Bank Report (Kathuria, 2018), the bilateral trade potential between India and Pakistan is to the tune of US $ 37 billion in a year. There are some other studies that estimated the Indo-Pak trade potential in the range of US $ 5 billion and US $ 42 billion. This shows that trade potential is much higher than the actual trade[4]. Thus, projected trade potential between the two neighbouring countries by Ghuman (1986) was not off the mark. The formal trade between them increased from US $ 250 million in 2003 to US$ 2.4 billion in 2013. The actual trade between them during the recent years, however, has been oscillating between US$ 2.2 billion and US$ 2.6 billion, which are far below the potential trade.

The realization of latent trade potential would, however, be governed by their mutual faith and friendly ties, which have never been governed by economic rationality. Rather, economic rationality has always been the victim of political rationalities and irrationalities. The on-going trade embargo is a stark example of such an erratic political behaviour. This is despite the various confidence building measures (CBMs) and efforts in the past. These CBMs have always been the victim of 'snake and ladder' game being played by these two neighbouring countries.

Though, India had granted most favoured nation (MFN) status to Pakistan (obligatory under WTO trade regime) way back in 1996, Pakistan continues to shy away from giving the MFN status to India. Besides, Pakistan is trading through a positive list approach. India on the other hand maintains a number of Non-Tariff Barriers which constitutes barriers to trade with India (Tabish and Khan). The non-tariff barriers by both the countries are coming in the way of realising their mutual trade potentialities (Gill and Madaan, 2015).

Besides trade, joint ventures offer another avenue to promote trade potentialities between these two neighbouring countries. In this context, the Indian and Pakistanis living abroad, who have learnt to live and work together, can be of great help. The World Punjabi Conference (2004) also debated over the potential areas of cooperation (Tourism; Language, Literature and Culture; Agriculture, Industry, Trade and Technology) between the two Punjabs[5]. It could then usher in trade and economic cooperation between India and Pakistan[6].

It needs to be understood, that monetary gains from their mutual trade may be very small but there can be huge potential gains beyond trade. Both the countries can save a lot on their defence expenditure which they are incurring to match each other in military power (Ghuman, 1986; 2006, 2007). But this is possible only if they move from enmity to friendship. Unfortunately, ever since 1947, enmity has been over shadowing friendship and peace has always been at the receiving end. Such an attitude has locked-up a lot of their scarce resources (mainly for unproductive purposes) which could have been used for productive purposes such as education, health and alleviation of poverty (Ghuman, 2005, Masood, 2005). There is an urgent need to shed mistrust, hatred and fear-psychosis and translate traditional enmity into traditional friendship.

But this is possible only if we give peace a chance, as peace is pre-requisite to development. There is a dire need to unleash the latent potentialities of peace for development. However, "the challenge is to reconcile the military aspirations of India and Pakistan with the peace process so that they could focus on fighting poverty and improving the quality of life of their people" (Masood, 2005). Instead of raising fences, there is a need that India and Pakistan work towards achieving relationship of economic inter-dependence, which is a proven and sure shot recipe of peace (Tabish and Khan). It is equally true that their bilateral trade cannot solve the chronic, vexed and complex problems but it can certainly lead to softening the enmity and create an atmosphere to solve those issues.

Objectives of the study

The main objective of this study was to examine and highlight economic impact of above mentioned trade curbs on producers, traders and other stake holders in Indian Punjab. The study is confined to the Indian side only as access to data and information on the other side was just not possible given the estranged relations between the two countries. Even on the Indian side, we could not capture the complete impact of trade-curbs due to non-availability of various types of information, limited financial and manpower resources and also due to COVID-19. It is against this background that we had to do with a limited set of objectives.

Following are the specific objectives:

1. To have a brief over view of Indo-Pak trade through the Wagah-Attari land route.
2. To examine the impact on revenue/income of various stake-holders, including state agencies.
3. To study the impact on employment due to trade curbs.
4. To give suggestions and recommendations

Sources of Data and Methodology

The study is based on secondary as well as primary data. The secondary data has been collected from DGCI&S, Custom Department, Amritsar and ICP Attari, Land Port Authority of India, Plant Protection Quarantine and Storage, Central Warehousing Corporation, Clearing House Agents, etc. Besides, we collected secondary data from some other stake holders, mainly service providers. The primary data was collected from some selected producers (mainly exporting their manufactured products to Pakistan), exporters and importers, transporters (especially operating at the ICP and the railway station at Attari), porters, roadside dhabas, filling stations, tuck shops, suppliers of eatables to the dhabas and other karyana (retailers) shops in the vicinity of Wagah-Attari border, and two wheeler (especially motorcycle) showroom on the Indian side. The secondary data pertains to the years 2014-15 to 2018-19. In order to assess the impact of trade curbs, month-wise trade data before and after February 2019 (when India imposed 200 per cent custom duty) has also been computed.

The primary information/data was collected through specially designed questionnaires, focus group discussions and case studies. Some significant information was collected through four group discussions (FGDs) with transporters of Attari Truck Union, registered porters and their helpers at the ICP Attari, custom brokers and dry-dates importers. Besides, we conducted two case studies, one with manufacturer-cum-exporter and another with importer-cum-manufacturer.

It is significant to mention that in order to have secondary and primary data and information about producers, exporters and importers on the Indian side, we approached the Chandigarh based registered offices of Confederation of Indian Industries (CII); Federation of Indian Chambers of Commerce and Industry (FICCI); and Punjab, Haryana and Delhi Chamber of Commerce and Industry (PHDCCI) and the Directorate General of Foreign Trade (DGFT). However, these agencies could not be of much help. Nonetheless, we were able to get some clue that the FIEO offices located at Amritsar, Jalandhar and Ludhiana can help us in locating the producers, exporters and importers, mainly from Punjab, especially those registered with FIEOs. Our research team had to visit these FIEOs time and again (depending upon their availability) to get contact and addresses of various stakeholders who were located at different places in Punjab.

In view of the above and many other unforeseen reasons (sometimes non-availability of the officials and many a times their pre-engagements with their official assignments) it took unduly longer time to collect the secondary and primary data and information. Often our research team had to visit them time and again. The collection of primary data was also very time consuming as the other stake holders, too, were not easily approachable and many a times they used to take a long time to supply the relevant information and data as the same were not readily available with them. Besides, we also made use of the phone, whatshap and email to get data and information. Apart from this, the data with the Customs Department at Amritsar was not separately compiled with Indian exports and imports to Pakistan. It was the combined data with Afghanistan at the ICP Attari. It took quite some time to persuade the concerned officials to give separate data for Pakistan.

We also faced similar constraints and problems, while contacting the FIEO officials, leaders of traders associations, individual producers and exporters and importers. Similarly, our research team had to devote a lot of time, energy and financial resources in contacting the various associations of truck unions and porters, etc. Arranging and conducting FGDs and case studies, too, consumed a lot of time, energy and financial resources. Cleaning, compilation and tabulation of data also took a lot of time and energy. The lock down and curfew due to Covid-19 has also played its role in delaying the data entry, tabulation, analysis and report writing and typing of the various drafts of the report. Nonetheless, we have succeeded to address the stated objectives and complete this task against all odds.

Foot Notes

1. At the time of partition, Wagah was a village situated on the Grand Trunk Road (GT Road) between Amritsar (India) and Lahore (Pakistan). The Wagah is 29 kms from Lahore and 27 kms from Amritsar. Radcliffe line (drawn during 1947, split one country into two parts) passes through the village Wagah on the Indian side.
2. In their Delhi meeting on 18 January 2014, the Trade Minister of both the countries agreed that closer trade ties would help lay the ground for lowering political tensions between them.
3. Pakistan agreed to provide non-discriminatory market access to Indian exporters in the Delhi meeting of the Trade Ministers of both the countries on 18 January 2014. But so far, she did not give that status to India.
4. At the time of inauguration of ICP Attari in 2012, the two countries set a goal of $ 6 billion trade between them. In the Delhi meeting (18 January 2014), two countries saw the trade potential of $ 10 billion.
5. World Punjabi Conference was organized by Punjabi University Patiala in 2004 and was commissioned and funded by Government of Punjab. The conference was inaugurated by Shri. Arjun Singh, the then HRD Minister, Government of India. The inaugural session was chaired by Captain Amrinder Singh, the then Chief Minister, Punjab and the valedictory address was delivered by Chaudhary Pervez Elahi, the then Chief Minister of Pakistan Punjab. One of the significant outcomes of the conference was the setting up of the World Punjab Centre (with an initial financial endowment of Rs. two crores and land given by Punjabi University) at Punjabi University campus Patiala. The centre was expected to make significant contribution in facilitating cooperation among the Punjabis within and outside India and normalising the Indo-Pak relations. Thus, the centre could have played a significant role in the development of Punjab by encouraging NRI investment. Unfortunately, it did not take-off despite the initial efforts. The responsibility lies squarely with Punjabi University and successive governments of Punjab.
6. It would be appropriate to mention that the Centre for Research in Rural and Industrial Development (CRRID), Chandigarh, under its ‘Two-Punjab Centre’ has made significant contribution in promoting friendly relations between India and Punjab visualising that in the wake of opening Wagah-Attari land route for trade, there will be need for strengthening physical infrastructure on both sides of the border, the centre brought out its important publication (Gill, et.d, 2010).

Chapter-2

Impact of Trade Curbs/Embargo on Land Route Trade through Wagah-Attari Border

During the first few years of partition and independence, the land route trade, especially through the Wagah-Attari border, accounted for a significant proportion of trade between India and Pakistan. However, it gave way to the sea borne trade (mainly due to Bombay—Karachi trade lobbies) and the Wagah-Attari trade route became insignificant despite the low transport and transhipment costs. The scope of this study does not allow us to go into more details of the aspect (Please see Ghuman, 1986 for detailed analysis). However, just to have a glance at the volume of trade between India and Pakistan, we have tried to look into India's exports to and imports from Pakistan during the recent years.

2.1. Total Trade between India and Pakistan

Table-2.1 shows that India's exports to Pakistan are much larger than its imports from Pakistan. Hence, the balance of trade has been heavily in favour of India during all the years, i.e. 2014-15 to 2018-19. The exports varied between Rs. 11, 35,211 lakhs (2014-15) and Rs. 14, 42,651 lakhs (2018-19). The imports varied between Rs. 2, 88,450 lakhs (2015-16) and Rs. 3, 47,648 lakhs (2018-19). The total trade varied between Rs. 14, 39,278 lakhs (2014-15) and Rs. 17, 90,299 lakhs in 2018-19. The balance of trade varied between Rs. 3, 24,680 lakhs (2017-18) and Rs. 11, 40,203 lakhs (2015-16).

Table-2.1: India's Total Trade with Pakistan

(Rs. Lakh)

Year	Exports	Imports	Total Trade	Balance ofTrade
2014-15	1,135,211	304,067	1,439,278	831,144
2015-16	1,428,653	288,450	1,717,103	1,140,203
2016-17	1,222,235	304,877	1,527,112	917,358
2017-18	1,239,711	315,030	1,554,741	924,681
2018-19	1,442,651	347,648	1,790,299	1095,003

Source: DGCI&S, Government of India, Ministry of commerce, Department of Commerce
https://commerce-app.gov.in/eid's/iecnt.asp

Table-2.2 shows India's trade with Pakistan both by road and rail during 2014-15 and 2018-19. Total trade varied between Rs. 5, 50,439 lakhs (2017-18) and Rs. 5, 90,845 lakhs (2014-15). The figures (Rs. 5,32,455 lakh) for the year 2018-19 are for 11 months. It is clear that since 2015-16, the value of total trade has been on the decline, though a marginal decline. In the case of exports to Pakistan, both the modes of transport are being used in a significant manner. But in the case of imports, the use of road is far more important than that of rail. This is mainly because of the imports from Afghanistan which is entirely through land route.

Table-2.2: India's Trade through Wagah-Attari Border (Pakistan and Afghanistan)

(Rs. Lakh)

Year	Exports			Imports			Total Trade
	By Road	By Rail	Total	By Road	By Rail	Total	
	1	2	3	4	5	6	(3+6)
2014-15	211744	131356	343100	236794	10951	247745	590845
2015-16	132814	174056	306870	242303	16166	258469	565339
2016-17	106363	145309	251672	288958	10044	299002	550674
2017-18	74420	123795	198215	343852	8372	352224	550439
2018-19 (11 months)	66773	110782	177555	349179	5721	354900	532455

Source: Source: Customs Department, ICP Attari, Amritsar
Note: Wagah—Attari Border means trade through ICP

The percentage share of trade by road and rail shows that the dominant mode of trade is by road (table-2.2-A). The perception survey (Gill and Madaan, 2015) from both India and Pakistan also reveals that road is the convenient and preferred mode of trade. It varies from 66 per cent (2015-16) to 78 per cent (2018-19). In the case of exports the share of exports through rail is higher than that of road, leaving aside the year 2014-15. It varies from 57 per cent (2015-16) to 62 per cent (2017-18 and 2018-19). Contrary to it, the share of imports through road varies from 94 per cent (2015-16) and 98 per cent (2018-19).

Table-2.2A: Percentage share of Road and Rail in India's trade through Wagah-Attari border

Year	Exports		Imports		Total Trade	
	By Road	By Rail	By Road	By Rail	By Road	By Rail
2014-15	61.71	38.29	95.58	4.42	75.91	24.09
2015-16	43.28	56.72	93.75	6.25	66.35	33.65
2016-17	42.26	57.74	96.64	3.36	71.79	28.21
2017-18	37.55	62.45	97.62	2.38	75.99	24.01
2018-19	37.61	62.39	98.39	1.61	78.12	21.88

Note: Computed from table-2.2

Table-2.3 reveals that during the above said years between 12.30 per cent (2018-19) and 20.59 per cent (2016-17) of Indian exports to Pakistan were being routed through Wagah-Attari border. The corresponding figures for imports varied from 47.42 per cent (2018-19) to 59.78 per cent (2016-17). India's total trade with Pakistan through Wagah-Attari border accounted for 28.41 per cent of total trade with Pakistan during 2016-17, 24.36 per cent during 2017-18 and 19.13 per cent during 2018-19. It is, thus, evident that India's land-borne trade, through Wagah-Attari border, with Pakistan occupies a significant place. In the case of imports, it accounts for more than 50 per cent of India's total imports from Pakistan.

Table- 2.3: Share of India's trade through Wagah-Attari Border in India's Total Trade with Pakistan

(Rs. Lakh)

Year	Exports	Imports	2+5 as %

	Total	Wagah-Attari Border	2 as % of 1	Total	Wagah-Attari Border	5 as % of 4	of 1
	1	2	3	4	5	6	7
2016-17	1222235	251672	20.59	304877	182269	59.78	28.41
2017-18	1239711	198215	15.98	315030	180512	57.30	24.36
2018-19 (11 months)	1442651	177555	12.30	347648	164865	47.42	19.13

Source: Computed from tables 2.1 and 2.2. The separate data for Pakistan was supplied by the Custom Department, Amritsar

2.2. Impact of trade curbs on India's trade through Wagha-Attari land route

In order to examine the impact of curbs on trade since February 2019 by India (due to imposition of 200 per cent customs duty by India on 16 February 2019 with immediate effect) and trade embargo by Pakistan (w.e.f. 9 August 2019), we computed monthly figures of land-borne trade through Wagah-Attari border (table-2.4). During the years 2014-15 and 2018-19, the monthly average trade varied from Rs. 45869 lakh (2017-18) and Rs. 49237 lakh (2014-15). After February 2019, the monthly average trade varied from Rs. 9973 lakh (August 2019) to Rs. 37726 lakh (December 2019). The monthly average trade from March 2019 to December 2019 was Rs. 25505 lakh which is just 54 per cent of monthly average trade of Rs. 47302 lakh during 2014-15 and 2018-19. Still, it does not capture the exact impact of curbs on Indo-Pakistan trade, as the above figures also include India's trade (mainly imports) with Afghanistan.

Table-2.4: Monthly Average of India's Trade through Wagah-Attari Border (Rail and Road) **with Pakistan and Afghanistan** (Rs. Lakh)

Year	Total Trade	Monthly Average	Percentage decrease or increase over previous

			year
Before February 2019			
2014-15	590845	49237	-
2015-16	565339	47111	-4.31
2016-17	550674	45889	-2.59
2017-18	550439	45869	-
2018-19 (11 months)	532455	48405	+5.53
After February 2019			
March 2019	22920	22920	-
April 2019	33475	33475	-
May 2019	21211	21211	-
June 2019	18512	18512	-
July 2019	19726	19726	-
August 2019	9973	9973	-
September 2019	29156	29156	-
October 2019	32289	32289	-
November 2019	30065	30065	-
December 2019	37726	37726	-
Total from March to December 2019	255053	25505	-47.31

Source: Customs Department, ICP Attari, Amritsar

Note: 1. With effect from 16 February 2019, India imposed 200% Custom Duty on all imports from Pakistan
2. With effect from 9 August 2019 Pakistan imposed complete ban on trade with India
3. The import include Pakistan and Afghanistan
4. Exports do not include Afghanistan

The real impact, however, is visible in table-2.5. India's total land-borne trade to Pakistan through Wagah-Attari border varied from Rs. 365340 lakh (2018-19) and Rs. 433941 lakh (2016-17) which dwindled to Rs. 60792 lakh during 2019-20.

