

WORKING PAPER 20 - An Ethnographic Insight on Border-Markets: Reflections from the Indo-Bhutan Border

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Abstract

Border spaces evolve as critical points of intersection between distinct economies and cultures. Local border markets, both within and across border spaces, often stand out in comparison to other local market structures as fascinating areas of ethnographic study. This is because they involve people across cultures, belonging to different demographics and sovereignties, who come together for the purpose of economic exchange. The Trans-Himalayan Border region has been widely studied as regards the nature of economic and cultural transactions across bordering nations. India shares land borders with seven

nations(Afghanistan, Pakistan, Bhutan, Nepal, Bangladesh, Myanmar and China) and has an extensive border trade - both informal and formal - with almost all its neighbours.

This study seeks to understand the nature of the border markets located between India and Bhutan, through a detailed ethnographic account of a local market identified as case study: the Dadgiri border market (Hatisar) in India. It also contains a narrative of the visit to the Bhutanese side of the border, including a detailed account of the Gelephu market. These two markets are both located in close proximity (within 1-2 km) to the borders of Bhutan and India and host participants from both nations (as well as from Nepal). This study's focus has been on the analysis of the economic geography of the Dadgiri market, the informal nature of transactions, the products sold and profits made by local merchants.

We aim to obtain a better understanding of borders through the lens of local markets. Our methodological framework - an ethnographic line of enquiry - allows us to present a broader overview for studying economic relations within border market spaces, which in turn helps provide an enhanced, context-rich perspective on both inter- and intra-border relations between nations and explore the potential for border markets to play a critical role in shaping economic partnerships between nations (India and Bhutan in this case).

Keywords: Borders, Border Markets, Indo-Bhutan, Street Vendors, Informality, Ethnographic study, India, Bhutan, Economy

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Introduction

Border trade is officially defined as overland trade by way of exchange of commodities from a bi-laterally agreed list, an activity undertaken by people living along both sides of the international border (Ministry of Development of North eastern Region 2019). Border markets are different from other markets in important respects. While regional and national markets draw their wealth from their hinterlands, border markets owe their existence to the presence of border differentials and thrive at the point of convergence of different transnational networks (Walther, 2014).

India conducts border trade with all of its neighbouring countries in different measures, depending on the diplomatic relations established and on geographical and economic feasibility. India's border trade with its seven neighbouring countries — China, Pakistan, Afghanistan, Bangladesh, Nepal, Bhutan and Myanmar — accounts for a little over \$12 billion, which is only 1.56% of India's total global trade of \$769 billion in FY2017-18 (Tripathi, 2019). In the case of Bhutan, India shares a 699km-long border along the states of Sikkim, West Bengal, Assam and Arunachal Pradesh (See Figure 1).

The total trade between India and Bhutan has increased by nearly 50 times between 2000-01 and 2018-19. Growth in bilateral trade has been largely driven by rapid economic growth and greater commercial integration between the two countries. In the last eight years, trade balance has been in India's favour -and the divergence between India's exports to Bhutan and its imports from Bhutan has increased over time (Taneja & Bimal & Nadeem & Roy, 2019).

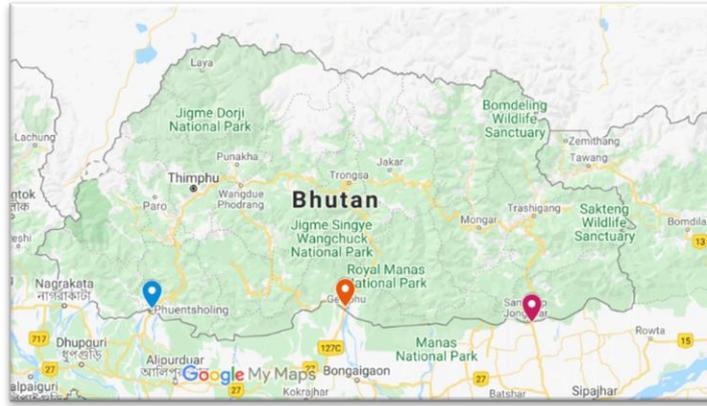


Figure 1: The Bhutan map marking the three major border gates – Phuentsholing (West Bengal), Gelephu (Assam), Jongkhar (Assam) taken in 2020, May 15.

Border market trade between India and Bhutan, despite mostly falling into the informal category and forming but a small component of overall figures, is undeniably an important measure of political, economic and diplomatic cordiality between the two nations. The Indo-Bhutan Border markets are a product of civil societies’ initiatives in the region and of the type of producers and consumers who rely on such an open forum of wholesale products.

The border between Bhutan and India has various access points. The major ones include Jaigaon (Phuentsholing) in West Bengal and the Jongkhar and Gelephu Border gates in Assam. This study focuses on trade between India and Bhutan through border markets, by studying the Dadgiri market (Hatisar) in Assam, India. The team also had the opportunity to visit the Gelephu market owing to its proximity to the border and experience the border market on the other side of the border (See Figure 2).

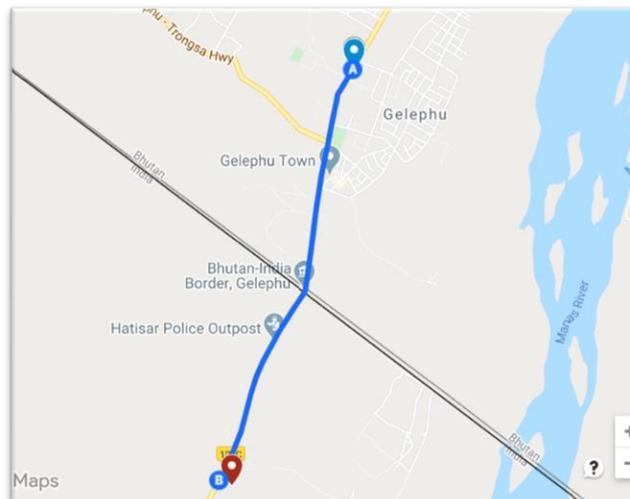


Figure 2: This map marks the two border markets studied in the working paper- Dadgiri and Gelephu Markets.

