

# Role of Trade in Strengthening India-Myanmar Relations: A Twenty-Year Analysis (2006–2026)

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## Abstract

India and Myanmar possess a distinctive relationship founded on collaboration, coordination, shared understanding, and trust. While the two nations differ significantly in geographic size, population, economy, and military power, they still maintain a strong relationship and collaborate effectively in social, economic, and cultural areas. This paper highlights the historical, colonial and post-colonial relations among India and Myanmar. This paper aims to study the trade connection between the two countries over the past twenty years, specifically emphasizing the trade between India and Myanmar starting from 2006. Additionally, it examines and analyse the Balance of Trade, highlighting India's trade deficit with Myanmar which could be seen from fiscal year 2006-07 to 2014-15, while on the later fiscal years ranging from 2015-16 to 2020-21 it could be witnessed trade surplus for India. The paper tries to highlight the contemporary issues that exist between India and Myanmar like drug trafficking, insurgency, and political instability in Myanmar which strain the relationship between both the nations to some extent along with it the paper will also highlight the initiatives and programmes taken up by both the government for a healthy and strong bond. Lastly, this paper concludes by providing few ways forward for both the nations to establish an everlasting relation with coordination and cooperation.

**Keywords:** Indo-Myanmar Trade, Balance of Trade, Trade Surplus, Trade Deficit, Golden Triangle, Cooperation.

## Introduction

In international arena no one is permanent friend or permanent enemy, but states try to maximise power over others. In the 21<sup>st</sup> century India tries to emerge as a leader of the South Asian region and establish friendly and peaceful relations with its neighbouring nation. According to former Prime Minister Atal Bihari Vajpayee- “One can change friends, but not neighbours”. Thus, India being the largest democracy of the world tries to maintain cooperation with its neighbours which includes Myanmar.

India and Myanmar share a tie of cooperation and friendship since time immemorial. Myanmar shares border with four of the Indian states namely Arunachal Pradesh, Manipur, Mizoram and Nagaland which roughly accounted up to 1600km. The relationship between both the nation can be seen flourishing because of several factors like culture, religion, and also due to people to people contact. Myanmar considers India as one of the pilgrim places as the major religion followed by the people of Myanmar is Buddhism and India is the land where Gautam Buddha attained its enlightenment as well as one of the major centres from where Buddhism got spread globally. It is believed that Buddha provided eight hair strands to monks of Myanmar named Tapusa and Bhallika for spreading Buddhism in their homeland. During Ashoka’s reign several missionaries were also dispatched to Myanmar.

In Southeast Asia, Myanmar has served as a distinctive instance where Theravada Buddhism thrived significantly throughout the monarchical era for numerous centuries and where the element of religion played a significant role in both colonial and post-colonial periods too. As independence drew near, the nation confronted a decision among contemporary and classic views regarding the function of religion in government matters. It was a confrontation of ideals between Aung San and the conservatives. The latter sought acknowledgment of Buddhism as the Aung San firmly dismissed the demand for a state religion because such a that action could threaten national cohesion in a diverse community [1]

Colonial interactions shaped the course of Indo-Burmese relations in the nineteenth century. The Anglo–Burmese War of 1824–1826 concluded with the Treaty of Yandaboo, which forced Burma to relinquish Assam and regions of Arakan. The Second Anglo–Burmese War of 1852 resulted in the acquisition of lower Burma under British rule, as the Third Anglo–Burmese War which held by 1885 resulted in the complete incorporation of Burma into British India, established in 1886 during the tenure of Viceroy Lord Dufferin [2].

In 1897, Burma was designated as an independent province governed by a Lieutenant Governor, yet it continued to be part of British India until 1937. The economic relationship strengthened during this time as Burma emerged as a major rice exporter, whereas India supplied goods such as cotton, yarn, jute bags, and coal [3].