Table-2.5: India's Trade with Pakistan through Wagah-Attari Border

(Rs. Lakh)

Year	Exports			Imports			Total (Export Import)	Balance of Trade
	By Road	By Rail	Total	By Road	By Rail	Total		
2016-17	106363	145309	251672	172225	10044	182269	433941	69403
2017-18	74420	123795	198215	172140	8372	180512	378727	17703
2018-19	73765	111970	185735	173277	6328	179605	365340	6130
2019-20 (up to December)	22277	26910	49187	11313	292	11605	60792	37582

Source: Customs Department, ICP Attari, Amritsar.

Significantly, the figures for the year 2019-20 are for nine months (April-December 2019) which was subject to 200 per cent custom duty (w.e.f. 16 February 2019) by India and trade embargo (w.e.f. 9 August 2019) by Pakistan. The monthly average trade for April-December 2019 is just Rs. 6755 lakh as compared to the monthly average of Rs. 32722 lakh during 2016-17 and 2018-19. The former is just 20.6 per cent of the latter. India's exports to Pakistan through Wagah-Attari border declined from Rs. 251672 lakh during 2016-17 to just

Rs. 49187 lakh during 2019-20. Her imports from Pakistan dwindled from Rs. 182269 lakh to Rs. 11605 lakh during the same period. Another significant revelation from table-2.5 is that unlike India's high overall favourable balance of trade with Pakistan; the extent of her favourable balance of trade through Wagah-Attari border is quite low. This is an indication that this route, given the chance, has greater potentialities of mutual trade as Pakistan can achieve a near balancing of its trade; which is in the interest of long run trade sustainability.

In the case of India's trade with only Pakistan through Wagah-Attari route, the dominant mode is also that of road (table-2.5-A). However, it is less dominant as compared to India's trade with Pakistan and Afghanistan through this route. The share of trade through road varies from 55 per cent (2019-20) and 68 per cent (2018-19). In the case of India's imports from Pakistan, the share of road trade is highly predominant. It varies from 94 per cent in 2016-17 to 97 per cent in 2019-20 (table-2.5-A).

Table-2.5A: Percentage share of Road and Rail in India and Pakistan Trade through Wagah-Attari border

Year	Exports		Imports		Total Trade	
	By Road	By Rail	By Road	By Rail	By Road	By Rail
2016-17	42.26	57.74	94.49	5.51	64.20	35.80
2017-18	37.55	62.45	95.36	4.64	65.10	34.90
2018-19	39.72	60.28	96.48	3.52	67.62	32.38
2019-20	45.29	54.71	97.48	2.52	55.25	44.75

Note: Computed from table-2.5

2.2.1. Impact of trade curbs on India's major imports and exports through Wagha-Attari land route

Table-2.6 shows India's major imports from Pakistan through integrated check post (ICP), Attari. Dry dates, cement, gypsum and aluminium ore are India's major imports from Pakistan. The share of dry dates in these major commodities varied from 36 per cent and 44 per cent during 2016-17 and 2018-19. The share of cement varied from 19 per cent to 22 per cent during the same period. These two commodities accounted for 55 per cent and 66 per cent of India's imports from Pakistan through the ICP, Attari.

Table-2.6: India's Major Imports from Pakistan by Road through ICP Attari

(Rs.lakh)

Name of Commodity	2016-17		2017-18		2018-19		2019-20
		%		%		%	

Dry Dates	75463	43.8	62294	36.2	67752	39.1	03
Cement	38083	22.1	38013	22.1	33118	19.1	0
Soda	7401	4.3	6460	3.8	7377	4.2	0
Glass	5003	2.9	2944	1.7	1181	0.7	0
Gypsum Rock/Powder	11095	6.4	11666	6.8	13080	7.5	0
Aluminium Ore	11106	6.4	13077	7.6	11333	6.5	0
Lime Stone	707	0.4	1177	0.7	2758	1.6	0
Others (Salt, Spices, Herbs etc.)	23367	13.57	36509	21.1	36678	21.2	45187
Total	172225		172140		173277		45190

Source: Customs Department, ICP Attari, Amritsar

Among the exports, cotton yarn and HDPE are the major commodities. Vegetable was a significant commodity only during 2016-17 (table-2.7). Cotton yarn accounted for 51.3 per cent of the major imports during 2016-17. Its share during 2017-18 and 2018-19 was around 89 per cent and that in 2019-20 was 83 per cent. Thus, cotton yarn emerged as India's most important export item to Pakistan through ICP Attari.

Table-2.7: India's Major Export to Pakistan by Road through ICP Attari

(Rs. Lakh)

Sr. No.	Name of Commodity	2016-17		2017-18		2018-19		2019-20	
		Value	**%**	**Value**	**%**	**Value**	**%**	**Value**	**%**
1.	Vegetable	36067	33.9	00	0.0	00	0.0	00	0
2.	Cotton Yarn	54616	51.3	66458	89.3	65495	88.8	18601	83.5
3.	HDPE*	12283	11.5	6369	8.6	8192	11.1	3666	16.5
4.	Soyabean/Doc	882	0.8	00	0.0	00	0.0	00	0
5.	Meat	00	0.0	00	0.0	69		00	0
6.	Others	2515	2.4	1594	2.1	09		10	
	Total	106363		74420		73765		22277	

Source: Customs Department, ICP Attari, Amritsar
* High Density Poly Ethylene

The major import items from both Pakistan and Afghanistan through ICP Attari (i.e. through road) are given in annexure-2.1. Among them fruits (fresh and dried) alone accounted for 66 per cent during 2016-17, 69 per cent during 2017-18 and 71 per cent during 2018-19.

Significantly, Afghanistan has a major share in India's imports of fruits (fresh and dry) through ICP Attari as is evident from annexure-2.2. Afghanistan's share in India's total imports of fruits (fresh and dry) through ICP, Attari was 61 per cent in 2016-17, 73 per cent in 2017-18 and 74 per cent in 2018-19 (computed from annexures 2.1 and 2.2).

2.3. Impact of trade curbs/embargo on Indian importers of major commodities

There are certain commodities which are being imported, through Wagah-Attari land route in bulk by some of Indian importers mostly located in Punjab. The main import items by them are dry dates, gypsum, cement and rock salt. This section dwells on the impact of trade curbs on the import of these commodities. The discussion is based on CRRID research team's interaction with some prominent importers of these commodities.

2.3.1. Impact on Import of Dry Dates from Pakistan (by road) through ICP Attari

Table-2.8 presents the import data (volume as well as value) of four leading importers of dry dates in the Indian Punjab, all of them are located at Amritsar (Punjab). All the four importers together imported dry dates to the tune of 2537 metric tonnes in 2016-17, 2676 metric tonnes in 2017-18 and 2974 metric tonnes in 2018-19 (April to February). In terms of value the corresponding figures were Rs. 1086 lakh, Rs. 1145 lakh and Rs. 1352 lakh during the above mentioned years. Evidently both the quantity and value registered an increase over the period of time. These importers were expecting to import 3012 metric tonnes (worth Rs. 1478 lakh) of dry dates from Pakistan during 2019-20 but the imposition of 200 per cent import duty by India in February 2019 and trade embargo by Pakistan in August 2019 depend their expectation. The consumers have been, thus, deprived of the consumption of good quality dry dates. This has also led to import of dry dates from alternative sources whose price is higher than Pakistan dry dates. Also the transport and transhipment cost is higher than that from Pakistan. Due to this, the consumption of dry dates has gone out of reach of relatively low income sections of people as the price of dry dates increased by about three times in India (as told by the importers).

Table-2.8: Impact on Import of Dry Dates from Pakistan by Road through ICP Attari

Name of the party	Quantity (Metric Tonnes)			Value (Rs. Lakhs)		
	2016-17	2017-18	2018-19 up to 17 February	2016-17	2017-18	2018-19 (up to 16 February)
A. Before February 2019						
Saran Singh Gajinder Singh	925	960	1140	435	460	547
Mohar Singh Swaran Singh	400	430	500	160	200	250
Jagan Nath Aggarwal & Co.	462	690	796	184	264	325
Arora Overseas	750	596	538	307	221	230
Total	2537	2676	2974	1086	1145	1352
Average	634.25	669.0	743.50	272	286	338
B. After February 2019	Nil					
C. After 5 August 2019	Nil					
D. Expected in 2019-20						
	Quantity (Metric Tonnes)			**Value (Rs. Lakhs)**		
Saran Singh Gajinder Singh	1140			547		
Mohar Singh Swaran Singh	600			350		
Jagan Nath Aggarwal & Co.	796			358		
Arora Overseas	476			223		
Total	3012			1478		
Average	753			369		

Source: Primary data collected by CRRID Research Team
All the four importers are located in Majith Mandi Amritsar

2.3.2. Impact on Import of Gypsum from Pakistan (by road) through ICP Attari

Gypsum is an important import item from Pakistan and a significant share is being imported through Wagha-Attari Border. It is source of income of a number of importers, cement manufacturers and traders in India. It also helps the state exchequer by way of custom duty and GST. India imports gypsum in a large quantity from Pakistan. The leading importers of gypsum revealed that the quality of Pakistani gypsum is much better than Indian gypsum. The quality standard of Pakistan gypsum is double the grade of Indian Gypsum. The Gypsum is mainly used in cement manufacturing. The Indian cement manufacturers prefer gypsum imported from Pakistan due to its better quality. It gives more strength to the cement besides being cost effective. Another important use of imported gypsum is in agriculture. Its use improves soil health by reclaiming the soil from toxicity and increases yield as it is rich in sulphur and calcium.

Table-2.9: Impact on Import of Gypsum from Pakistan by Road through ICP Attari

Name of the party	Quantity (Metric Tonnes)			Value (Rs. Lakh)		
	2016-17	2017-18	2018-19 up to 17 February	2016-17	2017-18	2018-19 up to 17 February
A. Before February 2019						
R.K. Sandip Kumar	9016	60076	61440	241	911	957
AAR Vee Enterprises	161691	152620	196406	2352	2022	2710
VSB Import & Export	279742	274614	232516	4531	3495	3336
Aggarwal & Co.	49626	28108	10685	711	370	147
Total	500075	515418	501047	7835	6798	7150
Average	125018.75	128854.50	125261.75	1958	1699	1787
B. After February 2019	Nil					
C. After 5 August 2019						
	Quantity (Metric Tonnes)			**Value (Rs. Lakh)**		
R.K. Sandip Kumar	0			0		
AAR Vee Enterprises	0			0		
VSB Import & Export	0			0		
Agarwal & Co.	439.50			11		
Total	439.50			11		
Average	439.50			11		
D. Expected in 2019-20						
	Quantity (Metric Tonnes)			**Value (Rs.Lakh)**		
R.K. Sandip Kumar	152000			2000		
AAR Vee Enterprises	196406			2710		
VSB Import & Export	232516			3336		
Aggarwal & Co.	1161			0029		
Total	582083			8075		
Average	145520			2018		

Source: Primary data collected by CRRID Research Team
First three importers are from Amritsar and last from Manimajra

Table-2.9 presents data of four leading importers of gypsum three from Amritsar and one from Manimajra (Chandigarh) and shows that there was a regular import of huge quantity of gypsum from Pakistan. The total imports of gypsum by the four leading importers added up to Rs. 21783 lakh (yearly average Rs. 7261 lakh) during 2016-17 and 2018-19. They together imported 15.17 lakh metric tonnes (yearly average 5.06 Lakh metric tonnes) during the above said three years. The Manimajra company has its manufacturing unit at Baddi (Himachal Pradesh).

Had there been normal trade relations these four importers were expecting to import gypsum to the tune of Rs. 8075 lakh during 2019-20. Not realising the target has caused them a significant income loss to these importers as well as to the state exchequer. This has also resulted into a significant escalation in the price of cement in India as gypsum is an important intermediate input in cement manufacturing.

2.3.3. Impact on import of Cement from Pakistan (by road) through ICP Attari

Cement is another important import item from Pakistan through ICP Attari. India imports large quantity of cement from Pakistan because of its better quality as compared to the local cement in India. Pakistan's best brands of cement are Elephant, Maple Leaf, Best Way, Fauzi Pyadar. The import of cement from Pakistan was free of custom duty before 17th February 2019. But after 17th February 2019 the custom duty of 200% was imposed on all goods from Pakistan. The data in table-2.10, taken from four importers from Amritsar, shows that there was a regular import of cement every year in large quantity. The total quantity of cement imported by these four importers together was 2721 metric tonnes worth Rs. 9170 lakh during three years period of 2016-17, 2017-18, and 2018-19.

Table-2.10: Impact on Import of Cement from Pakistan by Road through ICP Attari

Name of the party	Quantity (Metric Tonnes)			Value (Rs. Lakh)		
	2016-17	2017-18	2018-19 up to 17 February	2016-17	2017-18	2018-19 up to 17 February
A. Before February 2019						
Devangh Overseas	294	412	394	1000	1400	1340
B.M. Batra Enterprises	118	176	205	400	600	700
Vikrant Traders	147	235	188	500	800	640
Ajay Enterprises	247	201	104	800	650	340
Total	806	1024	891	2700	3450	3020
Average	201	256	223	675	862	755
B. After February 2019	Nil					
C. After 5 August 2019	Nil					
D. Expected in 2019-20						
	Quantity (Metric Tonnes)			**Value (Rs. Lakh)**		
Devangh Overseas	252			1200		
B.M. Batra Enterprises	176			600		
Vikrant Traders	377			1280		
Ajay Enterprises	176			600		
Total	981			3680		
Average	245			900		

Source: Primary data collected by CRRID Research Team
All importers are from Amritsar

These importers expected to import cement worth Rs.3680 lakh from Pakistan in 2019-20 as compared to last year's import of Rs. 3020 lakh but could not realise the expected target due to trade embargo. This has caused significant income loss to the importers as well state exchequer besides depriving consumers of good quality cement. Due to stoppage of cement supply from Pakistan price of cement increased by about 40 per cent from Rs. 250 per bag to Rs. 350 per bag in India.

2.3.4. Impact on import of Rock Salt from Pakistan (by road) through ICP Attari

Rock salt is another important import commodity from Pakistan. It is naturally existing mineral substance. Its medicinal value is much higher as compared to that of sea salt and is good for human health. India imports rock salt from Pakistan where it is available in Khewra mines, Wrsha mines and Khushab mines. All these mines are under the control of Pakistan Mineral Development Corporation (a government undertaking).

Table-2.11 presents data of four leading importers of rock salt located in Amritsar. During the last three years (2016-17, 2017-18 and 2018-19) they together imported 25956 metric tonne of rock salt valued at Rs.8307 lakh. The data shows that the rock salt was duty free import before 16 February 2019 but after that import of rock salt from Pakistan was subject to 200% import duty. Despite this, these importers imported 5578 metric tonne of rock salt worth Rs. 1157 lakh during 17 February 2019 and 9 August 2019 (when Pakistan imposed complete trade embargo) and paid import duty of Rs. 695 lakh together.

Table-2.11: Impact on Import of Rock Salt from Pakistan by Road through ICP Attari

Name of the party	Quantity (Metric Tonnes)			Value (Rs. Lakh)			Duty		
	2016-17	2017-18	2018-19 up to 17 February	2016-17	2017-18	2018-19 up to 17 February	2016-17	2017-18	2018-19 up to 17 February
A. Before February 2019									
Hira Lal & Bro.	490	112	514	189	035	166	0	0	0
Ahuja Traders	0	5000	2000	0	1750	700	0	0	0
Global Venture	568	4906	6077	120	1733	3203	0	0	0
R.K. Sandip Kumar	1887	2066	2336	139	163	109	0	0	0
Total	2945	12084	10927	448	3681	4178	0	0	0
Average	736.25	3021	2731.75	112	920	1044	0	0	0
B. After February 2019									
	Quantity (Metric Tonnes)			**Value (Rs lakh)**			**Duty (Rs Lakhs)**		
Hira Lal & Bro.	1095			392			156		
Ahuja Traders	450			532			135		
Global Venture	1070			140			114		
R.K. Sandip Kumar	2963			093			290		
Total	5578			1157			695		
Average	1394.50			289			173		
C. After 5 August 2019	Nil								
D. Expected in 2019-20									
	Quantity (Metric Tonnes)			**Value (Rs. Lakh)**			**Duty (Rs Lakhs)**		
Hira Lal & Bro.	600			200			045		
Ahuja Traders	15000			1520			150		
Global Venture	9000			500			1000		
R.K. Sandip Kumar	3500			1000			330		
Total	28100			3220			1525		
Average	7025			805			381		

Source: Primary data collected by CRRID Research Team
All importers are from Amritsar

The main reason for continuation of import of rock salt even after the imposition of 200 per cent import duty was the willingness of the traditional customers to pay higher price (owing to import duty). Secondly, the importers were hopeful that the bilateral trade between the two neighbouring countries will resume at an early date and, hence, they continued the business with same vigour and zeal.