This working paper seeks to understand the present business conditions in detail by focussing on the Dadgiri market. The focus of the researchers has been on the products, the economic activities, profiling of buyers and sellers, workers and political underpinnings (demonetisation and strikes). The paper delves into the details of the Dadgiri market throughout 10 sections. Sections 4 and 5 include the methodology and literature review which shed light on already existing secondary sources and the field visits conducted. Section 6 builds the context for the two markets observed by elaborating on their history and geography.

Section 7 delves into the detailed observations and findings from the field visits and interactions in the Dadgiri market. It throws light upon the location and its advantages, the products, the social and economic profiling of the sellers and customers, the economic activities, the costs involved and the profit margins. At different points in the paper, analogies have been drawn from different studies on border markets and street vending activities. Section 8 gives an account of the visit to the Bhutanese side of the border. Section 9 draws upon analytical observations, focussing on the similarities and differences between the two markets. Section 10 includes concluding remarks and opportunities for further studies.

Methodology

The methodology employed makes use of both primary and secondary sources of information. Secondary sources include previous studies conducted on the Dadgiri market along with resources on other border markets (Tanuja Raghunath, 2017).

Primary information was collected through four visits to the Dadgiri market by conducting semi-structured interviews with shop-keepers, sales persons and customers. The initial visits enabled the researchers to familiarise themselves with the market spaces and establish interactions with respondents. Additionally, interviews with the Market Committee and the Gaon-Bura were undertaken so as to understand the processes and the history of the market. As regards the Dadgiri market, questions were focussed on the ways in which the market caters to foreign parties - a factor otherwise completely unrecorded at the border. The observations and analysis of the Dadgiri market offer great detail due to the high number of visits paid. Detailed conversations helped reach diverse aspects of various events and processes of economic activity. Interviews and interactions also extended up to various sellers who were approached by the surveyors during their free time so as to obtain the

highest amount of information possible.

The visit to the Gelephu Market, though out of curiosity and tourist-related interest, extracted interesting observations not just regarding the market but also regarding Bhutanese society. Though not a part of the research study, the visit to the Gelephu market enabled a better understanding of the Dadgiri market as well by drawing similarities and differences between the two environments. Our visit to Bhutan saw us engaged in conversations with shopkeepers and officials. The conversations with Mr. Ugyen Rabten, the founder of the Bhutan India Friendship Association (BIFA), enabled a better insight into the functioning of market spaces in Bhutan.

The study faces certain limitations due to language and cultural barriers between the research team and respondents in the market. Also, constraints related to time and resources limited the number of visits and the amount of interactions held. The narration in this study of the tourism-related visit to the Gelephu Market contains only preliminary observations from the tour, as the interactions and observations from Bhutan could not be officially documented.

Literature Review

The study of the border region of the Gelephu and Hatisar markets relates to various interesting elements in the market. Numerous studies relating to border regions and other research scholars have helped articulate a major overview.

The concept of street vending was very well incorporated in the study, which contains specific references to the '*Street Vending study in South Asia*' by Sharit K. Bhowmick (Bhowmick, 2005). The concept involved different market settings; however, the social and economic profiling of these hawkers remains quite similar to the shopkeepers we encountered in the border markets. This comparison was limited to the Indian side, as Bhutan maintained a far more regulated and higher income class of entrepreneurs.

The increasing practice of duplicate branded goods in such economies has brought in the concept of counterfeit goods. Insights were gained from the study conducted by the Centre for New Economic studies, O.P. Jindal Global University: '*Understanding factors affecting consumer behaviour towards fashion counterfeits- Reflections from markets of Delhi*' (Singh & Arora, 2019). From packaging to labelling, duplicate products appear quite similar

to the original ones – the difference between them being, of course, in price.

Both the market spaces of Gelephu and Hatisar sell copies of branded products, especially in apparels. The analytical lens used to observe these spaces helped us draw both similarities and differences with other market spaces. Thus, the broader concepts defining such products marked the market spaces as case studies.

Important studies by Allen M. Howard, '*Cross Boundary Traders in the Era of High Imperialism: Changing Structures and Strategies in the Sierra Leone-Guinea Region*' (Howard, 2014) and Olivier Walther's '*Border Markets: An Introduction*' (Walther, 2014) also equipped us with various terminologies. The statements made in these studies were challenged by our research - a fascinating set of observations helped us understand the dynamics involved.

Background and context

The whole North-East had trading networks long before the British arrived. Trade in this region existed from the 16th Century (Baran, 2006). A trading environment is recorded far back when the Bhutanese travelled to Assam for religious as well as commercial purposes, a practice which revived the regional trade on a regular basis. The Bhutanese used to cross the Indian border so as to buy goods in bulk and resell them in their homeland with minimum restrictions from border patrolling. Thus, the markets depended less on local resources in the border region and more on the interactions between foreign customers and Indian sellers.

Assam had a very strong textile industry. It exported Muga silk, rice, oilseeds, dried fish, timber, lac, black pepper and much more. Assam was a great producer of the famous lac or shellac (*Laccifer lacca*) which provided a much-prized red colour dye. It must have been from Assam that the eastern Bhutanese imported the technique of using the secretion of this insect, which also lived in their region, so as to produce lac. It was called 'gyatsho' (rgyatshos) in Bhutan and the translation of this term indicates its origin as it means 'colour/dye of India'. The method used to collect the lac was the same as in Assam (Pommaret, 2016). These long associations between India and Bhutan resulted in various flourishing markets for inter community interactions.