In 1937, Burma officially distanced itself from India through the Government of Burma Act, 1935, yet cordial ties remained, highlighted by Nehru’s encouraging visits and shared pledges to independence. Both nations gained independence within a few months India in 1947 and Burma in 1948 showing similar paths [4]

### **Relations after Independence**

After India achieved her Independence the first Prime Minister Jawaharlal Nehru being the External Affairs Minister tried to make a policy for good ties and cooperation with its neighbouring countries. Several treaties of Friendship and cooperation were signed with this vision of Nehru and among which 1951’s Indo Myanmar Friendship is one of them.

In 1962, Ne Win orchestrated an authentic military coup, ousting the Prime Minister U Nu and suspending the Constitution of 1947. The nation was subjected to military rule. With the declaration of the Burmese the path to socialism was initiated by Ne Win. A fresh Constitution in 1974 and declared 'the Socialist Republic of the Union of Myanmar. The new Constitution facilitated the legalization of single-party governance, yet it was largely perceived as a political disguise. Burma possessed an elected parliament, yet only a single candidate was able to competition from every district [1].

A paradigm shift took place when India adjusted its strategy under P.V. Narasimha Rao and implemented the Look East Policy of 1991. Strategic issues, such as China's sway in Myanmar, the insurgency in Northeast India, and ASEAN integration, drove India towards a policy focused on engagement [5].

The initial official bilateral trade pact between India and Myanmar (formerly Burma) was established on September 5, 1956. Another agreement between India and Myanmar was the India- Myanmar Boundary agreement of 1967 which demarcated boundaries between India and Myanmar. Though several treaties were signed between both the nations during different decades, the formal and smooth relations between the two nations started after the visit of the former Prime Minister of India Rajiv Gandhi to Myanmar in 1987.

### Indo Myanmar Trade Relations

Trade between the both nations began by the late 1950s and early 1960s, but the situation changed when General Ne Win established military coup in 1962. The military regime of Myanmar brought policies like nationalization of the economy and removal of thousands of Indian-origin trades. The two nations formalized specific cross-border trade by signing the Indo-Myanmar Border Trade Agreement in 1994. This agreement from 1994 became effective in 1995, creating official border trade locations like Moreh in India and Tamu in Myanmar [6]. The trade started flourishing after the agreement between the states and in contemporary times Myanmar is the fourth largest trading partner of India.

#### Import Export Data Trade Analysis

**Table 1: Showing India's Export and Import with Myanmar (FY 2006-2012)**

Fiscal Year (FY)	India's Import (in million)	India's Export (in million)	Total Trade (in million)	Balance of Trade (in million)
2006-07	781.93	139.95	921.88	-641.98
2007-08	809.94	185.43	995.37	-624.51
2008-09	928.97	221.64	1150.61	-707.33
2009-10	1289.8	207.97	1497.77	-1081.83
2010-11	876.13	194.75	1070.88	-681.38
2011-12	763.32	217.65	980.97	-545.67

Source: Ministry of External Affairs, GOI

The table 1 highlights the trade occurred between India and Myanmar from 2006 to 2012. The table provided with information that the export of India is much lesser than the import of India in the initial years. But comparatively India's export too increased steadily in later years. During the period from 2006 to 2008 the export from India was below US\$ 200million whereas the import by India was about US\$781million and US\$809million in FY 2006-07 and 2007-08. By FY 2008-09 India's export to Myanmar was about US\$221million but it seen to fall down in the 2009-10 FY to about US\$207million and surprisingly it went down more in 2010-11 FY to US\$ 194million. In the year of 2011-12 it shows the increase of India's export comparatively to previous year and it was about US\$ 217million.