Table-2.11 also shows that the importers expected to import 28100 metric tonne of rock salt worth Rs. 3220 lakh during 2019-20 despite the imputed custom duty amounting to Rs. 1525 lakh. These traders were apprehending that continuation of trade embargo for a longer period will upset their trade norms established over the years. The stoppage of import of rock salt has caused a serious damage to the people's preference for the consumption of this medicinal material. Significantly a large number of people in the north-west India prefer rock salt over other salts.

2.4. Impact of trade curbs/embargo on India's exports of some commodities to Pakistan originating from Indian Punjab

During field survey and our interaction with FIEO, we came to know that there are certain goods which are manufactured in Punjab and out of that a significant share is exported to Pakistan. In order to know about the impact of trade curbs on the manufacturers and exporters of such goods, we approached some producers. The information of these producers was given by the Federation of Indian Export Organization (FIEO). The FIEO's offices in Amritsar, Jalandhar and Ludhiana were particularly helpful in locating such producers. Straw-reapers and cotton yarn are the major export items from the Indian Punjab through Wagah-Attari land route.

2.4.1 Impact on manufacturers and exporters of straw-reapers

Straw reapers, manufactured by various small scale units in Punjab, are one of the significant items being exported to Pakistan through the ICP, Attari. Table-2.12 shows that the number of straw reapers exported to Pakistan during the years 2016-17 and 2018-19 varies from 846 to 1110. The export earnings varied form Rs. 1844 lakhs to Rs. 2488 lakhs during the same years. Due to curbs on trade, the exports of straw reapers during 2019-20 dropped to 100 and the earnings to Rs. 232 lakhs. The exporters expected to export, 2441 straw reapers to Pakistan during 2020-21had there been normal trade relations. In that case, the expected sale proceeds would have been Rs. 6195 lakh.

Significantly, all the units manufacturing and exporting the straw reapers are located in a couple of districts of Malwa region in Punjab. The CRRID team visited and interacted with 18 such manufacturers who readily shared data and information. The list of these manufacturers and their production and amount of export earnings is given in annexure-2.3.

These units are located in the districts of Bathinda, Faridkot, Sangrur, Patiala and Mohali. It is evident from the data in table-2.12 and annexure-2.3 that the number of such units has been on the rise in view of the increasing demand for straw reapers from Pakistan.

During the year of 2016-17 only 10 companies got orders from Pakistan's importers for 846 straw reapers for the value of Rs. 1843.94 lakh. Out of this one company M/s Saron Mechanical Works, Cheema (district Sangrur, Punjab) had major share as this firm alone exported 387 (45.74%) units out of total of 846 units, worth Rs. 966 lakh (52.38%) out of total value of Rs. 1843.94 lakh. During 2017-18 the number of exporting companies increased from 10 to 14 who exported 853 units of straw reapers to Pakistan valued at Rs. 2080.72 lakh. Due to trade curbs, this export is no longer there and hence there is an income loss of about Rs. 500 lakh per annum.

As per the feedback given by the Pakistani importers, the Pakistan farmers are highly satisfied with the quality and efficiency of Indian straw reapers. They are dependent on Punjab's machines to meet the growing demand for straw reapers in Pakistan market. The similarities in agro-climatic and topographical conditions, besides similar crop combination in both the countries, especially in Pakistani Punjab, contributed a lot in popularising the Indian straw reapers. The Pakistani importers also revealed that the quality and performance of Indian straw reapers is superior to that of China. Owing to these reasons, the demand for Indian straw reapers in the Pakistan market is showing an increasing trend as during 2018-19, 1110 units were exported. This is an increase of 30.13 per cent, over the previous year whereas in terms of value the increase is 19.60 per cent. Out of 18 companies 15 reported that in view of the increasing acceptability of Indian straw reapers in Pakistan market they are expecting still higher demand in the coming years (Annexure-2.3).

Table-2.12: Export of Straw Reaper to Pakistan through ICP Attari

(Rs. Lakh)

Sr. No.	Year	No. of Companies	Number of straw reapers	Percentage Increase	Value	Percentage Increase
1	**2**	**3**	**4**	**5**	**6**	**7**
1.	2016-17	10	846	-	1843.94	-
2.	2017-18	14	853	-	2080.72	12.84
3.	2018-19	13	1110	30.13	2488.53	19.60
4.	2019-20	8	100	-	231.96	-
5.	Expected during 2020-21	15	2441	101.74	6195.50	127.73

Source: Primary data collected by CRRID Research Team

The continuous increase in demand for straw reapers in the past years shows that this product has a great export potential to Pakistan. However, this potential may not be realised if on-going trade disruption continues for long. The option to export through Dubai or any other country (as was the situation during a previous trade embargo during 1965-74) will escalate the transport and transhipment cost and Indian exporters would lose the comparative cost advantage and competitiveness.

The Indian companies have made substantial investment in enhancing their manufacturing capacity and have gained much experience in managing and expanding their role in the competitive industry. Moreover, there is a fear in the mind of Indian companies that in order to meet the growing demand for straw reapers in Pakistan, the local manufacturers of Pakistan can take initiatives to manufacture. This, along with other countries (especially China), may push out Indian exporters out of the Pakistani market.

During, the last three years, Pakistan importers also purchased other agricultural machinery such as self-propelled combine harvester, laser land leveller, mud loader, disc harrow, etc. in small numbers as a business sample. These samples, if found suitable, may create a niche for Indian machinery on the lines of straw reapers. But under the prevailing circumstances further scope of expanding business with Pakistan is uncertain. This delay is causing significant loss to the Indian traders and earning of foreign exchange for the country. It can adversely affect employment and earning opportunities for the workforce engaged directly and indirectly in these activities.

2.4.2. Impact on manufacturers and exporters of cotton-yarn

Table-2.13 presents data of two major players of cotton yarn export to Pakistan. The Nahar Spinning Mills exported 26004 (14728+11276) metric tonnes of cotton yarn valued at Rs. 54613 lakh (30866+23747) during 2017-18 and 2018-19, respectively. The Vardhman group exported 1260 (503+757) metric tonne of cotton yarn at a value of Rs. 3589 lakh during the same period. The data shows that Pakistan is importing cotton yarn from India in large quantity every year. Even when other exports were stopped due to curbs on bilateral trade in February 2019 the export of cotton yarn still continued until Pakistan put a total ban on bilateral trade on 9th August 2019.

Going by the past, it can safely be concluded that there is good scope in export of cotton yarn to Pakistan. But the total ban on trade by Pakistan shattered the hope of future exporters. This has hit hard the manufacturing unit of cotton yarn in India (Ludhiana-Punjab) and at the same time in Pakistan's cotton fabric manufacturing units, using this cotton yarn from India.

The concerned officials of these two manufacturing units narrated that the cotton yarn exported to Pakistan is produced on specially designed spindles of particular counts which suits to their requirements. Under the prevailing circumstances when trade between the two countries is totally banned by Pakistan these specially designed spindles have been lying idle resulting into a heavy loss to the manufacturing units. Clearly, the impact of trade disruption also disrupts the manufacturing technique, design and utilization of machines. The loss in terms of foreign exchange is another major setback to India.

Table-2.13: Export of Cotton Yarn to Pakistan by Road through ICP Attari

Name of the party	Quantity (Metric Tonnes)			Value (Rs. Lakh)		
	2016-17	2017-18	2018-19 up to 17 February	2016-17	2017-18	2018-19 up to 17 February
	1	2	3	4	5	6
A. Before February 2019						
Nahar Spinning Mills Ltd.	9666	14728	11276	18952	30866	23747
Vardhman Group	0	503	757	0	1334	2255
Total	9666	15231	12033	18952	32200	26002
Average	4833	7615	6016	9476	16100	13001
B. After February 2019						
	Quantity (Metric Tonnes)			**Value**		
Nahar Spinning	6251			12552		
Vardhman Group	624			1778		
Total	6875			14330		
Average	3438			7165		
C. After 5 August 2019						
	Quantity (Metric Tonnes)			**Value**		
Nahar Spinning	18			40		
Vardhman Group	0			0		
Total	18			40		
Average	9			20		

Source: Primary data collected by CRRID Research Team
All exporters are from Ludhiana

It is clear from the foregoing discussion that trade curbs on Indo-Pakistan trade have adversely impacted the volume of overall trade and also the trade through Wagha-Attari land route. It has hit hard the exporters, importers, manufacturers and consumers. The importers, exporters and manufacturers located in Punjab have been hard hit, both in terms of business and income. The stoppage of exports has caused a significant loss to the manufacturers, importers and exporters. The lay—off of workers, due to business-loss, has also had a serious livelihood crisis for these workers and their families.

Chapter-3
Impact of Trade Curbs/embargo on Revenue of Government Agencies

The closure of land route trade through Wagah-Attari border exerted multi-dimensional and multi-pronged adverse impact on various stake-holders on both sides of the International border. However, this study is confined only to its economic impact on the stakeholders in India. Trade involves various government agencies such as Custom Department, Plant Protection Quarantine and Storage Department, Central Ware Housing Corporation, etc. In the process these departments earn some revenue for providing their services. These earnings have stopped ever since the imposition of trade curbs but the manpower and physical structure is very much in place. Clearly, there is a revenue loss on this count. This chapter discusses the impact of trade curbs on the revenue of such departments.

3.1 Impact on Earnings from Custom duty

The secondary data presented in table-3.1 shows that before 16 February 2019 India earned Rs.20529 lakh during 2014-15, Rs. 18054 lakh during 2015-16 and Rs. 25042 lakh during 2016-17 on account of custom duty on its imports through Wagah-Attari land route. The amount of custom duty jumped to Rs. 44011 lakh during 2017-18 and further to Rs. 45778 lakh during 2018-19 (11 months). For the sake of comparison between pre and post 16 February 2019, we have calculated monthly average for the period 2014-15 and 2018-19. The month-wise figures of post 16 February 2019 are shown in the lower part of table-3.1. Significantly, there was sharp decline in the amount of custom duty since March 2019. The amount of customs duty in the month of March 2019 was just Rs. 1750 lakh as compared to the monthly average of Rs. 4162 lakh for the year 2018-19. It dwindled to Rs. 1155 lakh and Rs. 856 lakh in May and June 2019. Interestingly, it started increasing thereafter and varied between Rs. 2910 lakh and 1986 lakh. Due to import of onion from Afghanistan to meet the growing demand in Indian market caused by local shortage.

Table-3.1: India's earning from Custom Duty on imports through Wagah-Attari Border

(Rs. Lakhs)

Period	Duty on imports by road	Duty on imports by rail	Total duty	Monthly average	% decrease or increase over previous monthly average
Before imposition of 200% import duty (February 2019)					
2014-15	19683	846	20529	1711	-
2015-16	17375	679	18054	1504	-12.09
2016-17	24166	876	25042	2087	38.76
2017-18	42917	1094	44011	3667	75.70
2018-19 (11 months)	44669	1109	45778	4162	13.50
After imposition of 200% import duty					
March 2019	1206	544	1750	1750	-
April 2019	1896	144	2040	2040	-
May 2019	1155	-	1155	1155	-
June 2019	856	-	856	856	-
July 2019	1279	52	1331	1331	-
August 2019	901	0	901	901	-
September 2019	2910	0	2910	2910	-
October 2019	3020	0	3020	3020	-
November 2019	2435	0	2435	2435	-
December 2019	1986	0	1986	1986	-
Total	17649	740	18384	1838	-55.83@

Source: Custom Department, ICP Attari, Amritsar

Note: 1. For the purpose of calculation we have counted post-16 February duty in the month of February

2. With effect from 5 August 2019 Pakistan put total trade embargo with India

@ This has been calculated by comparing the post-February monthly average with the monthly average of 2018-19.

3.1.2. Impact on earnings of Plant Protection Quarantine and Storage Department

The Plant Protection Quarantine and Storage Department also generates revenue from its services. The department collected Rs. 307 lakh in 2016-17 and Rs. 538 lakh during 11 months of 2018-19 (table-3.2). The monthly average ranged between Rs. 2554 thousands and Rs. 5125 thousands during this period. As compared to this, the monthly average of revenue from such services varied between Rs 25.45 thousands and Rs 56.09 thousands during 17 February 2019 to 31 July 2019. Clearly, the earnings from such services nosedived after imposition of 200 per cent custom duty on Pakistan imports by India. It was mainly because of drastic decline in India's imports from Pakistan. There was no revenue from such services since October 2019 as there was no trade between these two neighbouring countries through Wagah-Attari land route owing to trade embargo by Pakistan.

Table-3.2: Revenue earned by Plant Protection, Quarantine & Storage Department for its services (Rs.'000)

Year	From exports			From imports			Import+ Export	Import+ Export	% Increase/ Decrease
	Total	Month Average	%Increase/ decrease	Total	Monthly Average	% increase	Yearly Total	Monthly average	
Before 17 February 2019									
2016-17	415	34.58	-	30237	2520	-	30652	2554	
2017-18	100	8.35	-75.84	49943	4162	+65.17	50043	4170	+63.26
2018-19(upto16 Feb.)	67	6.34	-24.05	53749	5119	+22.39	53816	5125	+22.90
Post-16 February 2019 (Rs.'000)									
17February- 31 March2019	13.67	-	-	11.78	-	-	25.45	-	-
April 2019	8.91	-	-	26.19	-	-	35.10	-	-
May 2019	8.71	-	-	15.40	-	-	24.11	-	-
June 2019	2.72	-	-	31.75	-	-	34.47	-	-
July 2019	3.96	-	-	52.14	-	-	56.09	-	-
August 2019	1.07	-	-	81.87	-	-	82.94	-	-
September 2019	0	-	-	63.70	-	-	63.70	-	-
October 2019	0	-	-	0	-	-	0	-	-
November 2019	0	-	-	0	-	-	0	-	-
Dec. 2019 (up to 4 Dec.)	0	-	-	0	-	-	0	-	-
Total	**39.03**	**3.72**	**41.39**	**282.83**	**26.94**	**99.47**	**321.86**	**30.65**	**-99.40**

Source: Plant Protection, Quarantine and Storage Department, Airport, Amritsar

Note: 1. The Quantity of Exported goods varies from 96154 to 910167 metric tonnes

2. The Quantity of Imported goods varies from 1080916 to 1307788 metric tonnes

3. Exports and imports both by road and by rail)

3.1.3. Impact on the Earnings of Central Warehousing Corporation

Table-3.3 presents earnings of the Central Warehousing Corporation (CWC) from storage of export and import goods at ICP Attari. The CWC earned Rs. 5029 lakh during 2014-15 and Rs. 3771 lakh during 2015-16. During 2016-17 and 2017-18, the amount was Rs. 4566 lakh and Rs. 5328 lakh, respectively. However, during 2018-19 the amount declined to Rs. 3766 lakh. The monthly average varied between Rs. 314 lakh (2015-16) and Rs. 444 lakh (2017-18) during this period. The monthly income during March-December 2019 ranged from Rs. 25 lakh (June) to Rs. 237 lakh. The higher earnings from October onwards were due to large quantity of onions imported from Afghanistan to meet the shortage of onions in the Indian market. Significantly, when trade with Pakistan came to halt (w.e.f. 9 August 2019), the imports from Afghanistan still continued. Nonetheless, the monthly average during March-December 2019 (Rs. 74 Lakh) was much lower than the monthly peak average (Rs 444 Lakh) during 2017-18.

Table-3.3: Earnings of Central Warehousing Corporation (CWC) at ICP Attari

(Rs. Lakh)

Period	**Export**	**Import**	**Annual income (without service tax)**	**Monthly average**	**% change**	**No. of trucks (imports)**	**No. of trucks (exports)**
	Metric tonnes	**Metric tonnes**					
Before February 2019							
2014-2015	696024	1994783	5029	419	-	47187	32680
2015-2016	254992	1873110	3771	314	-25.06	39837	14655
2016-2017	219536	2272684	4566	380	+21.02	49336	14253
2017-2018	58788	2345955	5328	444	+16.04	48740	3368
2018-2019 (up to February)	46710	2280822	3766	342	-22.97	46101	2483
After February 2019							
March	4717	5199	27	-	-	235	294
April	5002	7346	38	-	-	312	275
May	3440	6635	36	-	-	283	206
June	2087	5861	25	-	-	229	143
July	3015	8757	44	-	-	309	203
Aug	1709	4241	41	-	-	174	81
Sep	0	7940	125	-	-	449	0
Oct	0	10909	95	-	-	526	0
Nov	0	15436	78	-	-	505	0
December	0	45593	237	-	-	1517	0
Total	**19970**	**117917**	**746**	**74**	**-78.36**	**4539**	**1202**

Source: Central Ware Housing Corporation, ICP Attari

Note: 1. No. of Trucks per year for Exports varied from 2483-32680 before February 2019

2. No. of Trucks per year for Imports varied from 39837-49336 before February 2019

3. The imports includes Pakistan and Afghanistan

It is clear from the foregoing discussion that the custom department has witnessed a decline in their income from custom duty. The other agencies such as Plant Protection and Quarantine and Central Warehousing Corporation have also suffered a serious setback in terms of their income. Together, these departments incurred an income loss to the tune of Rs. 51650 lakh because of trade curbs. The workers engaged by the Central Warehousing Corporation through a service provider lost their employment and livelihood in terms of their income from services being rendered by them.