The Gelephu Market Thromde (Bhutan's border market) is uniquely positioned at a distance of 1-2 km from the border gate, in the Sarpang district of Bhutan. The Dadgiri Market lies on the Indian side of the border. Hatisar, a village in the Chirang district of

Assam – named after the dwelling place of elephants. It is one of the largest markets close to the India-Bhutan border (See Figure 3).



Figure. 3: The Gelephu Market, taken in Gelephu, Bhutan. December 8, 2019

These markets are highly dependent on local dynamics and relationships between Bhutan and India. For instance, in December 2019, the unrest caused by the Citizenship Amendment Bill throughout India observed multiple '*Bandhs*' in the region which led to a precautionary closure of the Indo-Bhutan border. This had a major impact not just on the Dadgiri market but on the Gelephu market as well, as it restricted the entry of Bhutanese customers wishing to participate in the border market and refill their storage for weekly use. This had a negative effect on market activities as sellers incurred heavy losses paired with significantly lower profit margins and buyers were deprived of their weekly supplies. This further showed the high interdependence between buyers and sellers in these particular markets. The different components of the market, customers, sellers, products and mediums of exchange define the market in various ways. This makes these border markets some of the most complex and noteworthy market spaces to study.

Taking into account the volatile conditions of a border area, the team has made an effort to highlight the functioning of the markets during times of demonetisation and the closure of the Indo-Bhutan border- which were both rare events to witness in their own regard. These two instances helped gain essential information regarding the methods adopted by shopkeepers and the operational nature of the markets.

Observations and findings

Location and its advantages:

As mentioned earlier, the two markets lie within one to two kilometres of the international border between India and Bhutan. The Gelephu Market on the Bhutan side is spread across a much larger area than the Hatisar market in India. The region is sparsely populated due to its topography. This, however, does not seem to hinder opportunities for local people to earn profits through their business practices.

Transportation costs greatly determine the volume of trade both within and between countries. Furthermore, since international trade does not only take place via ports, but also across land, border regions could have a geographic advantage in attracting firms, due to their proximity to foreign markets (Niebuhr & Stiller, 2004). Strategic placing of border markets and integrating routes in the region are the most important aspect of such a diverse convergence. It has been argued that border regions tend to converge overtrade from different regions more easily than is the case with places away from borders, and this mainly due to transportation costs (Chang, 2010).

As concerns the Dadgiri Market as well, its long-term sustained existence is due to geographical convenience and improved road connectivity. There are shuttle facilities from the Bongaigaon town, which facilitate faster and cheaper transportation to the market. The two and a half-hour journey from Bongaigaon to Dadgiri costs around Rs. 100 by van and Rs.70 by bus. Along with this, the growing opportunities for employment in this market space invite not only sellers but locals as well. While the market provides a space for vendors, it also employs locals as porters for the Bhutanese in carrying larger quantities of products from the shops to the parking lot. Thus, the area in itself creates employment and indirectly enhances the growth of the market.

Organisation

The Dadgiri market, is a weekly market that comes to life on Thursdays. Shopkeepers in this market start preparing their shops from 7am in the morning so as to be ready for the peak hours of business taking place between 11am and 2pm. The market space is comprised of both flat ground and elevated concrete pavements. Vendors set up their shops on the ground as well as on concrete pavements which are provided for specific shops such as crockery, clothes and local medicine shops (See Figure 4 & 5).

However, the entire market is highly diverse and has no definitive segregation in terms of the kinds of products sold. The market committee poses no restrictions on the number of products brought in by sellers. Shops in this market are set in a specified piece of land surrounded by restaurants/food shops run by women who serve delicious delicacies like pork, fish and chicken. The street food industry has been found providing employment to women and migrants of low education backgrounds. The prices of street food are low and the urban poor benefit from this (Ahmad, 2000). Day labourers, rickshaw pullers, migrants from rural areas and the homeless all depend on street food vendors for their nutrition. This is quite alike the amenities and the customers the market caters to.



Figure 4: The Gelephu Market, taken in Gelephu, Bhutan. The picture shows the organized setup of the market. December 8, 2019



Figure 5: Dadgiri Market setup taken in Hatisar, Chirang, Assam. December 19, 2019

The market also has an extensive area assigned to parking space (See Figure 6). This parking lot was observed to be overflowing with Bhutanese vehicles at peak hours. The months of December, January, February and March witness the maximum influx of buyers as festivities like Holi and Bihu, and Bhutanese festivals like the Churzegang Tshechu in the Gelephu region, leading to shopping sprees.



Figure 6: An example of an organized hoarding, taken in Gelephu, Bhutan. December 9, 2019

The set ups of the markets can be compared to the definition of street vending highlighted by Sharit K. Bhowmick(2005) in his paper ‘Street vendors in Asia: A Review’. A street vendor is broadly defined as a person who offers goods for sale to the public without having a permanent built-up structure from which to sell. Street vendors may be stationary by occupying space on the pavements or they may be mobile as they move from place to place by carrying their wares on push carts or in baskets on their heads (Bhowmick, 2005). Both markets, despite the varying degree of organisation in terms of physical space and shops’ set up, fail to find a position in the formal economy of either country.

Products

In both markets some of the major products are duplicated apparels - mostly cheap copies of some branded designs which are also a common attraction for the Bhutanese. In the Dadgiri market, these goods are sold in a mixed setting, wherein retails shops are subject to greater bargaining than wholesale shops. Retailers sell garments seemingly well packaged and well accounted for. On the other hand, wholesalers had heaps of clothes sold in bulk at a fixed price (See Figure 7). Observations in the stores of the market complex revealed that clothes are largely sourced from India, China, and Bangladesh and are either duplicates of brands or hold some link to popular culture.