**Figure 1: Graph highlighting India's Export and Import with Myanmar of FY 2006-2012**

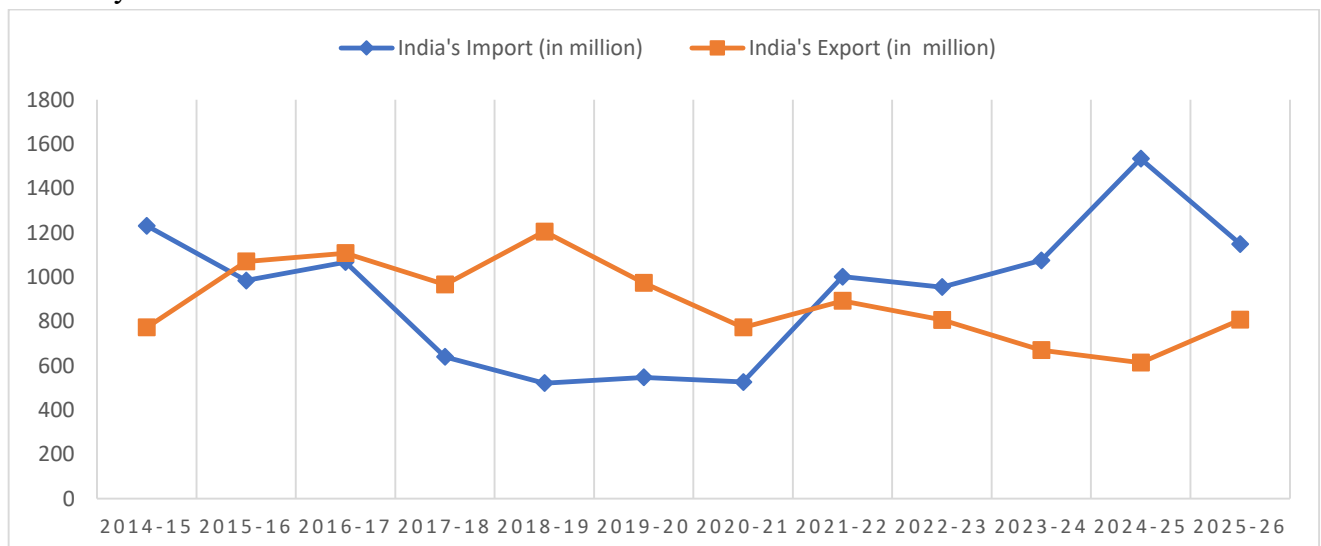
By looking into the imports data of India in table 1 it can be noticed that imports were much higher than the export which made the Balance of Trade (BOT) negative for India. The imports in 2006-07 FY were around US\$ 781million which raised by US\$ 809million in 2007-08. By 2009-10 imports were about US\$ 1289million but there was a decline seen in the year 2011-12 which was only about US\$ 763million.

**Table 2: Showing India's Export and Import with Myanmar (FY 2014-2026)**

Fiscal Year (FY)	India's Import (in million)	India's Export (in million)	Total Trade (in million)	Balance of Trade (in million)
2014-15	1231.54	773.24	2004.78	-458.3
2015-16	984.27	1070.65	2054.92	86.38
2016-17	1067.25	1107.89	2175.14	40.64
2017-18	639.64	966.19	1605.83	326.55
2018-19	521.49	1205.6	1727.09	684.11
2019-20	547.25	973.89	1521.14	426.64
2020-21	526.79	772.56	1299.35	245.77
2021-22	1001.87	893.03	1894.9	-108.84
2022-23	954.74	807	1761.74	-147.74
2023-24	1075.65	670.37	1746.02	-405.28
2024-25	1533.95	614.3	2148.25	-919.65
2025-26	1149.45	807.7	1957.15	-341.75

Source: Ministry of Commerce and Industry, GOI

Table 2 highlights the trade occurred between both the nations from FY 2014-15 to 2025-26. Through the table it can be observed that import by India from Myanmar show a mixed data which means some of the FY shows data which are more than US\$ 1000million and few FY are around US\$500million. In FY 2014-15 India imported near about US\$ 1231million which fell in 2015-16 FY to around US\$ 984million. By 2016-17 import from Myanmar again rose to US\$ 1067million but from FY 2018-19 to 2020-21 the import became even less than US\$ 550million. The highest import could be observed in the FY 2024-25 which was nearly around US\$ 1533million.