Chapter-4
Impact of Trade Curbs/embargo on Revenue and Employment of Non-government Stakeholders

The impact of curbs on trade through Wagha-Attari Border is visible on almost all the economic activities being carried out on both sides of the road (about 30 km.) between Chehrtta (a small town on the outskirts of Amritsar city) and Attari. Transporters, porters, road side eateries (popularly known as *dhabas*), auto-spare and repair shops, petrol/diesel filling-stations, weigh-bridges, retailers, two-wheeler agencies, wine shops, etc., are some of the main activities which have been adversely impacted by trade-curbs between the two neighbouring countries. Majority of these stakeholders are from the Indian Punjab. The worst affected are workers who have lost their only source of livelihood.

The stakeholders on the Pakistan side must have also felt the heat of trade embargo but because of political relations between two neighbouring countries and inaccessibility to data and information we could not study the impact of trade embargo on the other side of the border.

4.1. Impact on Transporters

The international trade at Wagah-Attari border (ICP Attari) is taking place through goods-trains and trucks. The goods trains are run by the Government of India and the traders pay freight charges to the government. As such the government lose freight charges whenever there is trade embargo between the two countries especially on the Wagha-Attari border. The trucks are privately owned and hence whenever there is trade embargo their business gets a serious hit. Indian trucks transport Indian exports to and imports from the ICP Attari. Thus, trade at ICP Attari engages a large number of trucks for transporting imported and exported goods. Significantly, both the imported and exported goods are unloaded at the ICP Attari. This unloading and then reloading is done by the porters on both sides of the border. This process should be equally true about the other side of the international border. However, because of inaccessibility of such data from the Pakistan side, the discussion is confined only to the Indian side.

Table-4.1 shows the number of trucks engaged in transporting goods to the ICP Attari from both sides of the international border during the years 2014-2019. The total number of trucks-rounds ranges from 52108 (2017-18) to 79867 (2014-15) but in 2018-19 (up to February 2019) was 48584. The monthly average comes out to be between 4342 and 6656 rounds of trucks. Interestingly, the number of trucks engaged in imports has been much higher than that engaged in exports. It is mainly because of large number of trucks engaged in imports from Afghanistan while there are hardly any exports from India to Afghanistan through the ICP Attari. The yearly variation in the number of trucks is mainly because of the quantity and type of imported and exported commodities. This number of trucks does not include the number of trucks engaged in transporting goods from ICP Attari to their respective destinations in India, Pakistan and Afghanistan.

Table-4.1: Number of trucks engaged in transporting goods at ICP Attari

	Imports		Exports			
Years	**No. of Truck rounds**	**Quantity in Matric Tonnes (Lakh)**	**No. of Truck rounds**	**Quantity in Matric Tonnes (Lakh)**	**Total no. of truck rounds**	**Percentage increase/decrease**
2014-15	47187	19.95	32680	6.96	79867	-
2015-16	39837	18.73	14655	2.55	54492	-32.19
2016-17	49336	22.73	14253	2.19	63589	-16.80
2017-18	48740	23.46	3368	0.59	52108	-18.12
2018-19 (up to Feb. 2019)	46101	22.81	2483	0.42	48584	-6.65
Monthly avg. (2018-19)	4191	-	226	-	4417	-
March 2019	235	-	294	-	529	-
April 2019	312	-	275	-	587	-
May 2019	283	-	206	-	489	-
June 2019	229	-	143	-	372	-
July 2019	309	-	203	-	512	-
August 2019	174	-	81	-	255	-
September 2019	449	-	0	-	449	-
October 2019	526	-	0	-	526	-
November 2019	505	-	0	-	505	-
December 2019	1517	-	0	-	1517	-
Total	**4539**	**-**	**1202**	**-**	**5741**	**-**
Monthly average	**454**	**-**	**120**	**-**	**574**	**-**

Source: Central Warehousing Corporation, ICP Attari

In order to have a comparison of number of trucks during the pre and post trade curbs, we have calculated monthly average number of truck-rounds engaged in trade. The monthly average number of truck rounds during 2018-19 (pre trade curbs period) was 4417 which dwindled to 574 during the post-trade curbs, i.e., during March-December 2019. The number of trucks engaged in exports for the months of September-December 2019 was zero as there was no trade with Pakistan after the complete trade embargo imposed by Pakistan with effect from 9 August 2019. On the import side the number of trucks during the post-trade embargo is only because of India’s imports from Afghanistan. Clearly the trade embargo between India and Pakistan had rendered almost all the trucks idle.

4.2. Impact on sale and income of Filling-Stations

Out of the total four filling stations situated on the Chhehrta-Attari road, two were selected to examine the impact of trade curbs on the sale of filling stations. These filling stations sell diesel to the trucks plying on this road for transporting goods to and from ICP Attari. According to information got from ICP Attari, approximately 300 trucks are engaged in transporting goods every day and pass through this road as reported by truck operators and transporters. Most of these trucks get diesel from these filling stations. Table-4.2 shows that the monthly average sale of these two filling stations was 95168 litres of diesel during January 2018 and February 2019. After imposition of trade curbs their monthly average sale decreased to 45778 litres, a decline of 49390 litres, which comes out to be 51.89 per cent. Since the owners of filling stations get commission on their sale proceeds; with reduction of sale, their earnings have also been adversely affected. Given the commission of Rs. 1.82 per litre each of them is losing an amount of Rs. 89890 (49390x1.82) per month since March 2019. It is now 16 months have gone. That way both the filling stations together suffered a loss of Rs. 1438237 till June 2020. It might have an adverse impact on the earnings of their workers.

Table-4.2: Impact on Sale of Filling-Stations (petrol/diesel pumps) during pre and post trade curbs

Sr. No	Name of the Filling Stations	Average Monthly Sale (litres)			
		January 18 to February 19	March 2019 to November 2019	Decline over previous period	Percentage Decline
1.	Chopra Filling Station, Chiddan	29427	1112	28315	96.12
2.	Swapam Filling Station, Attari	160909	90444	70465	43.79
Total		190336	91556	98780	-
Average sale		95168	45778	49390	-
Average percentage decline		-	-	-	51.89

Source: Primary data collected by CRRID Research Team

4.3. Impact of trade curbs/embargo on income of auto-spare parts shops and auto repair shops

The income and employment of auto-spare parts and auto repair shops located along the Chheharta-Attari road has also been adversely affected from the trade embargo between India and Pakistan. Though, there are a number of such shops but we have studied 10 out of them in order to estimate the impact on them. The monthly average income (as reported by the shop owners) of each shop was Rs. 32775 during the period from January 2018 to February 2019 i.e. before the imposition of 200% duty. Due to drastic cuts on movements of trucks on this road, and some other vehicles (which were plying on this route mainly because of trade) the average monthly income reduced to just Rs. 11503 during March-November 2019, a decline by Rs. 21272(table-4.3). This decline is 64.90 per cent, ranging from a minimum of 33.33 per cent to 91.66 per cent. In the case of one such shop the income reduced to zero. This means that due to decline in bilateral trade between India and Pakistan on ICP Attari some shops have even been closed down as there was no work available. The stoppage of trade thus, has a significant impact on their income, besides impacting the employment of workers on such shops. Nearly 16 months have gone since the trade curbs that way these 10 shop-owners have suffered a loss in their income to the tune of Rs.340352, so far.

Table-4.3: Income and employment of auto spare-parts and truck repair shops during pre and post trade-curbs

Sr. No	Name of unit	Average monthly income (Rs.)		decrease in income after February 2019 (Rs.)	% decrease in income February 2019 (Rs.)	No. of workers	
		January 2018 to February 2019	March-November 2019			January 2018 to February 2019	March-November 2019
1.	Harjit Singh Body Maker, India Gate, Attari	23214	5000	18124	78.07	5	2
2.	Gill Tyres, Lathana	53214	27777	25437	47.80	4	4
3.	Angrej Singh Tyre Wala, Bhasmala	25750	9750	16000	62.13	2	2
4.	Baba Budha Hardwar Store, Attari	60000	40000	20000	33.33	4	4
5.	Sandhu Spareparts	22500	7500	15000	66.66	1	1
6.	M.S. Sandhawalia Tyre House	91071	17500	73571	80.78	4	2
7.	Vishkarma Kamani Works, Attari	9000	-	9000	100.00	4	2
8.	Guru Nanak Workshop	11500	4250	7250	63.04	4	2
9.	Guru Ram Das Tyre works	9000	750	8250	91.66	4	2
10.	Sartaj Truck spare parts	22500	2500	20000	88.88	2	2
Total		327749	115027	212722	64.90	34	23
Average per month		32775	11503	21272	64.90	-	-
Percentage decline		-	64.90			-	32.35

Source: Primary data collected by CRRID Research Team

As a consequence of trade curbs, these shop owners had to reduce the number of their workers. The total workers working on all the ten shops was 34 as on 17th February 2019, which declined to 23 after the imposition of trade curbs, registering decline of 32.35 per cent in employment (Table-4.3). In other words, about 32 per cent workers lost their employment and livelihood due to which their families had to face hard times.

4.4. Impact of trade-curbs/embargo on earnings of weigh-bridges

The weigh-bridges provide services for weighting the trucks used in transporting goods at the ICP Attari**,** besides giving service to other customers. Though there are four weigh-bridges rendering service on this road, but, for the purpose of study we have selected two of them which were functional (other two are non-functional). Before February 2019 these two weigh-bridges used to weigh 19 trucks on an average per day and charge Rs. 100 per truck. Thus, average daily earning of each of the two weigh-bridges was Rs. 1900 for providing weighing service to the truck operators. But after February 2019, the average declined to 11 trucks per day and accordingly the average daily earnings of each of them decreased to Rs. 1100, a decline of Rs. 800. The percentage decline in the daily income of the weigh-bridges is 42.10 per cent (table-4.4). The monthly loss of income of both the weigh bridges comes out to be Rs. 41600 (with 26 working days in a month) and annual loss adds up to Rs. 499200. Going by the 16 months' trade curbs, they have suffered an income loss of Rs. 665600 by the end of June 2020. This had a severe adverse impact on the income of weigh-bridge owners and the earnings and livelihood of workers employed by them.

Table-4.4: Income of weigh-bridges during the pre and post-period of curbs on trade

Sr. No	Name of the Weigh Bridge	Average number of Trucks weighed per Day				Average Daily income (Rs.)			
		January 2018 to Feb 2019	March 2019 to November 2019	Daily decrease	Percentage of daily decrease	January 2018 to Feb 2019	March 2019 to November 2019	Daily decrease	% daily decrease
1.	Sandhu Dharm Kanda	29	19	10	34.48	2900	1900	1000	34.48
2.	New Sandhu Dharm Kanda	9	3	6	66.66	900	300	600	66.66
Total		38	22	16	42.10	3800	2200	1600	
Average		19	11	8	42.10	1900	1100	800	12.10
Average % decline		-	-	-	42.10	-	-	-	12.10

Source: Primary data collected by CRRID Research Team

Note: There are two more weigh bridges, a part from the above which are not functioning

4.5. Impact of trade curbs/embargo on earnings and employment of *Dhabas* (roadside eateries)

This route is used by the truckers for transporting export and import goods to and fro ICP Attari. Approximately 300 trucks per day were in operation during the normal business on this road. The *dhabas* (eateries) situated on both sides of the road serve food and beverages to the drivers and cleaners and other travellers/passer-byes. There is a good number of *dhabas* and restaurants situated on both sides of the road but we have studied a sample of 11 main eateries. As told by the owners of these 11 sampled *dhaba*-owners, each of them was on an average earning Rs.41783 per month before 17^{th} February 2019 (table-4.5). But after imposition of custom duty of 200% by India on all imports from Pakistan w.e.f. 16 February 2019 and subsequent total ban on trade by Pakistan on 9^{th} August 2019, the trade through ICP Attari came to a grinding halt and the number of trucks plying on this route also witnessed a significant decline. As a consequence, the average monthly income of each of these *dhabas* decreased to Rs. 18726/- during March-November 2019. On an average, each of these *dhabas* suffered an income loss of 23057 per month; it is 55.18 per cent decline, ranging from a minimum of 39.39 per cent to maximum of 73.33 per cent. Thus, the monthly income loss of all the 11 sampled *dhabas* comes out to be Rs. 253627 which comes to be Rs. 3043524 per annum. Together they suffered an income loss of Rs.4058032 during the last 16 months of trade curbs.

Besides these 11 *dhabas* and restaurants, there was a cluster of about 30 eateries/tea shops etc. Out of them nearly 25 closed down due to trade curbs. At the time of our field survey they were closed, so, no data/information could be collected about their income and employment. But certainly they have suffered both in terms of income and employment. It has been learnt that some of these 11 dhabas/restaurants have been closed down and some has to lower the scale of their business. As a consequence, these dhaba-owners per force had to lay off their workers in order to cut labour-cost. The total number of workers working on these 11 *dhabas* was 93 before February 2019 which came down to 55, a decline of 40.86 per cent. This caused direct employment loss of 38 workers. Taking into account the closure of 25 *dhabas*, the income and job loss might have been much hire. The rough estimates on the basis of these sampled 11 *dhabas* suggest the monthly income loss of the 25 closed dhabas might be Rs. 576426 and a job loss to 86 workers. This, in turn, has had an adverse effect on the livelihood and level of living their families. Thus, both the dhaba-owners and the labourers have been adversely affected due to trade curbs.

Table-4.5: Income and employment of *Dhabas* during the pre and post-trade curbs (Rs.)

Sr. No	Name of Dhabas	Average monthly income		decrease over previous period	% decrease in income after February 2019	No. of Workers	
		January 2018 to February 2019	March 2019 to November 2019			January 2018 to February 2019	March 2019 to November 2019
1.	Gurpreet Singh Dhaba, Kathania	27860	9330	18530	66.51	7	4
2.	Sandhu Dhaba, Kathania	21214	9666	11548	54.43	5	3
3.	Royal Dhaba, Khasa	22000	13111	8889	40.40	7	4
4.	Balle Balle Dhaba, Chiddan	64535	39111	25424	39.39	24	12
5.	Shawa Shawa Dhaba, Chiddan	50222	13777	36445	72.56	8	4
6.	Rangla Punjab, Chiddan	30535	16388	14197	46.49	6	4
7.	Lahore-32, Gharinda	76250	28611	47639	62.47	12	8
8.	Jarnail Singh, Attari	13500	4000	9500	70.37	2	2
9.	68-62 Food Point, Attari	67500	40500	27000	40.00	6	4
10.	La-Roma Dhaba, Ghrinda	22500	6000	16500	73.33	12	7
11.	Roshan Dhaba, Attari	62500	25500	37000	59.20	4	3
Total		459616	205994	253622	55.18	93	55
Average		41783	18726	23057	55.18	8.45	5.00
Percentage decline		-	55.18		55.18	-	40.86

Source: Primary data collected by CRRID Research Team

4.6. Impact of trade curbs/embargo on income of *Karyana* (retail) shops

Small time *karyana* shops located on the Chheherta-Attari stretch (very few in numbers) have also been adversely affected by the trade curbs. In order to know the impact we have studied three such shops. The income of each of these three sampled shops on an average was Rs. 11081 per month as told by them (before the 17th February 2019). This monthly income decreased to Rs. 5483, which is decline of Rs. 5598 per month i.e. 50.52 per cent after February 2019 (table-4.6). This decrease is directly related to the effect of shrinking of purchasing power of their lower-end customers on account of decline in their earnings belonging to nearby villages/localities who were working at ICP Attari. The monthly income loss of these three shopkeepers comes out to be Rs. 16794 and annual income loss of Rs. Rs. 201528. During the last 16 months they together lost their income to the tune of Rs. 268704 due to trade curbs.

Table-4.6: Impact of Post-trade-curbs on income of *karyana* (retailers) shops

Sr. No	Name of the Shop	Average monthly income (Rs)			
		Jan. 2018 to Feb. 2019	March- November 2019	Decrease	% Decrease
1.	Nath Karyana store, opposite Khasa, Gate No. 7	8000	2700	5300	66.25
2.	Guru Ram Dass Kheti store, Ghrenda	17745	11250	6495	36.60
3.	Rahul Art, Khasa	7500	2500	5000	66.60
4.	Total	33245	16750	16795	-
5.	Average	11081	5483	5598	50.52

Source: Primary data collected by CRRID Research Team

Note: Besides above shops, there is a cluster of about 400 shops selling various commodities and providing services of various types at Attari Adda and Attari village

4.7. Impact on income of wholesale suppliers of essential goods of daily use

The daily use essential goods such as fresh vegetables, fruits, bakery products, packed water and cold drinks, etc., were being mainly supplied by three suppliers to meet the requirement of a number of shop-keepers situated along the road from Chherhta to Attari. Each of the three suppliers, on an average, used to earn Rs. 42833 per month before February 2019 (table-4.7). But their average monthly income declined to Rs. 21500/- which is 50.19 per cent of their pre-February 2019 income. Individually, they suffered a loss in monthly average earnings ranging from Rs. 18500 to Rs 27000. Their annual income loss comes out to be Rs. 767988. Together they suffered an income loss to the tune of Rs. 1023984 during the last 16 months of trade curbs. This adverse impact is due to the fact that the truckers, who earlier used to avail these facilities on *dhabas* and restaurants, stopped to visit these shops due to stoppage of trade. Consequently, the demand for daily use essential goods and eatables declined drastically. Besides, the demand for such items in and around Attari has also decreased because of a virtual stoppage of income flow with the porters and their helpers. Evidently, it has adversely impacted their consumption basket which has reached a stage of bare minimum subsistence level.