Figure 7: Main road leading to Thimpu, taken in Gelephu, Bhutan. December 10, 2019

As concerns the type of products, the Dadgiri market displays an amalgamation of basic necessities as well as luxury items which serve as a major attraction for Bhutanese customers. Products such as appliances and clothing are mainly constituted by rejected inventory products brought across the border from either China or Bangladesh and sold at highly profitable rates. After interacting with six or seven electronic product salesmen, the

researchers found that electronics sourced from New Delhi and Siliguri are mostly Chinese products. Such is also the case with bags, cosmetics and garments.

The list of products includes torches, adaptors, speakers, table lamps, USB output charging wires, memory cards, power banks, pen-drives, microphones and even solar batteries (See Figure 8). These non-branded items are very useful to citizens on both sides of the border. Border communities were found to be quite dependent on such items, especially solar batteries. In various households inside the forest, people lived without electricity and with negligible recognition by the government. In such conditions people trusted their early evening life on solar power which they stored in these batteries.



Figure 8: Bodo dresses sold in Hatisar Market on raised pavements, taken in Hatisar, Chirang, Assam. December 26, 2019.

While exploring the market, we also encountered local ‘pharmacists’ - who have numerous customers among locals. During extensive interactions with said locals and conversations with the Action Northeast Trust NGO, it was also observed that there is a deep distrust among people in the region as regards government hospitals; hospitals or certified pharmacies are found to be inaccessible. Local communities have thus become very reliant on these medicine retailers, who have medicines for most minor illnesses. An interesting observation in their retailing was that they know of a number of alternative medicines for various specific illnesses, which they also prescribe at times. However, they have in stock only one of these alternatives for sale.

Interestingly, we found that these local pharmacists are not, however, the only self-appointed doctors in the market; in fact, they face competition from traditional healers who are known as ‘ojhas’ or ‘Kabirajs’(See Figure 9). Clients of these traditional healers are local farmers and day labourers from neighbouring villages. Many opt to purchase

traditional medicines, rings, and amulets when faced with major ailments as hospitals and medical facilities are unreachable and unaffordable for most.



Figure 9: A Supari seller in Hatisar Market, taken in Hatisar, Chirang, Assam. December 26, 2019.

Social and Economic Profiling (sellers, workers, and buyers)

The market is accessed by both Indian and Bhutanese. The people of Gelephu, including the Nepalese population and Indian immigrants, all frequent the market. Most shop owners are of Bhutanese or Nepali origin. Shops run by immigrants, especially Indian ones, were found to be rented and not owned. Indian shopkeepers prefer to have helpers who are also of Indian origin, hence contributing to the employment of a fair share of immigrants from Bihar and Uttar Pradesh. Indian residents also engage in Bhutan's labour market, contributing to the ongoing development of the market area. However, they reside in India and cross the border every day.

Considering the gender profile of the market, the main complex had an equal number of women and men shop owners taking part in the organised market. The tri-weekly vegetable market pleasantly had women selling the vegetables, while men were stationed of at the back of the meat market. The vegetable market also had women selling cosmetic products sourced from Barpeta, a small district in the Indian state of Assam. Women control most of the tri-weekly market - and the main market complex had both men and women competing for the same products.

The Dadgiri market displays a model very similar to any other local Indian market. It draws sellers with unique backgrounds from various parts of Assam like Bongaigaon, Barpeta, Kajalgaon, and other places. Numerous interactions with sellers revealed that many left their previous place of business so as to tap into the large profits that the market generates.

Indian shop owners were found to have various points of contact for bringing in goods from India. One Indian seller from Rajasthan revealed that local industries in Surat facilitated his business in the market. Although transportation costs and the Goods and Service Tax(GST) cost him a fortune, he still obtains a good profit margin on trending products.

While the Hatisar market provides many with the largest and most profitable arena for business, the weekly nature of the market leads sellers to look to other market spaces to sell their goods. The region is replete with other, smaller, weekly markets such as the Shantipur and Kajalgaon markets which sell a similar range of daily goods, vegetable, food stalls, etc. Profit-driven sellers tend to set up stalls in as many weekly markets as possible so as to support business expansion. The clear drawbacks they face are the customers whom they cater to. Although these markets far outweigh the Hatisar market in terms of size and variety of products, their location does not attract Bhutanese consumers.

An understanding of the social market setting and the working backgrounds of these sellers was acquired through long conversations. For instance, Mukesh is a plastic item seller in the Hatisar market who fits very well in this social market setting and exemplifies the working background of most shopkeepers in the market. He has a considerable amount of work experience as a daily wage labourer in places like Delhi, Gujarat and Haryana. In numerous conversations with different surveyors, he recounted the challenges of sustaining himself in the city on menial wages which were often far lower than the state-mandated minimum wage. Another such instance was a garment seller who recalls his long and arduous 18-hour work days in Delhi which he had left behind. Currently he works 8 hours a day in the Hatisar Market and sustains his livelihood through a much better wage. These are common stories of the labourers spread across the market, who exchanged their daily wage routines for lives as sellers in Hatisar.

Although sellers were observed to be mainly male, women also play an important role as vendors or as supporting hands to the shops they often open with their husbands. The eateries that line the periphery of the market are dominated by local women who serve a variety of traditional Assamese delicacies. These eateries, aided by the welcoming and generous nature of the women running them, provide a warm space that counteracts the fast paced and business-like atmosphere of the market. Local women cordially cater to the needs of the customers coming in and establish a connection with Bhutanese customers. This could perhaps be seen as a ‘trust’ factor in the market- emphasized and observed while conducting surveys.