Table-4.7: Impact on income of wholesale suppliers of vegetables, other eatables and beverages during pre and post trade curbs

Sr. No	Name of the Traders	Average monthly income (Rs.)			
		January 2018 to February 2019	After Feb. 2019	Decrease after Feb. 2019	% Decline
1.	S. Nirvair Singh (Fresh Vegetables)	75000	48000	27000	36.0
2.	Baldeep Singh Trading Company, Bus Stand, Attari	26000	7500	18500	71.15
3.	R.S. Enterprises, Batala Road	27500	9000	18500	67.27
Total		128500	64500	64000	49.80
Average income per unit		42833	21500	21333	49.80
Average %age decline					49.80

Source: Primary data collected by CRRID Research Team

4.8. Impact of trade curbs/embargo on sale of motorcycles

There is only one motorcycle agency, M/s Standard Auto Selling in Attari, located on the Attari-Amritsar road. This agency established its business in 2012 soon after the inauguration of ICP Attari. With the functioning of ICP, international trade through Wagah-Attari got a push and with it demand for porters for handling, loading and unloading goods increased. This generated employment for porters which, in turn, increased demand for motorcycles. Significantly, more than 80 per cent customers who purchased motorcycles are from among the registered porters and their helpers working at ICP Attari. As such, the agency was selling 42 motorcycles per month on an average during the period of January 2018 to February 2019. With the abrupt imposition of curbs on trade, these workers were rendered jobless as there was hardly any work available to them. Consequently, this has had an adverse impact on the sale of motorcycles which reduced by 50% i.e. from 42 motorcycles per month on an average; the sale had come down to 21. It has caused an income loss of Rs. 40000 per month (as told by the owner of the agency) and an annual income loss of Rs.480000. As such during the last 16 months of trade curbs, the agency has incurred an income loss of Rs. 640000. As per reports from the agency officials more than 50% sale was on payment of monthly instalments and in more than 80% cases the instalments became overdue due to stoppage of the income of their customers. It caused a financial loss to the agency. Moreover, further opportunities in growth of sale are also under threat until the resumption of trade.

4.9. Impact of trade curbs/embargo on earnings of liquor shops

Though drinking is more or less a habit in Punjab, yet, there is a positive correlation between income and demand for liquor, not that of occasional but also habitual drinkers. Such a correlation is reflected from the data of liquor sale given in table-4.8. It is clear that the average monthly income of each of the liquor shop decreased from Rs. 40000 to Rs. 14500 after the trade curbs. This comes out to be a decline of Rs. 25500 or 63.75 per cent. Together, both the owners of liquor shops suffered an income loss of Rs. 51000 per month and annual income loss of Rs. 612000. Thus, during the last 16 months, their income loss adds up to Rs. 816000. This is mainly due to trade curbs/embargo and the consequent shrinkage of earnings of labourers, truck drivers, cleaners and porters who were the main customers of liquor from these shops. Thus, there is a huge loss of income to liquor shop owners and also to state exchequer due to loss of excise duty. Evidently, the income of the workers at these liquor shops must have been adversely affected in terms of the lowering of their wages.

Table-4.8: Impact on income of liquor shops during pre and post period trade curbs

(Rs.)

Sr. No	Name of the Shop	Average monthly income during the period			
		January 2018 to February 2019	March-November 2019	Monthly decrease	% Monthly decrease
1.	Khasa Wine Shop, Khasa	45000	11000	34000	75.55
2.	Desi Theka and Chicken House, near Gharenda	35000	18000	17000	48.57
Total		80000	29000	51000	63.75
Average per unit		40000	14500	25500	63.75

Source: Primary data collected by CRRID Research Team

It is evident from the preceding discussion that the non-state stakeholders have experienced a huge adverse impact. They have suffered a severe a huge set back in terms of their income and employment. Together they have incurred an income loss of about Rs. 60000 lakh per annum. About 8000 to 10000 workers have lost their employment.

Chapter-5
Impact of Trade Curbs through the Eyes of Selected Stakeholders: FGDs and Case Studies

Though we have discussed economic impact of trade curbs with the help of hard data in the previous chapter, yet, we thought that in order to know about the personal experiences of the stakeholders there is something more to do. For this purpose we decided to conduct some focus group discussions (FGDs) and case studies. In all we conducted four FGDs; one each with transporters, porters, traders and importers and custom brokers. Apart from that we also conducted two case studies; one with manufacturer-cum-exporter and another with an manufacturer-cum-importer. Accordingly, this chapter dwells on FGDs and case studies. The discussion is confined to the Indian side as it was just not possible to conduct FGDs and case studies on the other side of the border.

The integrated check post Attari has a vast area spread over 118 acres. The goods are transported by trucks from both sides of the border. It was learnt that on an average around 300 trucks used to come daily for transporting export and import of goods before the imposition of trade curbs. At arrival trucks are minutely inspected by the custom officials to ensure that there is no objectionable material. The export and import goods are first offloaded in separate warehouses and then reloaded in trucks for their final destinations. As per rules and regulations, all these trucks must move out of the ICP on the same day after completing loading and off-loading operations. The entire operation of loading and off-loading is handled manually by porters and their helpers.

5.1. Focus Group Discussion with Transporters

The imposition of 200 per cent import duty by India w.e.f. 17 February 2019 and the subsequent trade embargo by Pakistan on 9 August 2019 hit hard the transport business as has been discussed in the preceding chapter.

After having information from the Attari Truck Union (ATU), the main body of truck-owners, we decided to have FGD with some selected members. The total number of registered members of ATU is 165 who owned 554 trucks before March 2019. Due to non-availability of business they had to undergo distress sale of 341 trucks as on 29 November 2019, the date CRRID team interacted with them. It was mainly to repay bank loan availed for purchase of trucks. The remaining 213 trucks belong to those owners who either have no serious liabilities or who are doing some other transportation work just to meet the variable cost. In economic terminology, they have reached at the breakeven point and continuing with their business in the hope that trade will resume in the near future. But if the trade embargo continues for a longer period, many of the remaining trucks may have to witness distress sale as some of the costs (such as insurance, taxes, depreciation, payment of loan instalments, etc.,) would have to be borne out even if the trucks are not in use. In the long run it becomes economically unviable to bear such costs as there is no regular flow of income.

Significantly, till March 2019, the ATU was maintaining a very good office but after trade slowdown they had to shift to a smaller office. Now they are managing these affairs from a small office in Grain Market Attari after closing down their previous union office. The office gave a deserted look when the CRRID ream visited ICP for having discussion with the representatives of the ATU.

Attari Truck Union's closed office and in the background idle trucks parked in the agricultural fields

The FGD was conducted on 29 November 2019 with 10 members of ATU to have a detailed understanding of ground realities. These 10 members were in the age group of 30-65 years who altogether owned 77 trucks till February 2019; ranging from minimum 3 to maximum 22 trucks. Out of the 10 members, 8 members reported that in the absence of adequate transportation work at the ICP Attari and unable to engage their trucks in alternative operations, they had to sell 32 trucks ranging from minimum 1 to maximum 16 trucks in order to shed the financial burden.

Idle trucks parked in open space near ATU office

Unattended Truck in the fields

The members participating in the FGD told the CRRID team that 80-90% dependency of truck business in this border area is only due to land route trade through Wagha-Attari route and the transportation of goods to and fro to ICP-Attari. The other work is transportation of paddy and wheat from Grain market Attari; but that work is available only about two months in a year.

The participants also reported that apart from the ATU, there are other small groups and individual truck owners whose number may be more than 1000 who also engage their trucks for transportation of goods at the ICP Attari. They all are suffering from this problem. According to them, around 70 per cent trucks either have been sold out or impounded by their financers because of failure in clearing the dues by the truck owners. The participants also expressed their concerns that due to rise in over dues and accumulation of bad loans in their loan accounts their credit rating with banks and Non-Bank Finance Companies (NBFCs) has gone down.

The FGD members also reported that adverse effect of the disruption of cross border trade is not only limited to the border area of Attari. It has its backward linkage with truck body builders of Sirhind, Amritsar, Zira and Moga whose business has also been adversely affected. They have also suffered due to reduced demand for new trucks and repair of old trucks. Similarly the sale of truck tyres and auto-parts is also reduced which has hit the business of tyre dealers of Amritsar and other cities and towns in the region.

The participants also shared that due to shrinkage of regular income flow, the living standard of their families also suffered a setback. They are now compelled to reduce their consumption of non-essential goods and services which is difficult to cope with psychologically. All this has increased mental stress on them and their families are undergoing a mental torture. They also felt bad about lay-off of most of their drivers and helpers who had to lose their job due to non-availability of work owing to trade curbs. They were feeling anguished that they are suffering for no fault of theirs. They were just wondering why they are made to suffer for certain political decisions (mostly bilateral and reactive) either from this side or that side of the border? This is what Hussain and Singla (2020) call unilateral decisions, bilateral losses. Pulwama tragedy led to imposition of 200 per cent custom duty by India in February 2019. In retaliation to abrogation of Article 370 by Indian Parliament, Pakistan imposed total trade embargo on its trade with India in August 2019. These bilateral decisions exerted multilateral losses as all the stakeholders on both sides of the border are suffering from the retaliatory political decisions. Why can't the two countries allow trade despite their political differences? These are some moot but significant questions which need to be addressed by both the governments in the larger interest of their people. They were also of the view that Punjab Government must take up their issue with the Government of India.

5.1.1. Focus Group Discussion with Porters and Helpers

In order to manage the workforce's activities at the ICP Attari, the Central Warehousing Corporation (CWC) hired a service provider company, M/s S.S. & Co**.** The service provider takes care of the wages and welfare of the entire workforce on behalf of the CWC.

There are 1433 registered porters and 1016 helpers as per the list provided by the S.S. & Co. All the workers are divided into two groups which are further divided in two sub-groups. Each group has a *pardhan* (in charge) to monitor labourers' activities and assign them work (Annexure-5.1). They work on alternate days; thus, each worker can work for only half the days in a month. However, a good number of them are engaged for more than 15 days depending upon the requirement and the quantum of work, i.e. the arrival and departure of trucks and the volume of consignments. In view of this, they are not in a position to find and accept alternative work during the gap days. They earn between Rs. 15000/- to Rs. 25000 per month depending on the number of hours they work in a day. Taking an average of Rs. 20000 per worker per month, the monthly income loss comes up to Rs. 500 lakh and an annual income loss of Rs. 6000 lakh. During the last 16 months of the trade curbs, these workers suffered from a loss of Rs. 8000 lakh.

The FGD was conducted with 8 porters including both the *pardhans* with the purpose of having first-hand information about the impact of trade curbs on porters and their helpers.

During interaction with the porters, it was found that the porters and their helpers belong to nearby 20 villages located within a radius of about 8-10 km of village Attari.

They said that due to curbs on trade at ICP Attari on 16th February 2019 for first 7 to 10 days there was no arrival of trucks from Pakistan. The imports from Afghanistan was not affected but only 15-20 trucks of goods used to come daily, which offer very limited work for the huge work force.

They further said that most of the labourers are landless and totally depend upon trade activities at ICP Attari for their livelihood. In the absence of sufficient work at ICP Attari their earning opportunities have been adversely affected which in turn has an adverse impact on their livelihood and living conditions of their families. This border area has no other significant economic activities such as industry and trade except cross border trade at ICP Attari. The cross border trade is a life line for their employment and livelihood. In view of their regular income from their employment at ICP Attari, many of them started sending their children to nearby private schools who are charging a heavy fee and other charges. They shared that due to non-availability of work they are not in a position to pay for their children's education. Their school fees are pending and accumulating in the absence of regular earnings. They are unable to clear these dues. The school authorities are pressurising them hard to make payments of the arrears of school fees. The school authorities are threatening them that if they are unable to pay the dues before the annual exams of schools their children will not be allowed to sit in final exams. In such a situation, many of them feared that their children may have to leave the school or may not be promoted to next class. It was also reported that names of many school going children have been struck-off from school register, because of non-payment of school fee and other charges.

Further narrating their problems, these labourers expressed concern about lack of capacity to afford medical treatment even in case of serious ailments. They informed that due to lack of affordability some lives have been lost for lack of medical treatment. Even there are reports of suicide being committed by some labourers under financial stress. A good number of workers are passing through psychological problems due to loss of employment and non-availability of alternative employment. The CRRID team was also told that whatever meagre savings they had, were exhausted in the first few days of trade curbs. Now they have nothing to fall back upon.

Some of the workers are compelled to work elsewhere for earning livelihood even on much lower wages as compared to their earlier wages at ICP Attari. Even at lower wages adequate work is not available. The president of the porters says that since the beginning of ICP Attari on 13-04-2012, they had never witnessed such a long shutdown on the border.

Both the pardhans of group-A and B revealed that the registered porters, their helpers and the local truck drivers' financial condition have improved over a period of time since the inauguration of ICP Attari in 2012. The living standard of this large workforce has significantly improved. They have constructed pucca houses. They started to send their children to private schools for getting 'good' education. The improvement in financial condition also helped them in improving their general health due to regular intake of adequate food. Most of them possess motorcycles, refrigerators, TV, mobile phones and other household goods and amenities. And invariably they have purchased these goods on instalments and are now finding it difficult to pay the instalments. Some have even sold their items at a much less price under compulsion. The labourers whose houses were under construction for either renovating or converting kacha to pucca houses are also adversely affected due to losing their employment.

But the situation has drastically changed now with stoppage of bilateral trade. They also informed that the direct effect of their financial problem is caused in about 30 villages around Attari. But the indirect effect on their social status is quite serious. In the absence of regular income, some youth of these villages have been forced towards drug peddling to earn money and there is every likelihood that some of them may get addicted to drugs. The complaints of theft, snatching and other crimes have increased since then. The situation is getting from bad to worse with every passing day.

The adverse spread effect of the abrupt stoppage of cross border trade is being felt in more than 50 villages around Attari. The labour Pradhans also revealed that Attari and surrounding villages were free from illegal trade of drugs as compared to other border areas. The main reason for such a situation was that the trade activities at ICP Attari have offered job opportunities to a large number of families directly and indirectly. They started enjoying a good social status and were very much involved in the mainstream for living a reasonably comfortable life.

The participants also shared that there is an apprehension, that if the cross border trade disruption persists for a longer period, a large number of families, who were earlier enjoying privilege of good earning from ICP Attari, may slide back into abject poverty. Consequently, finding themselves in a fix without alternative sources of livelihood, some may get misguided and get involved into unlawful activities. This can cause serious social disturbance which may get translated into law and order problem. This type of social impact is more severe and if it spreads, it can gradually cause more harm to the society. This unrest in the mind of people can be harmful to large number of families and overall society at large. It is often said that an idle mind and empty stomach is a deadly combination.

5.1.2. Focus Group Discussion with Traders of Attari Adda & Attari Village

The village Attari is situated at a distance of 2 km. from the Integrated Check Post. There are around 250 retail shops in village Attari and nearly 150 retailers are at Attari Adda. It is thus a conglomeration of about 400 retail shops. These retailers cater to a diverse set of daily needs and other requirements of people of Attari and surrounding villages. The manpower engaged in various types of activities at the ICP because of Indo-Pak trade also meets their daily needs from these retailers. Monthly, lakhs of rupees are being spent by these workers to purchase goods and services from these shops and service providers.

To have the views of above mentioned stake holders, we conducted one FGD with 10 of them representing different trades. The village panchayat sarpanch (head) helped in identifying these participants. The CRRID team explained the purpose of FGD which they appreciated. They were very prompt and can do in sharing their views. They told the CRRID team that about two decades ago Attari Adda & Attari village was a sort of focal point of shopping for people of Lopoke, Chogawan and Jhabbal (about 10-15 kms from Attari, in Ajnala tehsil). But over the period of time these people have started shopping from Ajnala which has grown and developed into a conglomeration of retail and wholesale shops. This set back suffered by retailers of Attari was compensated by the growing trade activities at ICP Attari for the last about 8 years. But now the trade curbs have brought bad time for them again which has increased the sufferings of the local traders due to financial losses.

The wholesale suppliers from Amritsar have also got some adverse impact on their sale because of decreased demand by the retailers of Attari. The payments to wholesale suppliers are pending and dues are accumulated with the passage of time. The traders who sell their items on credit to the retailers are unable to recover the dues from their customers who are mostly from amongst the workforce at ICP Attari. Thus, there is a chain reaction through backward linkages.

The trade at ICP Attari is now limited to imports from Afghanistan. This limited trade cannot offer employment opportunities to a large number of labourers and workers who were earlier working at ICP Attari. The number of labourers getting work is now very limited, because of arrival of few trucks (15-20 a day) from Afghanistan. The emergency import of onions during October-December 2019 and January 2020 was also a temporary phenomenon when 80-85 trucks used to come daily from Afghanistan. As soon as the situation of supply and prices of onion became normal in Indian market, the number of trucks proportionately reduced. Under such a situation, a limited work force is being retained at ICP Attari. This compelling situation has forced most of the labourers to opt for low paid jobs or moving to distant places in search of work, which is not very much convenient for them. The employees of custom brokers have also been rendered jobless now because in order to shed the financial burden the custom house agents (CHAs) have reduced their staff. These jobless youth are doing other lesser paid jobs or moving to distant places in search of work.

The participants in the FGD also revealed that trade curbs and consequent hit to economic activities has a severe adverse impact on their sale and income. They revealed that on an average about 40-50 per cent sale has declined due to trade curbs. This is mainly due to unemployment of porters, helpers, drivers, cleaners, employees of custom brokers. The total strength of all this work force is about 7000, including porters and their helpers who were coming from nearby villages. The cross border trade activity at ICP Attari was their life line. They and their families have been hit hard as their earnings got abruptly stopped. These families used to purchase their daily-need items such, as *karyana*, cloth, bakery, sweets, fruits, vegetables, etc. from the above cited retailers. About 5 to 6 lakh daily sales turn-over was due to the purchases made by the above mentioned workforce. But after February 2019 the sale of these shops have significantly decreased.

5.1.3. Focus Group Discussion with Importers and Custom Brokers

There are a number of importers and 21 custom brokers located in Amritsar (Annexure-5.2). Their relevance is mainly due to trade activities at the ICP Attari but trade curbs have rendered them irrelevant and hit their economy in a big way. In order to have their views on trade curbs we conducted a FGD with 3 custom brokers and 5 importers of Amritsar city on 6 February 2020. These importers traditionally import Rock Salt, Dry Dates, Gypsum, Cement and Chemicals from Pakistan for the last more than 4 to 5 decades. The custom brokers are also working for the last more than five decades as Clearing House Agents (CHA).

They reported that bilateral trade with Pakistan on Wagha border was in practice even before 2012 through the land custom station. This was upgraded and made operational in April 2012 as Integrated Check Post (ICP). With the ICP, trade with Pakistan through road and rail became more efficient. The import is also taking place from Afghanistan through land route only but there is no export to Afghanistan from the ICP Attari. The reasons for it could not be ascertained. The imports in terms of value and volume are more through ICP Attari as compared to exports, because imports are both from Pakistan and Afghanistan. But exports are only to Pakistan.

Because of Punjab's geographical location, the ICP became very useful for importers and exporters of the state. But with the trade curbs on bilateral trade, that opportunity stands snapped for the time being. Consequently, traders are facing financial losses. In the absence of any other alternative they are facing a difficulty in maintaining the economic viability of their business. The exporters and importers have been hit hard and suffered a great loss because of imposition of higher custom duty and trade embargo.

The participants expressed their concern about long-drawn disruption of bilateral trade as it persisted for a longer period which never happened before despite sporadic border skirmishes. The government must realise that trade amounting for more than Rs. 5600/- crore per year on an average was taking place through ICP Attari but the trade curbs have impacted it badly. Now it has been drastically reduced and only imports from Afghanistan are going on which is of very limited value and volume. The impact of this stands till in bilateral trade is very serious in terms of social and economic aspects. Both the direct and indirect employment and the livelihood of thousands of workers have been adversely impacted. The state exchequer is losing custom duty, GST and income tax.

The participants also expressed that trade curbs are worse than the natural calamities because the victim of natural calamities get compensation for any losses from the government whereas no such assistance is available to them. They informed that more than 70 truckloads of cement were stuck up in the ICP Attari after the imposition of 200% custom duty on 16th February 2019. The importers had to resort to legal course to get the release of their consignments without paying increased custom duty, because their consignments had entered India before the imposition of higher custom duty. Though, they got a relief from the court but by that time 6-8 months passed during which the quality of cement has significantly deteriorated. This has caused a huge financial loss to the traders. After this no cement was imported from Pakistan. They emphasized that by stopping the import of cement, India has lost the opportunity to have superior quality cement from Pakistan because the Elephant, Best Way, Maple Leaf, etc. brands of Pakistan are much better as compared to Indian cement. Similar is the case with gypsum, because of its quality which is far better than Indian gypsum and which is less costly also. The Pakistan manufacturers use this high quality gypsum in cement which provides strength whereas Indian manufacturers use fly ash in cement manufacturing which is comparatively of low strength.

One of the participants who has traditional connections with Pakistan traders disclosed that textile-lobby in Pakistan is against the import of textile related items from India because of their vested interests. Otherwise, more avenues can be explored in textile section to boost exports to Pakistan. Even the cotton yarn from Punjab is in great demand in Pakistan. This is the reason why cotton yarn and plastic Dana were still being exported during 17th February 2019 to 8th August 2019 despite disruption of export from ICP Attari until total ban on trade.

The participants representing Dry Dates importers of Majith Mandi, Amritsar expressed anguish over the imposition of 200% duty which has hit them hard. The prices of dry dates in the Indian market have increased significantly since February 2019. Earlier Amritsar traders after importing dry dates used to make further supply to many other destinations in India through their regional wholesalers and there was a gradual increase in sales every year. The demand was increasing from more and more states of India. But due to disruption of trade on Wagha Border most of the traders from Central and South India started direct import through Dubai in order to escape from the extra financial burden due to price rise. Resultantly, the Amritsar traders have suffered due to decrease in quantum of their business. This has also affected the business of custom brokers whose collection of commission is drastically decreased.

The representatives of rock-salt importers shared that rock-salt is highly in demand in India. This is mainly because of its medicinal value. But due to trade-curbs its import got disrupted. As a result, the business of rock-salt importers has been adversely affected. The consumers of rock-salt, too, have been deprived of the consumption of their preferential item of daily use. Now, this is being imported via third countries which involve high transport and transhipment costs. The consumers, thus, are paying a very high price for the imported rock salt.

The participants informed that approximately 25 per cent of India's import trade with Pakistan is taking place through ICP Attari. This broadly corroborates with the data given in table-2.3. The remaining trade is taking place through air, sea or rail. The major share of this bilateral trade is linked with Punjab state. So, ICP Attari provides easy access to carry out trade activities. Most of the importers and even exporters have well established market in Punjab which adds more importance to this trade.

5.2. Case Studies

As discussed in the preceding chapters, there are good number of export items in India's exports to Pakistan through Wagah-Attari land route which originate from Punjab. Similarly, some of the imported items are being provided in Punjab for their use in various parts of the country. To have a first hand and detailed information about these items, we conducted two case studies, which are being produced in the following sections.

5.2.1. Saron Mechnical Works---Jagatjit Group

Saron Mechanical Works, Mansa Road, Cheema Mandi (District Sangrur), Punjab is an ISO 9001:2008 Certified Company of Jagatjit Group. The Saron Mechanical Works is a leading Indian Agricultural implements manufacturer company founded in 1994. Since then the company made tremendous progress and achieved a significant success in making a respectable place in the competitive industry of agricultural implements manufacturer. Their contribution to the Indian agro-industry is remarkable. The company has attained a position of market leader with its increasing share in the agricultural market of India, especially in Punjab.

The company manufactures a wide range of hi-tech agricultural machinery and implements such as combine harvester, straw-reaper, straw-chopper, happy-seeders, paddy thresher, rotary-tiller, mulcheres, reversible plough, mud-loader, laser-leveller, tube-well boring machine etc. All these machines and implements are being fabricated as per the international standard to meet their demand.

The company is actively engaged in manufacturing straw-reaper having excellent performance which are tested and approved by Ministry of Agriculture, Government of India. The company sells these straw reapers to local market and also exports to Pakistan. The Saron Mechanical works ranked number one among the straw-reaper manufacturers exclusively in export of straw-reapers to Pakistan.

Their only destination of international market is Pakistan. They export straw-reapers through four to five main dealers in Lahore and Gujranwala area of Pakistan. These main dealers further market the straw reapers in Pakistan's local market with the help of eight to ten sub-dealers. Thus, they have a wide network in marketing their straw reapers in Pakistan. The officials of the company informed that demand for their straw-reapers in Pakistan has been gradually increasing for the last ten years because of quality, reliability and comparative cost-advantage of their product. The company exported 387 straw-reapers valued at Indian Rs. 966 lakh in 2016-17, 318 straw reapers valued at Rs. 748 lakh in 2017-18 and 420 straw reapers worth Rs. 917 lakhs during 2018-19 to Pakistan. After 16 February 2019, another 42 straw reapers worth Rs. 98 lakhs were exported to Pakistan to meet pending order by the importers. The next target of the company was to export 1000 straw-reapers to Pakistan during 2019-20. Another focused area of the company was to increase export of genuine spare parts of straw-reapers and other agricultural implements to meet the growing demand in Pakistan. But due to trade embargo by Pakistan, it is not going to materialise.

The owner of the company said, "They have engaged 700-800 workers including those of contractors for fabricating and other multiple operations in the unit. Now with the aim to retain these workers they are exploring more avenues of exports and to promote sale in the local market. Due to disruption of trade with Pakistan, the overall sale of the company has come down by over 30 per cent. This is a direct loss to the company. This decline in income has cast a dark shadow on employment of skilled and unskilled workers in an around the district. The numerous indirect losses to various other stakeholders like transporters, suppliers of raw material, drivers, etc. are beyond estimate".

It was further shared with the CRRID team that under the prevailing circumstances the manufacturers of straw reapers were under a great stress as it is not an easy task to find a new destination in the international market. In order to start with new customers everything needs to start a fresh. Moreover, it takes a time to build a mutual goodwill and trust in the competitive market. Nothing can be taken as granted in new business which is full of risk and uncertainty. The company's past dealing with Pakistan traders was based on mutual understanding and goodwill over the year. The company is dedicated to its clients in Pakistan to supply complaint free product. In turn, Pakistan importers are also responding with appreciation as they and their customers (farmers) are highly satisfied.

The owner of the company further said that the company has incurred huge investment on developing infrastructure in over eight acres of land, hiring expert technicians, procuring a costly machinery of international standard, etc. The management of running multiple activities with efficiency also needs experienced staff which the company has hired in view of trading with Pakistan.

The level of confidence with Pakistan traders since 2009-10 when company started trade with Pakistan has brought fruitful results which the company is realizing from its exports. The company's straw reaper is tested and performing satisfactory for the last ten years. Based on this, more business queries are in the pipeline with a hope to finalize the orders for exporting other implements such as rotavator, laser-leveller, tube-well boring machine, etc. Moreover, the market for continuously supplying the spare parts for all these machines will accelerate the growth of business. This growth will contribute in regular earning of foreign exchange for the country and employment generation for the state of Punjab. The manufacturer of harvesting combine, laser leveller, mud loader and tube-well boring machines are hopeful to boost trade with the introduction of these new implements in the market of Pakistan. The company is eagerly waiting for the bilateral trade to resume on Wagah border.

The company officials who regularly assess the status of market in Pakistan stated that Pakistan is lagging behind India in manufacturing tractor of high horsepower and other hi-tech agricultural machinery. Pakistan imports parts of two types of tractors i.e. millat and fiat and assembles them in their country for local use. The introduction of these high horse power tractors has enabled the Indian straw reapers to perfectly attach with it and work efficiently for performing satisfactory farm operations. They also import part of New Holland harvesting combine and assemble it locally for executing their farm operations. Their main hub of agriculture implements assembly and manufacturing is in Duska city of Sialkot.

The company officials further said that in case the resumption of trade takes a longer time we may be compelled to open a trade office at Dubai for exporting to their straw reapers to Pakistan, which will require additional investment. The company would explore the other potential markets of Sri Lanka, Nepal, Myanmar or any other country which would require new strategy, new investment with new energy. All this would involve enormous amount of investment leading to additional cost. There is every possibility that company's product may lose its competition in the international market. Significantly, the company enjoys an edge over its competitors from other countries if it exports through Wagah-Attari land route due to its proximity to Lahore. There is a great advantage in transport and transhipment costs. If the company exports to Pakistan via Dubai or any other country transport and transhipment cost would registered many-fold increase (see Ghuman, 1986 for detailed discussion).

5.2.2. VSB Import and Export House: Importer and Exporter of Gypsum

The VSB Import and Export House at Amritsar is a major player in import of gypsum from Pakistan. It has been importing huge quantity of gypsum regularly since 2011 by road through ICP Attari. This company took initiative during 2008-09 in coordination with another Amritsar based company M/s Aar Vee Enterprises and started importing gypsum from Pakistan. This initiative was based on their pre-partition family links in Pakistan because of which they were having the knowledge of availability of this mineral in the Mianwala region of Pakistan. The quality of this gypsum when tested has been found to be better than the Rajasthan gypsum in India. This prompted them to get into the business of importing gypsum. In due course of time, the company established a good market network within India for its use in cement industry and in agriculture. The company was awarded commendation certificate for highest value of imports for the financial year 2018-19 on the occasion of International Customs Day by Commissionerate of Customs (Preventive) Amritsar on 25 January 2019 (Annexure-5.3). This was just 22 days before the imposition of 200 per cent import duty on trade with Pakistan on 16 February 2019.

After ensuring the quality of imported gypsum and its genuineness the company established processing plant of gypsum in 2011. This processing unit was established in Bhikhi Wind in district Amritsar in an area of 6 acres under the brand name of "Sartaj Gypsum". This unit was 100 per cent dependent upon gypsum imported from Pakistan. The processing capacity of this plant is 500 tonnes per day. This brand of "Sartaj Gypsum" is extensively sold in Punjab, Haryana, Himachal Pradesh and Uttar Pradesh for improving sulphur and calcium content of the soil and improving its health for enhancing crop productivity.

The Sartaj gypsum is grade-I gypsum having sulphur and calcium of high quality which helps in increasing the crop yield. The owner of the plant told the CRRID team that the product manufactured from Pakistan gypsum is of superior quality and is more economical as compared to Indian gypsum. It was revealed by the manufacturers that the efficacy of five bags of Pakistan gypsum valued at Indian Rs.1800/- is equivalent to 50 bags of Indian gypsum, which costs Rs. 6250 in the Indian market. This huge difference in comparative cost advantage has increased the demand for Sartaj gypsum in the Indian market. The company during the last three years (2016-17, 2017-18 and 2018-19) has imported 7.85 lakh metric tonne (2.79+2.74+2.32) of gypsum worth Rs. 133.61 crores (45.30+34.75+33.36). The entire quantity was used in processing in Bhikhi Wind Plant for producing Sartaj gypsum. The processing unit is giving direct employment to about 150 skilled and unskilled workers round the year to manage regular operations of the unit. This entire workforce belongs to the surrounding villages situated near the international border in district Amritsar.

The company also owns a fleet of 175 trucks which used to transport gypsum from ICP Attari regularly to the processing plant at Bhikhi Wind. The finished product of Sartaj gypsum was also used to be transported by this fleet of trucks. These trucks were purchased with bank loan and loan from non-banking finance companies (NBFCs) like, Tata motors and others.

In order to maintain these trucks and to keep them in running condition, the company had purchased a land on the highway at Ranike village close to Attari. The total investment made to create this infrastructure was about Rs.5 crores. The skilled and unskilled workers were also employed on this yard to take care of the maintenance work of 175 trucks.

The company achieved a remarkable growth within a span of eight to nine years in business through the import of gypsum from Pakistan and its processing; but the sudden trade curbs has hit hard the company’s business. Resultantly, the huge investment made on Bhikhi Wind unit, Ranike motor yard and fleet of 175 trucks has been abruptly rendered idle like a surgical strike. The company owner termed it a sort of strangulation as their whole business suddenly collapsed.

Abandoned truck yard of VSB Imports at Ranike

The processing at Bhikhi Wind processing plant was ultimately closed down rendering 150 workers jobless without any other alternative. The huge investment made on plant and machinery is now lying completely unused. This is causing unbearable economic loss to the company.

The fleet of 175 trucks have come to halt with no other activity to engage them. Nearly 300 workers, 175 regular drivers and equal number of their helpers have been rendered jobless due to sudden trade embargo. The casual labour which was being used for loading and unloading of raw material and processed product has also lost their regular earnings. During the first month of the suspension of the trade, the difficulty to park a fleet of 175 trucks was faced by the company. The company could not manage the parking with safe custody of the fleet of 175 trucks in the absence of safe and secure parking yard. This has caused a loss of approximately Rs. 25 lakh owing to theft of diesel and tyres from the trucks because of haphazard and unsafe parking.

The regular income flow of the company completely dried up after the suspension of trade with Pakistan. Resultantly, the company is not in a position to repay the EMIs of loan taken from commercial banks and NBFCs and private lenders. Consequently, large number of trucks has been sold under distress to clear over dues. This has caused another financial blow to the company. All the financial institutions have refused to cooperate in rescheduling the loan because of prolonged period of ban on trade. The company is now left with 25-30 trucks which are given on hire basis to other transporters with some ray of hope of bringing them in use if the business at ICP Attari resumes.

The company has suffered another setback of Rs.3.5 crore of GST which is held up with the tax department. Though this amount is adjustable in the coming financial years yet in the event of no future business transactions due to prolonged suspension of trade the company may lose this because it is not refundable. So this huge loss of Rs. 3.5 crore will add up to the increasing financial liability of the company.