Women are also present in the meat market, chopping chicken and fish. An interesting point to note in this setting was that most vendors had proper inventory logistics to prevent their fresh fish and meat from getting rotten in times of closure of the border gate. Women are also present in the fruit market, selling oranges and running joint ventures with their husbands (See Figure 10). In many cases women set up a stall selling different commodities at the side of their husbands' stall. This was observed in the case of a woman selling supari (bettlenut) and papad (papadum) next to her husband who was selling bags. Many such vendors exist who strategically combine their shops with their husbands' in order to pay a much lower rent.



Figure 10: The parking lot of the Hatisar Market, taken in Hatisar, Chirang, Assam. January 2, 2020.

Border markets in the Dadgiri market are slightly different from what Olivier Walther describes in his journal piece (Walther, 2007). The market witnesses a high influx of 'opportunists' and 'survivalists' who target higher profits in a market where demand is run by international customers. Wherein most markets evolve slowly, border markets experience sudden booms or declines due to variations in price differentials, exchange rates between currencies, taxes between countries, and bans of imports and exports (Walther, 2007). During the times of demonetisation, the Bhutanese and Indian currencies increased their exchange value from Rs.2 to Rs.5. Local currency convertors took the advantage of the situation to exchange currencies at higher rates – a loss swiftly levied onto Bhutanese buyers. Thus, border markets have their own exceptions while they function in different parts of the world.

Both markets are accessed by customers from both countries. However, Bhutanese customers in the Dadgiri market presented interesting insights. These buyers - of a comparatively higher income background - are the main consumers in this market, yet they tend to satisfy themselves with cheaper products (as expressed during the interactions in the market).

This market space becomes their best chance to grab replacements of branded material. Along with these customers, the market also serves the urban poor as street vendors provide goods, including food, at low prices. Hence, we find that street vendors subsidise the existence of the other sections of the urban poor by providing them cheap goods, including food (Bhowmick, 2005). Therefore, customers are likely to travel all the way from the interiors of Bhutan to the Dadgiri market in search of cheaper products.



Figure 11: Wholesale garment sellers in Hatisar Market, taken in Chirang, Assam. December 26, 2019

Economic Activity

The process of economic activity in the Gelephu and Dadgiri markets lies close to the street vending category, albeit with some divergences. There is a multitude of studies on street vending; for example, 'A Study of Street Vending Activities in the Southeast Zone of Surat' by Bhasker Vijakumar Bhatt (Bhatt & Dineshchandra, 2018) and 'Informal Economy Monitoring Study Sector report: Street Vendors' by Sally Roever (Roever, 2014). A common observation is that these street vendors have limited access to the formal/regulated markets, operate outside the legal framework, and have no credit institutions or formal training/ education in the marketing business.

Both markets follow a similar pattern and therefore lie very close to the definition of street vending. The lack of proper maximum retail price (MRP) tags, the structure of the market and the scope of bargaining reinstate the idea of street vending, specifically for the Indian side of the market. And street vending in public places is primarily seen as a very informal activity (Bhowmick, 2005).

The Hatisar market has a similar way of working, albeit with some differences. It moulds itself to demands by Bhutanese customers, establishing itself as a largely wholesale market. While perishable goods like candies and fruits still have a wholesale exchange, the grocery market functions at an individual's requirement. Lots of products have different points of distribution or agents who buy products wholesale. Siliguri witnesses a great influx of products from different parts of the country which are then funnelled into the Hatisar market by wholesalers. Railway routes and the International border flood the whole region with a higher class of businessmen who become the backbone of economic linkages.

The Hatisar market has a very convenient provision of inventory facilities nearby. Such a system creates more employment when people with self-driven carts become middlemen between buyers and sellers. These agents carry cartons of wholesale products in the morning to shopkeepers in the market arena; they enjoy higher profits after mid-day when they help Bhutanese customers carry sacks full of products from the shops to their transport facilities. The process of economic activity thus creates a chain of activity from buyers to the cost involved in carrying out business.



Figure 12: Electronic products brought from Siliguri taken in Hatisar, Chirang, Assam. January 2, 2020.



Figure 13: Local Sellers in Hatisar Market, taken in Hatisar, Chirang, Assam. January 2, 2020

Costs involved and profit margins

The costs involved in carrying out business in the Dadgiri market space seemed to be very

different from those in the Gelephu Market. The costs involved in economic activities in the case of the Dadgiri market are also prone to more losses. This is mainly because of the frequency of ‘hartals’ and ‘bandhs’ mentioned in section 6, as well as other disruptive activities in India. This also makes Bhutanese customers cautious as they tend to restrict their movements in India. Precautionary closures of the Bhutanese border are not common actions from the administration. However, during the politically tense protests against the Citizenship Amendment Bill 2019, Bhutanese authorities took this step of closing down the gate so as to avoid exaggerated violence. Such events lead to losses for sellers coming in from distant places, as they lack inventory storehouses near the market area. Product allocation is also disturbed, since salesmen stock in their wholesale goods for sale at higher profit margins to the Bhutanese. Transport expenditure constitutes a further factor, as expectations are sometimes not met.

The nature of products being sold in these markets itself poses a risk to the sellers. Some sellers claimed that the taxes charged on Chinese products were much higher and gaining profits on a regular basis was difficult as a higher sale on an everyday basis was not quite possible. An interesting information highlighted by them regarded the process they follow to buy these products. The selling price used by wholesalers (in Siliguri) is significantly lower than the price at which it was purchased from China. A certain amount is pocketed as commission by wholesalers, while sellers pay the price plus GST (Goods and Service tax) on the reduced price recorded in the bill. This allowed them to shift prices accordingly, as products had no price tags or bar codes at all.

Also, the market committee charged around 20-50 rupees from shopkeepers(See Figure 14). This value remained the same irrespective of whether the shopkeepers were provided amenities like elevated cemented pavements and tin shades. However, charges by the market committee remain unquestioned by sellers.