It is clear from the foregoing discussion that the trade curbs and sudden trade embargo has caused huge financial losses to Indian exporters, importers and manufacturers. The four FGDs and two case studies have revealed the pathetic situation of importers, exporters and manufacturers in India. In the case of manufacturers, their huge amount of investment is lying unused instead of giving return; it is depreciating and losing its value. It would also involve a huge cost to re-start the processing and production in the event of India's trade resumption with Pakistan.

Chapter-6
Summary and Recommendations

Though, this study is mainly focused on Indo-Pak trade through Wagah-Attari (ICP Attari) border (land route) and its economic implications for Punjab, yet a bird's eye view of Indo-Pak trade relations would help in contextualising the trade through the ICP-Attari.

The trade relations between India and Pakistan have always been govern by their political relations, which for most of the time since independence have been subject to hostility and enmity. The current phase of trade curbs is the manifestation of such a historical past. This is not for the first time that there is complete ban on trade between the two neighbouring countries. In the past, too, there was nine year trade embargo between them during 1965-1974, nearly unparalleled in the history of world trade. As a consequence, the two countries have lost the opportunity to reap enormous amount of benefits (both in terms of comparative cost advantages and lower transport and transhipment costs) of actual and latent trade potentialities.

It has been estimated by World Bank and some individual scholars that their actual trade has been manifold lower than that of their trade potentialities. Besides, trade can pave the way for normalisation of their political relations since there are a large number of people on both sides of the border who want peace between the two neighbouring countries. They are manufacturers, traders, businessmen, exporters, importers, farmers, consumers, civil society, etc. Nonetheless, both the countries stand deprived of the benefits of their mutual trade in the absence of realisation of the trade potentialities. The on-going trade embargo has further eclipsed the possibilities of realisation of their trade potentialities.

6.1. Value of Indo-Pak Trade

The average annual trade between India and Pakistan during 2014-15 and 2018-19 was to the tune of Rs. 1605710 lakh. This trade came to a grinding halt after the imposition of 200 per cent custom duty by India on all imports from Pakistan with effect from 16 February 2019. It came to a complete halt on 9 August 2019 when Pakistan imposed complete trade embargo on its trade with India. Significantly, India has been enjoying high favourable balance of trade (Rs. 981680 lakh, average annual) during 2014-15 and 2018-19, which has been lost due to trade embargo.

The average annual trade of India with Pakistan through Wagah-Attari land route (ICP Attari) during 2016-17 and 2017-18 was to the tune of Indian Rs. 406330 lakh. This comes out to be 25 per cent of their total mutual trade. The share of imports varies from 47.4 per cent and 59.78 per cent. This shows the significance of Wagah-Attari land route trade in India's total trade with Pakistan. Rail and road are the two modes of transporting the goods through this route. However, road is the predominant mode of trade.

6.2. India's major Imports to and Exports from Pakistan through Wagah-Attari

Though there are a number of import items, yet, dry dates, cement, gypsum, aluminium ore, soda, aluminium ore and lime stone are some of the major Indian imports from Pakistan through ICP Attari and account for nearly 79 per cent of the total imports.

India's major exports through ICP Attari included cotton yarn, vegetables, straw-reapers and high density poly ethylene (HDPE). Cotton yarn (87 per cent on an annual average) and HDPE (12 per cent on an annual average) account for 99 per cent.

Some of the importers of dry dates, cement, rock salt and gypsum are located in Amritsar district of Punjab. However, one gypsum importer, in addition to those located at Amritsar, is located at Manimajra (UT, Chandigarh). His main manufacturing unit (cement in which gypsum is being used as an important ingredient) is located at Baddi (Himachal Pradesh).

Then there are some manufacturers-cum-exporters who are located in other districts of Punjab. The manufacturers of straw reapers occupy a significant place among them. They are mainly located in the Malwa region of Punjab. One of the main manufacturers and exporters of straw reapers is located in district Sangrur (Punjab). The manufacturers and exporters of cotton-yarn are located in Ludhiana district of Punjab.

Before the imposition of 200 per cent custom duty by India, the Amritsar based importers on an average imported 2729 metric tonnes of dry dates, worth Rs. 1194 lakh. But after February 2019, it became nil.

Similarly, 3 Amritsar and one Manimajra based importers on an annual average were importing 505513 metric tonne of gypsum (worth Rs. 7262 lakh) before the imposition of trade curbs. After February 2019 it dwindled to just 439 metric tonne. Out of them one VSB imports suffered a huge income as its share in the 4 sampled units was about 52 per cent. The unit used to do processing for various cement factories in India.

Similarly, the Amritsar based importers on an average were annually importing cement to the tune of 907 metric tonne, worth Rs. 3057 lakh, prior to the trade embargo which became nil after 16 February 2020. After the imposition of trade embargo it became nil.

The Amritsar based importers, on an annual average were importing 11506 metric tonne of rock salt worth Rs. 3930 lakh prior to the imposition of trade curbs. It decreased to 5578 metric tonne (worth Rs. 1157 lakh) during 17 February 2019 and December 2019. This was mainly because of its high demand in the Indian market. But after the complete trade embargo there was no import of rock salt.

The imposition of trade embargo has hard hit the manufacturers and exporters of agricultural implements especially that of straw reapers. About 8 to 10 manufacturers located in Punjab exported straw reapers to Pakistan worth Rs. 2488 lakh during 2018-19. It became nil after the trade embargo. At the rate of 20 per cent margin these firms have suffered an income loss of 498 lakh annually. Apart from income loss, they have suffered significant employment loss.

6.3. Impact of Trade Curbs on government revenue

Before the imposition of 200 per cent custom duty, the revenue from custom duty was Rs. 45780 lakh on during 2018-19 (up to February 2019) which came out to be Rs. 4160 lakh per month. But during March-December 2019, the monthly average was just Rs. 1980 lakh; despite the hike in custom duty, because of huge decline of imports from Pakistan. In fact, this duty also includes custom duty on imports from Afghanistan which was not affected by trade embargo.

In addition to the custom duty, the Plant Protection, Quarantine Storage Department collected revenue from its services to the tune of Rs. 538 lakh (monthly average Rs. 51 lakh) during 2018-19. After the hike in custom duty, the monthly average was just Rs. 63700 in September 2019. The earnings of the Central Warehousing Corporation also came to naught from Rs. 5328 lakh (monthly average, Rs. 444 lakh) in 2017-18. Thus, together these three sources annually earned Rs. 51616 lakh before the trade curbs which dried up after the trade embargo.

6.4. Impact of Trade Curbs on Non-government Stakeholders

Besides government agencies, there are a number of other stakeholders who have been adversely affected by the trade curbs. Some of them, examined in this study, are transporters, porters, road-side eateries (dhabas), auto-spare-part shops, auto-repair shops, filling stations, weigh-bridges, wholesalers, retailers, wine shops, two wheeler agencies, etc. All are located in Amritsar district of Punjab.

Prior to the trade embargo, annually between 52000 to 80000 truck rounds used to transport goods from and to ICP Attari. The monthly average comes out to be a little more than 5000 truck-rounds. But after the trade curbs the monthly average dwindled to 500 truck-rounds and that, too, was mainly engaged in transporting goods imported from Afghanistan. Given 62000 as an annual average round of trucks and Rs. 1500 net income from each round, the income loss to the truck owners comes out to be Rs. 930 lakh per annum.

The job loss to about 1000 drivers and their helpers also caused an income loss of Rs. 1200 lakh-annually (Taking Rs. 10000 as monthly salary). Besides the recurring income loss, some of these stakeholders have suffered other losses. For example, out of about 500 trucks engaged in transportation at ICP-Attari, 50 per cent trucks were sold under distress which has caused a huge financial loss. Clearly, there is a serious setback to the business of truck operators and the employment and income of their employees. On an average two persons (one driver and one helper) are employed on truck. As per the moderate estimates about 1000 workers lost their job because of trade curbs.

The average monthly sale of diesel of the two filling stations included in this study was 190336 litres before the trade curbs. After the trade curbs, it declined by 98780 litres. Given their commission of Rs. 1.82 per litre, the monthly loss of income comes out to be Rs. 179780. The annual income loss comes out to be Rs. 2135760. During the 16 months of trade embargo (March 2019-June 2020), these two filling stations incurred an income loss of Rs. 2876480.

Then there are a number auto-spare-part shops and auto-repair shops which cater to trucks and other vehicles. On an average, the monthly income of each of these shops was Rs. 32775 before the trade curbs which declined to just Rs. 11503 after the trade curbs, a loss of Rs. 21272 per month. We studied 10 such shops, which together suffered an income loss of Rs. 212720 per month for all the 10 shops. The annual loss comes out to be Rs. 2552640. During the last 16 months, the loss of income of these 10 shop-owners comes out be Rs. 3403520. Besides, there is a job loss of about 100 (mechanics and salesmen) workers. Since there are more than 20 such shops, the loss of income and employment would be double than the above.

A weigh-bridge on an average suffered a monthly income loss of Rs. 30000. Besides, their workers, too, suffered a loss in their earnings. We studied two such weigh-bridges and together they suffered an income loss of Rs. 40000 per month (working for 25 days a month). The annual loss comes out to be Rs. 480000. During the last 16 months of trade embargo, they suffered an income loss of Rs. 640000.

Each of the dhaba owners (road side eateries) was having an average monthly income of Rs. 42000 before the trade embargo. It declined to Rs. 19000, a monthly loss of Rs. 23000. The 11 main dhabas together suffered an income loss of Rs. 253000 per month. The annual loss comes out be Rs. 3036000. That way during the last 16 months of trade curbs, these dhabas incurred an income loss of Rs. 4048000. Each dhaba on an average employed 8-10 workers, which came down to 4 to 5. Thus, there was an employment loss of 44 to 55 workers for these 11 dhabas only. Besides, there are a number of small dhabas that also suffered a loss in income and employment.

Each of the four karyana shops (retailers) has suffered an income loss of Rs. 5598 per month on an average. Together, they incurred an income loss of Rs. 22392 per month. Their annual income loss comes out to be Rs. 268704. During the last 16 months of trade curbs, they suffered an income loss of Rs. 358272. There are a number of other small retailers who have suffered a significant income loss due to trade curbs.

Then there are wholesale suppliers who supply various eatables and bevrages to a number of retailers located on the Chheharta-Attari road. The three such wholesale suppliers suffered an income loss to the tune of Rs. 64000 per month after the trade curbs. The annual income loss comes out to be Rs. 768000. That way during the last 16 months of trade curbs, they together suffered an income loss of Rs. 1024000. In addition to their income loss, the workers employed by the retailers and wholesalers are also facing income loss and a threat to their jobs and livelihood.

The two liquor shops on an average suffered an income loss of Rs. 51000 per month due to trade curbs. The annual income loss comes out to be Rs. 612000. During the last 16 months, the income loss of these two liquor shops comes out to be Rs. 816000. It must have an adverse impact on the earnings of their workers too. The state exchequer, too, has suffered some income loss (in terms of excise duty loss).

The motorcycle agency also suffered a 50 per cent decline in its monthly sales during the post-trade curb period. Before the trade embargo, the agency owner was selling 42 motorcycles per month on an average. As told by the agency owner, on an average, it has suffered an income loss to the tune of Rs. 40000 per month and Rs. 480000 per annum. Thus, during the last 16 months the agency has suffered a loss of income to the tune of Rs. 640000. The covid-19 must have escalated the loss of income.

About 2500 porters and their helpers have lost their jobs due to trade curbs. On an average, each one used to earn between Rs. 15000 and Rs. 25000 a month. Taking Rs. 20000 as the mean monthly earnings, the total monthly earnings of 2500 workers come out to be Rs.

500 lakh. This means a net loss of earnings to the tune of Rs. 6000 lakh a year. That way, these workers have incurred a loss of Rs. 8000 lakh during the last 16 months of trade embargo. Given their high propensity to consume this amount is now not coming into the market and hence has dampened the consumption demand.

The conglomeration of about 400 retailers at Attari-Adda (focal point) and village Attari which cater to the daily needs of the people in and around this area has also been adversely affected by the trade curbs. Most of the manpower employed in trade related activities directly or indirectly at ICP-Attari, meet their daily needs from these shops. Most of these shopkeepers and service providers shared that there is a decline in their sales in the range of 40 to 50 per cent because of job and income loss of the manpower at ICP Attari. Given the time and financial constraints it was just not possible to work out the income loss to each of these shops and service-providers. Moreover, they hardly maintain proper accounts pertaining to sale and income on daily basis. However, on the basis of income loss to the workforce at the ICP Attari and other trade related activities and information provided by the shopkeepers and the service providers, we have estimated that those shopkeepers have incurred an income loss from Rs. 1200 lakh to Rs. 1400 lakh annually. Thus, during the last 16 months of trade embargo they might have suffered an income loss in the range of Rs. 1600 lakh to Rs. 1867 lakh.

The exporters of cotton (Nahar Spinning Mills and Vardhman Group-Ludhiana based large industrial houses), besides suffering direct income loss, are also suffering from an unused capacity of specially designed spindles of particular counts suiting to the requirements of Pakistan importers.

It is clear from the foregoing discussion that the importers and exporters engaged in Indo-Pak trade through ICP-Attari have incurred a huge income and employment loss because of trade curbs. And they are mainly located in Punjab. Besides 25 per cent trade through ICP Attari, the dealers in the remaining 75 per cent trade of Indo-Pak trade, too, would have suffered a huge income and employment loss because of complete trade embargo between India and Pakistan. The Pakistan importers and exporters dealing in trade with India, too, would have suffered from an income and employment loss. The manufacturers (use each other's imports as inter-mediate inputs), consumers (of each other's goods) and workers employed (because of trade) in both the countries, too, must have been suffering because of curbs on their mutual trade of these two neighbouring countries. To capture the entire impact of trade embargo, there is a need to study the impact on Pakistan side as well.

In sum, the moderate estimates (say on the basis of 15 per cent of the total value of trade proceeds) are that the trade curbs might have caused a direct income loss of Rs. 7520 lakh to the importers, exporters and manufacturers-cum-exporters of only 6 major items (dry dates, gypsum, rock salt, straw reapers and cotton yarn). Significantly, all these firms are located in Punjab. The annual average trade of these 6 items (first 4 import items and later 2 export items) during 2016-17, 2017-18 and 2018-19 was Rs. 50130 lakh. This comes out to be 12.77 per cent of India's total trade (annual average of above three years, Rs. 392670 lakh) with Pakistan through ICP-Attari. Applying the thumb rule of 15 per cent margin on Rs. 392670 lakh total trade, the annual average income loss to India for not having trade through ICP-Attari (due to trade curbs) is Rs. 58900 lakh. This means during the last 16 months of trade curbs, the Indian exporters and importers (for not having trade through ICP-Attari) have already suffered an income loss of Rs. 78533 lakh. Applying the same rule to India's total trade with Pakistan, the annual average income loss to India (for not having trade with Pakistan) comes out to be Rs. 243610 (calculated on the annual average trade of the last 3 years) lakh. Pakistan, too, would have suffered the same loss. Thus, together these two neighbouring countries are incurring an annual income loss of about Rs. 487220 lakh.

Besides, the transporters (Rs. 930 lakh), the shopkeepers (Rs. 1200 lakh), Porters (Rs. 6000 lakh) Drivers and Cleaners (Rs. 1200 lakh), Auto spare-part and repair shops (Rs. 510 lakh), mechanics (Rs. 150 lakh), Dhabas (Rs. 30 lakh), Filling stations (Rs. 22 lakh), Weigh bridges (Rs. 5 lakh), liquor shops (Rs. 6 lakh), other workers (Rs. 72 lakh) have lost their business and work. This together comes out to be Rs. 10125 lakh per annum.

Thus, during the last 16 months of trade curbs, the above mentioned stake holders have already suffered from an income loss of Rs. 13460 lakh. Significantly, the above figures might not have captured the entire income loss as there may be many other shops and service providers who might be providing goods and services to these stakeholders.

This, along with the income loss (Rs. 78533 lakh) incurred by the importers and exporters (for not having trade through ICP Attari) during the last 16 months, comes out to be Rs. 91993 lakh. This is mainly the income loss to the Punjab economy. Besides, about 8000 to 10000 workers of Punjab have lost their jobs because of trade curbs.

The total annual average income loss to all the stakeholders (government agencies, traders and other private stakeholders), because of trade curbs and for not having trade through ICP-Attari comes out to be Rs. 120641 lakh. During the last 16 months of trade curbs this income loss comes out to be Rs 160855 lakh. This, however, does not include the financial loss to the manufacturers-cum-exporters and truck-owners whose investment has been rendered idle, besides bearing maintenance cost. Apart from it truck-owners had to sell many of their trucks under distress. Leaving aside the government revenue, most of the income loss is to the stakeholders in Punjab.

In addition to income loss, the moderate estimates indicate that between 8000 to 10000 workers in Punjab have lost their direct employment and livelihood because of trade curbs. This does not include indirect employment loss which may also be of the same magnitude.

All said and done, Punjab is the worst sufferer of the trade curbs on Indo-Pak trade as most of its trade with Pakistan is taking place through Wagah-Attari (ICP-Attari) land route. Being a land-locked state this trade route is of strategic importance to Punjab. Besides Punjab, the other states of north-west India also benefit from this trade route because of lower transport and transhipment costs.

Recommendations

Acknowledging that trade relations between India and Pakistan have always been governed by their political relations that, in turn, have always been marred by hostility, enmity and fear-psychosis; following are the main recommendations:

1. As far as possible political rationality or irrationality should not be allowed to circumvent the economic rationality.
2. Since political relations and international trade are in the jurisdiction of Union Governments of both the countries (though they affect most the border states), the provincial governments (whose development is impacted by trade) in both the countries must persuade their union governments to give due recognition to economic rationale of trade so that both the countries could benefit from their mutual trade.
3. Since their mutual trade has already displayed good amount of economic benefits (in terms of comparatively lower prices, transport and transhipment costs) there is a strong rationale to expand the existing trade.
4. In view of the fact that there is a huge gap between the actual and potential trade (some of which is taking place through informal and illegal channels) both India and Pakistan should make conscious efforts to fully exploit their latent trade potentialities and reap the enormous amount of benefits of trade. It is also necessary to bring informal and illegal trade to the formal and legal channels.
5. In view of the fact that trade can facilitate normalising their political relations; both the countries should use the trade-route to have peace in the region.

6. In view of the fact that not having trade with each other involves a heavy cost, trade should not be stopped until and unless it is absolutely unavoidable.
7. India should restore the MFN status to Pakistan and Pakistan should give the same status to India. .
8. Both the countries should establish a good banking net-work with each other. It would help in curbing the payments through 'hawala' and other illegal means.
9. There is a need to explore the possibilities of promoting trade in perishable commodities.
10. There should be a joint study team of both the countries to examine and exploring the latent trade potentialities and expand their economic relations. The study team should also examine the backward and forward linkages of their bilateral trade and economic relations.
11. There is need to explore the feasibility and economic viability of joint-ventures with a buy back arrangement. This would help in strengthening their economic and trade relations.
12. Crossing over Wagah-border should be allowed by vehicular-mode (instead of the present by-foot system) to the genuine visa-holders of citizens (like the citizens of other nationals) of both the countries.
13. As regards land route trade through Wagah-Attari border, there is a potential for more trade through this route and eventually this may provide the transit-route to Middle East and beyond and transit-fee to Pakistan. This would be possible if:

(i) Both India and Pakistan acknowledge the economic rationale of trade through this route;
(ii) The north-western states of India and the Punjab state of Pakistan persuade their national governments to encourage and promote trade through this route;
(iii) The physical infrastructure at the ICP-Attari and on Pakistan side is further strengthened for handling existing and additional volume of trade more efficiently;
(iv) Trade window is kept open for 24x7 for movement of trucks and containers, as was agreed upon by the Trade Ministers of both the countries in their Delhi meeting on 18 January 2014;
(v) The full truck body scanners are installed on both sides of the border; it would take care of efficiency and security;
(vi) There is liberal visa-regime (visa for the whole country instead of city-specific visa) for businessmen and traders of both the countries; as agreed upon at their Trade Ministers at Delhi meeting on 18 January 2014.

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Annexure-1.1: Project details of ICP, Attari

• Foundation Stone for the ICP	-	20.2.2010
• Completion of ICP Project	-	28.3.2012
• Inauguration of ICP	-	13.4.2012
• Total area of ICP	-	118 acres
• Cargo Terminal building	-	4700 sqm.
• Warehouse import	-	7400 sqm.
• Warehouse export	-	3400 sqm.
• Truck parking area (Approx.)	-	55000 sqm.
• Area for loose cargo (Approx.)	-	28415 sqm. +17256 sqm.=47671 sqm
• Area for future expansion (Approx.)	-	69550 sqm.
• Lorry weighbridges	-	Three
• Cold Chambers	-	610 sqm.
• Holding Area	-	38000 sqm.
• Full body scanner	-	1 (installed) (not functional as on January 2020 when CRRID team visited ICP, Attari)

Annexure-1.2: Government of India's notification regarding impostion of 200% duty

[TO BE PUBSLIHED IN THE GAZETTEE OF INDIA, EXTRAORDINARY, PART-II, SECTION-3, SUB-SECTION (i)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

Notification No.05/2019—Customs

New Delhi, the 16th February, 2019

G.S.R........(E).—WHEREAS, the Central Government is satisfied that the import duty leviable on all goods originating in or exported from the Islamic Republic of Pakistan, falling under the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the Custom Tariff Act), should be increased and that circumstances exist which render it necessary to take immediate action.

NOW, therefore, in exercise of the powers conferred by sub-section (1) of section 8A of the Customs Tariff Act, the Central Government, hereby directs that the First Schedule to the Customs Tariff Act, shall be amended in the following manner, namely:-

In the First Schedule to the Customs Tariff Act, in Section XXI, in Chapter 98, after tariff item 9805 90 00 and the entries relating thereto, the following tariff item and entries shall be inserted namely:-

(1)	(2)	(3)	(4)	(5)
9806 00 00	All goods originating in or exported from the Islamic Republic of Pakistan	-	200%	-"

[F.No.354/40/2019-TRU]

(Gaurav Singh)
Deputy Secretary to the Government of India

Annexure-1.3

TO BE PUBLISHED IN THE GAZETTE OF PAKISTAN - EXTRA ORDINARY (PART-II)

Government of Pakistan
Ministry of Commerce & Textile
(COMMERCE DIVISION)

***

Islamabad, the 9th August, 2019

ORDER

S.R.O. 928 (I)/2019. - In exercise of the powers conferred by sub-section (1) of section 3 of the Imports and Exports (Control) Act, 1950 (XXXIX of 1950), the Federal Government is pleased to direct that the following further amendments shall be made in the Export Policy Order, 2016, namely:-

In the said Order, in paragraph 4, in sub paragraph (1), after the word "except", the words "to India and" shall be inserted.

[F. No.1 (3)/2018-AC (TP)]

(MUHAMMAD ASHRAF)
Director General (Trade Policy)

Annexure-1.3-A

TO BE PUBLISHED IN THE GAZETTE OF PAKISTAN-EXTRA ORDINARY (PART-II)

Government of Pakistan
Ministry of Commerce & Textile
(COMMERCE DIVISION)
***

Islamabad, the 9th August, 2019

ORDER

S.R.O. 927 (I)/2019. - In exercise of the powers conferred by sub-section (1) of section 3 of the Imports and Exports (Control) Act, 1950 (XXXIX of 1950), the Federal Government is pleased to direct that following further amendments shall be made in the Import Policy Order, 2016, namely: -

In the said Order, in paragraph 5, —

(a) in sub-paragraph (A), in clause (ii), the following shall be substituted, namely: —

"(ii) goods of Indian or Israeli origin or imported from India or Israel;";

(b) in sub-paragraph (B), clause (iii) shall be omitted.

[F. No.1 (3)/2018-AC (TP)]

(MUHAMMAD ASHRAF)
Director General (Trade Policy)

Annexure-2.1: Commodity Wise Imports of India by Road through ICP Attari (Pakistan and Afghanistan)

(Rs. Lakh)

B/H	Description of Goods-Imports	2016-17	2017-18	2018-19
01	Fruits, Dried & Fresh	191148	235603	256846
02	Coffee, Teammate & Spices	11628	13012	15627
05	Mineral Substances	51638	52886	51344
06	Ores, Slag & Ash	11075	13071	11381
09	Other than Mineral Fuels, Oils, Waxes and Bituminous Substances	-	-	-
10	Inorganic Chemicals	7452	6484	7377
11	Organic Chemicals	-	47	82
12	Pharmaceutical Products	31	-	-
15	Soap, Organic Surface Active Agents & Artificial waxes	-	-	33
18	Plastic & Articles Thereof	-	04	-
19	Rubber & Articles Thereof	745	1196	1842
21	Silk	188	07	-
22	Wool & Other Animal Hair	-	-	32
23	Manmade Filaments	28	04	-
24	Manmade Taple Fibres	22	45	08
25	Articles of Stone, Plaster Cement Asbestos Mica or Similar Materials	-	03	04
26	Ceramic Products	-	-	-
27	Glass & Art ware	4930	2931	1188
28	Articles of Iron & Steel	-	02	
40	Tools Implements & Other Miscellaneous Articles of Base Metals	03	-	-
41	Machinery Excluding Machine Tools & Part & Accessories & Ball/Roller Bearing	-	-	07
42	All Other Articles	10070	18557	17541
	Grand Total	288958	343852	363312

Source: Custom Department, ICP Attari, Amritsar

Annexure-2.2: India's Major Imports from Afghanistan by Road

(Rs. Lakh)

Sr. No.	Name of Commodity	2016-17	2017-18	2018-19	2019-20
1.	Fresh/Dry Fruits (08)	116763	171712	190035	171346
	Total	116763	171712	190035	171346

Source: Custom Department, ICP Attari, Amritsar

Annexure-2.3: Comparative Position of Export of Straw Reaper to Pakistan through ICP Attari

(Amt. In Lakhs)

Sr. No.	Name of Company	During 2016-17		During 2017-18		During 2018-19		During 2019-20		Expected orders during 2020-21	
		No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
1.	K.S. AGRIC. Ind. Pvt. Ltd.	204	436.80	237	641.60	232	548.70	-	-	250	612.50
2.	K.S. Agrotech Malerkotla	-	-	-	-	60	147.00	-	-	80	196.00
3.	Bhagwan Eng. Works Malerkotla	-	-	-	-	24	54.13	-	-	30	105.00
4.	Dashmesh Ind. Pvt. Ltd. Malerkotla	-	-	6	13.65	30	64.32	6	12.86	50	105.00
5.	Dashmesh Mech. Works Amargarh	33	3.00	-	0.25	-	-	-	-	70	145.00
6.	Saron Mech. Works Cheema	387	966.00	318	748.00	420	917.00	42	98.00	750	25.00
7.	Jagdeep Agric. Works Dirba	24	54.26	50	125.00	90	198.00	-	-	200	450.00
8.	Gurbez Agri. Works Patiala	28	56.80	36	83.05	48	110.49	6	14.10	150	376.00
9.	Bilawal Engineering Patiala	-	-	12	24.60	-	-	6	14.10	-	-
10.	Patiala Disc Corp. Rajpura	-	-	12	23.60	-	-	-	-	-	-
11.	Malkit Agro Tech. Pvt. Ltd. Bhadson	-	-	12	27.98	66	152.40	18	39.60	200	520.00
12.	Kartar Agro Ind. Pvt. Ltd. Bhadson	7	16.20	8	18.80	-	-	-	-	-	-
13.	Gobind Agric Works Kot Kapura	-	-	18	37.80	12	28.80	6	13.80	100	240.00
14.	Avtar Kalsi Agro Talwandi Bhai	38	99.82	18	51.17	14	35.13	10	26.50	200	520.00
15.	Gill Agro. Malout	8	15.50	36	83.20	12	20.16	-	-	36	100
16.	JCBL India Pvt. Ltd. Mohali	30	48.00	72	153.00	90	189.00	6	13.00	95	200.00
17.	Gill Agric./MP. Pvt. Ltd.	-	-	-	-	12	23.40	-	-	30	83.00
18.	Guru Hindustan Malout	27	67.56	18	49.02	-	-	-	-	200	560.00
	Total	846	1843.94	853	2080.72	1110	2488.53	100	231.96	2441	6195.50

Annexure-5.1: List of Pardhans of Porters

	B. Group 1 = Pardhan		
Sr. No.	Name	Porter	Mobile
1.	Harbhajan Singh	894	9530838040
2.	Major Singh	903	9463503348
3.	Dalbir Singh	772	9465989427
4.	Baljit Singh	888	6283144252
5.	Jagmohan Singh	791	9855006282
6.	Balwinder Singh	634	6284467627
7.	Sukhdev Singh	856	6283249053
	A. Group 1= Pardhan		
8.	Balwinder Singh	137	9464738330
9.	Semsher Singh	4	8872044240
10.	Gurpal Singh	24	8198838264
11.	Semsher Singh	34	9914425670
12.	Gurbej Singh	95	9478237181
13.	Harjeet Singh	127	0
14.	Balwinder Singh	156	0
15.	Sucha Singh	185	0
16.	Gurpreet Singh	191	0
17.	Sukhdev Singh	247	9530841023
18.	Sarwan Singh	301	0
19.	Dharam Singh	325	0
20.	Sukhdev Singh	349	0
21.	Gulzar Singh	43	9465632058
	A. Group 2= Pardhan		
22.	Amrik Singh	432	9465942016
23.	Sukhdev Singh	1213	9814492240
24.	Resham Singh	1433	6239859245
25.	Pargat Singh	543	9465344126
26.	Sukhdev Singh	356	0
27.	Kashmir Singh	1227	0
28.	Dalbir Singh	542	0
29.	Ranjit Singh	1260	8198080526
30.	Nihal Singh	436	8198080526
	B. Group 2= Pardhan		
31.	Aman Singh	1107	9465369174
32.	Jaspal Singh	967	9417718450
33.	Davinder Singh	1169	9464040895
34.	Tershem Singh	1146	9464538288
35.	Jasbir Singh	997	9914899156
36.	Dilbag Singh	1285	9478363316
37.	Kabal Singh	1327	8437999798
38.	Tarsem Singh	1393	9465987305

Annexure 5.2: List of Custom Brokers

1. M/s. R.B. Ram Nath Lambah & Sons
Majith Mandi, Amritsar
Phone No. 2543688 and 2553908, Mob. No. 9814051978
Email: rblambah@connectzone.in

2. M/s. Supreme Freight Forwarders
Majith Mandi, Amritsar
Phone No. 5002925 and 5063536, Mob No. 9814055193
Email: sff@connectzone.in

3. M/s. Avtar Singh & Co.
Akali Market, Amritsar
Phone No. 2542116 and 2545240, Mob. No. 9814050822
Email: asc_cha@yahoo.com

4. M/s. Vinod Brothers
10-A, Mcleod Road, Amritsar
Phone No. 0183-5096702, Mob. No. 9356125360
Email: vinodbros@gmail.com

5. M/s. Neeraj Kumar & Co.
571/VI-3, Majith Mandi, Amritsar
Phone No. 2533754 and 5002754, Mob. No. 9814054882
Email: neerajkumarco.@gmail.com

6. M/s. Quick Carriers
552/VI-3, Majith Mandi, Amritsar
Phone No. 2542763 and 2550280, Mob. No. 9814925699
Email: quickcarrier@gmail.com
Sh. Bavinder Singh Chadha

7. M/s. Puri Brothers
S22/1093, 1st Floor, Majith Mandi, Amritsar
Phone No.-Mob. No. 9417551728 and 9417509355
Email: puribrothers2012@rediffmail.com

8. M/s. Sabharwal & Sons
Majith Mandi, Amritsar
Phone No. 0183-2545238, Mob. No. 9876545031
Email: sabharwal.sons@rediffmail.com

9. M/s. Vijay Kumar Sabharwal
Majith Mandi, Amritsar
Phone No. 2545238, Mob. No. 9876545031 and 9914512299

10. M/s. Kay ESS International
2nd Floor, 52, Akali Market, Amritsar
Phone No. 2533128, 2228887
Email: ica.amritsar69@gmail.com, gsb@connectzone.in

11. M/s. International Clearing Agency
Post Office, Majith Mandi, Amritsar
Phone No. 2556698
Email: ica.amritsar69@gmail.com, gsb@connectzone.in

12. M/s. Intercontinental Carriers
Post Office, 52, Akali Market, Amritsar
Phone No. 2552067, Mob. No. 9814045088
Email: ica.amritsar69@gmail.com, gsb@connectzone.in

13. M/s. Jogindera Company
57, Hide Market, Amritsar
Phone No. 2547416, 6540290, Mob. No. 9417244099
Email: joginderacompany@gmail.com

14. M/s. J.S. Exim
206, Basant Avenue, Amritsar
Phone No. 2400763
Email: jsexim_cha@yahoo.com

15. M/s. Amritsar Clearing Agency
Hide Market, Amritsar
Phone No. 2547416
Email: aca_ldh@yahoo.com

16. M/s. Kishore International
Lawrence Road, Amritsar
Phone No. 220466, Mob. No. 9814021828
Email: kishore_intt@yahoo.co.in

17. M/s. K.L.Gupta Consultants Pvt. Ltd.
25, Mahindra Colony, Court Road, Amritsar
Phone No. 2226342, Mob. No.9814056342
Email: info@klgupta.com

18. M/s. Gaurang Logistics Private Limited
489/VI-3, Bazar Gujran Majith Mandi, Amritsar
Phone No. 9815027909
Email: sanjayca@yahoomail.com

19. M/s. Vikas Rai & Co.
(Customs House Agent Licence No. 01/M-II/2011)
308, 1st Floor, Ganpati Towers, Lawrence Road, Amritsar
Phone No. 0183-2222144, Mob. No. 7589304711

20. M/s. R.K. Khanna & Co.
Room No. 3, Khanna Market,
Bazar Wahian Wala
Amritsar

21. M/s. Qimati Lal Sharma
Katra hari Singh
Amritsar

Annexure-5.3

Commissionerate of Customs (Preventive)
Amritsar

Commendation Certificate

Awarded to

M/s. V S B Import Export House, Amritsar (Importer)

For highest Value of Imports for the current FY 2018-19 on the occasion of International Customs Day, 2019 in the Commissionerate.

Dated the 25th January, 2019

Dipak Kumar Gupta
Commissioner