Figure 14: Traditional healers/ Kabiraj/ Ojha in Hatisar Market, taken in Hatisar, Chirang, Assam. December 26, 2019.

Additionally, it was revealed in an interaction with one of the bag sellers that shop owners have to pay an additional local fee of 200-300 INR. He noted that these combined costs led to losses in certain times of the year.

It was a common opinion among sellers that the rising prices of products affected work and the market to a great extent. Due to the high bargaining tendency of the customers, gaining higher profits was not possible as people hesitated to even pay the wholesale amount.

An interesting product with respect to costs and profits incurred was rice, according to the sellers. This market had around 10-12 rice sellers who presented their locally grown rice at minimised rates. The costliest rice went up to Rs. 50/kg; this was bought by the Bhutanese at the highest quantity. Our interviewee expressed that selling rice never incurred losses unless there were strikes and the Bhutan border remains closed for a certain amount of time. The precautionary closure of the border during the period of our study became a great opportunity to examine how such border markets are affected and how the expenditure involved in bringing people and goods to the designated place affected their daily income. The shopkeepers calculated around a thousand rupees loss on each rice bag they had to bring to the Thursday market.

In one of our elaborate interactions - with a candy seller - we received an exact breakdown of the approximate expenditures he incurs at the weekly market. Ruidas Saha and his son set up their shop not only in the Dadgiri Market but also in the Kajalgaon market, which operates at a much larger scale(See Figure 15). We understood that the transport costs of bringing a sack full of goods ranged at approximately around Rs. 600, whereas storage

facilities charged another Rs.300. The extra charges to the market committee and paying people who brought the goods from the storage to the shop rounded up to a maximum amount of Rs. 1500 as a total cost involved.

Mr. Ruidas claimed that his profit targets went up to 10%-50%. However, he remained stern on his bargained value, as he enjoyed the advantage of a number of shops selling the same commodities. The number of candy shops in the market was around seven - and survival required all to agree on a specified selling price. He supported his argument with a quick example - a single box of cigarettes which costs around Rs.100, whereas he sold 10 whole packets at Rs.500. This was attractive enough for people not to bargain, but it also escalated his income as the cost price for him was only Rs. 300.



Figure 15: Dry snack shops in Dadgiri Market taken in Hatisar, Chirang, Assam. January 2, 2020.

BOX 1: A prominent observation was noted while studying the market which was very similar to observations made regarding the African border markets documented by Olivier Walther. In Africa, border markets combine, on the same site, a variety of products that transit only briefly through the market - such as second-hand cars, cigarettes or fuel - and, simultaneously, a number of agricultural products, such as onions or cereals, for which the border market serves as a place of storage before being distributed regionally. In other words, it is in border markets that the two different spatial strategies of transnational circulation and regional production converge (Walther, 2012). Likewise, the Dadgiri market served as the transit transactional point for various commodities. For instance, Bhutanese oil is used and sold by Indians at a cost of Rs. 58/litre in areas near the border (whereas on Indian side the price was Rs. 72/litre at the time of the field visits).

A Journey into Bhutan: Narratives and Preliminary Observations from a market Visit to Gelephu

The proximity to the Bhutanese Border and the ease of movement across borders enabled the team to visit the Bhutanese side as well. The area of Gelephu was the closest destination. The place has opened itself up to numerous educational institutions for Bhutanese citizens. It also constitutes a major attraction for Indian businessmen in the Northeast who cater to a diverse range of customers in the region. We visited the Losel Gyatsho Academy, a co-ed boarding school, as well as some factories and hospitals.

The proximity to the Dadgiri market, our case-study, made the visit to the Gelephu market

a subject of interest. It enabled us to juxtapose research findings from Dadgiri market with new observations.

The Gelephu Market is a daily market. It is a neatly designed market space in a much more organized manner than is the case in the Dadgiri Market (See Figure 16 & 17). The main participants of the market are Indians, Nepalese and Bhutanese sellers who have ancestral connections and have interiorised Bhutanese culture and practices. Many shopkeepers, however, complained of the potential competition with the Dadgiri market on the Indian side of the border as regards customers. Observing and dwelling into conversations with both buyers and sellers assisted us to obtain a broad overview of their ideas and culture. Many Indian traders were a part of the community, which even includes workers from

Bihar - with a monthly wage system employed so as to help them develop their business. They mentioned transport costs being low in this area because of its proximity to supply chains as well as forward linkages. The market, with a vast range of commodities, is located near consumers. Further, lower living costs allow for an easy supply of labourers.

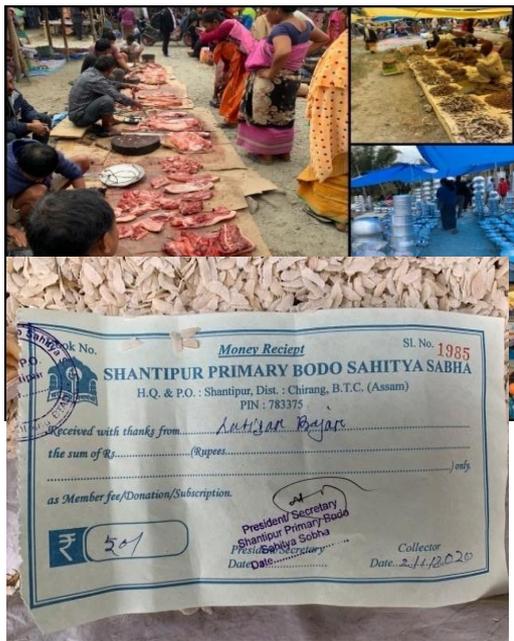


Figure 18: Receipt provided for one day rent in Hatisar market, taken in Hatisar, Chirang, Assam. January 2, 2020



Figure 19: A Wholesale candy shop in Dadgiri Market, taken in Hatisar, Chirang, Assam. December 19, 2019

Local shop keepers held that the arrangement of shops and various other aspects are regulated by the government. For instance, shop hoardings have a defined size, font, colour and design so as to make the market area look uniform. Non-adherence to guidelines can cost shop owners their license. The market hence appears to be uniformly designed and

gives off the appearance of a well-planned municipal(See Figure 18&19).

It was interesting to observe that the Gelephu market space mostly distributes finished materials coming in from different countries, despite the manufacturing of similar goods within the country. The Gelephu Border gate and the Phuentsholing border gate between India and Bhutan observe an extremely high influx of goods coming in from various corners of India, mostly comprised of copies of branded goods. This is mainly because local customers cater to more trending goods according to western types, which lack in made-in-Bhutan products.

One observation regarded the transaction between customers and vendors. Since the majority of the products are copied goods with no uniformity in MRP tags or fixed prices, and because bargaining forms an important activity, the profit margin depended solely on the seller's discretion. Interactions with sellers provided an insight to their expectations on profits. Different products have different expectations of profit; profits also vary from day to day. It was observed that the aim is for a threshold amount of profit, which dictates the terms of bargaining. We tried buying a black track pants - which on deeper conversation was found out to cost the shopkeeper less than Rs. 300 but whose targeted sale stands at around Rs.550. Thus, the targeted product profit base kept fluctuates around 40-50% - which is considered a decent margin. Another interesting observation was that the graffiti t-shirts coming in from India were higher priced than those coming in from Bangladesh, Thailand and Japan. Bargaining brought down the price of t-shirts coming from Japan and China; however, the selling price of Indian products did not shift.

It transpired from discussions with various shopkeepers and shop owners in Gelephu that there was a general perception that Bhutanese consumers are inclined to spend money on products based on the latest trends. Through some conversations it was revealed that Bhutanese society functions on extremely subsidised rates, with healthcare in the country being completely free of cost. Some locals mentioned that this leaves citizens with more disposable income and lesser inclination towards savings.

As we explored the market, we entered a separate space of a grocery market which constitutes a completely different transactional space - with a fixed price environment over most goods. This smaller part of the Gelephu market is a weekly market which opens up on Friday, Saturday and Sunday. The small market arena has been set up with well designated cemented platforms for all the shops coming in and selling.

In the grocery market area, the types of goods available are highly functional and cater to daily needs – for instance, meat, fish, groceries and other type-like commodities. The market becomes more interesting as major products do not have a shifting price around a narrow range. Instead, they are recorded to be exactly the same throughout the market. For instance, Katla fish had an overall fixed price of Rs. 300, Raw fish Rs. 250, Pangash fish Rs. 200. Groceries, including fruits and vegetables, included onions at a price hike of Rs. 120, the same as in India, at the time of the field visits. This helps us understand the supply chain dynamics and how street vendors who usually have their linkages from local industries are affected by the formal economy of their neighbouring countries.

Analytical Observations

Both markets display certain common features. Informality, one of these, constitutes a challenge for those involved as shopkeepers from different origins bring in goods and supply local customers. The number of products coming in and their sale at particular prices remain at the discretion of the sellers. The major incentives relate to higher profit margins and the advantage of location. Imitated apparel goods, cheap electronics with a wide range of bargaining power, continue to attract consumers from both sides of the border. The tendency of – especially Bhutanese - customers to spend their disposable income on trending products made them stand out in both markets.

The markets display a mixture of Indian and Bhutanese cultures. Geographical proximity and ease of movement defines the type of products within the market, catering to foreign consumers equally well. Transactions display popular cultural norms and practices like consuming ‘supari’ (betlenut) relished with a small amount of ‘chuna’ (tobacco), especially in the Dadgiri market, as observed during the 1 month stay in the region.

The Dadgiri market is an important example of peaceful cooperation and collaboration; it is not just a set of random sellers accumulating at the same point. Locals identify very well the needs of Bhutanese customers and cater to them as part of the transactional process. The market also adapts to various economic strategies in times of difficulties (like that of demonetisation), as well as in calculating profits. Thus, in terms of functioning it is a stable market, yet without any government interference.

Another minute observation recorded regarded the changing competition between perishable and non-perishable products. Their-weekly grocery market consisting of

perishable goods had a set price which remained constant throughout the market. Other commodities, especially garments, were priced at the discretion of sellers.

The differences between the Dadgiri and Gelephu markets start from the purpose and the conception of the markets themselves. The Dadgiri market was the product of a peace process and its history is mired in politics of Indo-Bhutan relations as well as the BTC (Bodoland Territorial Council). Another difference was the participation of women in the market space. Bhutan has a fair amount of shops in the main market complex that are owned by women, in addition to the tri-weekly vegetable market which is completely dominated by women. Men are only engaged in selling meat and fish. The opposite is true in the Dadgiri market, which is dominated by male shopkeepers. This is due to the fact that a majority of retailers travel long distances to set up shops in the Dadgiri market. Only local women are seen selling fish and meat in the Dadgiri market, and often in smaller stalls of fresh produce as well.

With seemingly more gender parity in the market space, a wide range of duplicated goods and transactions in both currencies, the Gelephu market did present an interesting area of visit. With more Bhutanese consumers than Indian, Chinese electronic goods from other states of India and local cuisines around the market, the Dadgiri market served as a meeting point between two politically separated regions.

These markets can thus be seen as an important component of the local economy. Although informal in nature, they also affect the larger economy of the states/ countries. Against centre-periphery theories, it can be assumed that border regions are more likely to thrive through lively trade, and as a result generate economic growth in borderlands (Chang, 2010). A brisk trade will generate economically productive activities. Thus, people near borders are more likely to join in dynamic economic activities than people elsewhere; as a consequence, economic growth near borders will be higher than elsewhere. Compared to other industries, manufacturing business will be more popular in border regions than in non-border regions because of regional advantages in transportation (Chang, 2010).

Recommendations:

Apart from the analytical observations, the time spent by team in the Dadgiri market enabled them to suggest measures intended to upgrade the market area. One major problem faced was the lack of banking facilities near the market. An ATM or a public bank customer service point would allow easier transactions for both customers and vendors.

There is major requirement regarding the construction of sanitation facilities, especially public toilets. The lack of these facilities is often seen as a hindrance to women vendors' participation. This can possibly be taken up directly under the aegis of the Swachh Bharat Abhiyan. Along with this, clean drinking water facilities need to be set up for the ease of both visitors and shopkeepers. An additional facility could be a crèche as many women were seen struggling with work and looking after their children simultaneously.

The funds for these expenditures could possibly drawn from the Border Area Development Programme (BADP) or the specific Civic Action Programme of the Suraksha Seema Bal based at the border.

Conclusion

The study accumulates all the primary observations throughout field visits along with secondary sources' references - and presents an overview of the functioning of these markets. The various components of the markets such as location-related advantages, the variety and kinds of products, economic activities, buyers, sellers and workers from both nationalities, as well as ease of movement across borders, make these markets stand out from central markets catering to urban regions.

Informality, the type of products (mainly imitated goods and Chinese electronics), the scope for bargaining in these two markets make them lie closer to the category of street vending activities. Although they are remote and informal in nature, they are affected by the larger economic and political churnings in their countries. The specific case of demonetisation and political protests in India and their impact on these markets reveal how far day to day functioning is influenced by wider dynamics. The study also draws parallels between different set ups of market across the world and the present case studies so as to understand the commonalities between such market spaces. Despite lying in two different

political boundaries, these markets are found to be in close geographical, economic and cultural proximity. Each step in the study underlines the significance of the border markets in the economic and cultural exchanges. This can potentially play an important role in the relationship between the two countries. The study seeks to provide a broad framework for studying border market spaces. The scrutiny involving various aspects of the market activities (procurement and transaction of goods, profiling of the workers, sellers and buyers, gender profiling, market set up and extent of formal regulation) mentioned in the study are common themes which can provide a good insight into inter-community and economic relations across borders. This can in turn enable a better understanding of cross-border relations and the possible role of border markets as a diplomatic and economic tool.

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A Note on Terminology:

Bandh: an occasion when offices, businesses, schools, etc. close for a day and people stop working in order to show that they disagree with policy reforms to show respect for a national leader. It is an uncommon occurrence and hence a strong political statement.

Bargaining: discussions between people to reach agreement on something such as prices, wages, working conditions, etc. (Cambridge Dictionary, 2014).

Bodoland Territorial Council: The Bodoland Territorial Council (**BTC**) is an autonomous district council for the Bodoland Territorial Region of **Assam** state in India. It was established on 10 of February 2003.

Churzegang Tshechu: The Churzegang Tshechu is held at Gelephu, in the Sarpang district. Apart from religious significance, Tshechus are a carnival-like colourful event where people dress in their best, textile-rich clothes, decorate themselves with jewellery and come to witness the Tshechu- and also to take a break from their daily mundane lives. According to Buddhist philosophy, it is also believed that when a Tshechu is being conducted, evil forces are bound to dwell the nearby places to cause obstruction to good causes and the Atsaras helps chase and keep evil forces at bay (Tourism Council of Bhutan) Bodo: Bodo language, a language of the Tibeto-Burman branch of Sino-Tibetan languages having several dialects. Bodo is spoken in the north-eastern Indian states of Assam and Meghalaya, as well as in Bangladesh. (Encyclopaedia Britannica, 2014).

Counterfeits: Counterfeit goods can be defined as ‘Goods that bear a logo/patent/trademark that is similar to, or unnoticeable from a logo/trademark/patent registered to another company using the copied trademark for their profits and thus defame the original brand.’ (Veloutsou 2007).

GDP: The Gross Domestic Product is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of the country's economic health (Chappelow, 2020).

GNH: Gross National Happiness. The concept implies that sustainable development should take a holistic approach towards notions of progress and give equal importance to non-economic aspects of wellbeing. The phrase ‘gross national happiness’ was first coined by the 4th King of Bhutan, King Jigme Singye Wangchuck, in 1972 when he declared, ‘Gross National Happiness is more important than Gross Domestic Product.’ (Oxford poverty and human development initiative (OPHI,n.d).

GST: Goods and Service Tax. The GST is an Indirect Tax which has replaced a variety of other Indirect Taxes in India. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017. The Act came into effect on 1st July 2017; Goods & Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition.

Ojhas/ Kabiraj: Traditional Healers.

Retail: the activity of selling goods directly to the public, usually in small quantities.

Street Vendors: A street vendor is broadly defined as a person who offers goods for sale to the public without having a permanent built-up structure from which to sell. Street vendors may be stationary in the sense that they occupy space on the pavements or other public/private spaces or, they may be mobile in the sense they move from place to place by carrying their wares on push carts or in baskets on their heads (Bhowmik, 2005).

Trust: The behavioural component of trust refers to the confidence aspect in exchange relationships. For instance, Moorman, Deshpande and Zaltman (1993: 82) define trust as ‘a willingness to rely on an exchange partner in whom one has confidence.’ Similarly Anderson and Narus (1990: 45) focus on this confidence aspect of trust by defining it as a ‘firm's belief that another company will perform actions that will result in positive outcomes for the firm as well as not take unexpected actions that result in negative outcomes’ (Aulakh & Kotabe & Sahay, 1996).

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