**Figure 2: Graph highlighting India's Export and Import with Myanmar of FY 2014-2026**

The export from Indian side too increased steadily and it could be observed that in few FY the Balance of Trade (BOT) was positive unlike the previous years from 2006 to 2012. The FY of 2015-16 and 2016-17 had exports from India around US\$ 1070million and US\$ 1107million respectively. Also, in 2018-19 it can be witnessed as highest export by India to Myanmar ever had which was approximately around US\$ 1205million this can be considered as the highest export of the decade.

### Balance of Trade (BOT)

The Balance of Trade (BOT) is the value of a country’s import and export in a certain period of time. It is a formula used by economists to measure the strength of a nation’s economy. The formula used for BOT is  $X$  (A country’s export) –  $M$  (A country’s import). BOT can be categorized into two types i) Trade Surplus and ii) Trade Deficit

When a country’s export is more than its import it can be termed as trade surplus. Trade surplus helps in the increase of foreign reserves and the increase of national income. Trade Deficit on the other hand can be referred as the country’s export is less than the country’s import. This leads to currency devaluation of the country and also can be termed as negative BOT.

In Indo-Myanmar Trade relations the BOT can be observed as a mixed one as in certain FY it can be witnessed in favour of Myanmar and sometimes in favour of India. From FY 2006-07 to 2014-15 the BOT was negative for India which indicates that India had trade deficit with Myanmar in all these FY. The BOT was in favour of India from the FY 2015-16 to 2020-21 which highlights that India had trade surplus in the certain time period with Myanmar. India could not hold the positive BOT with Myanmar for a long period as it can be witnessed that FY 2021-22 to 2025-26 there is trade deficit on Indian side.

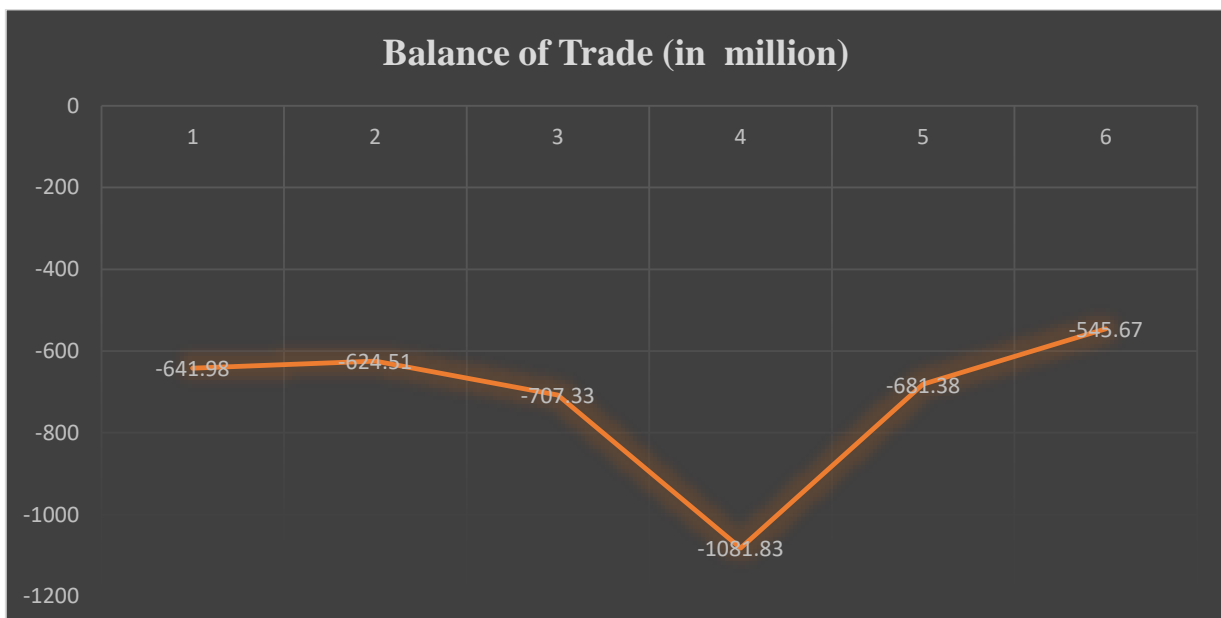
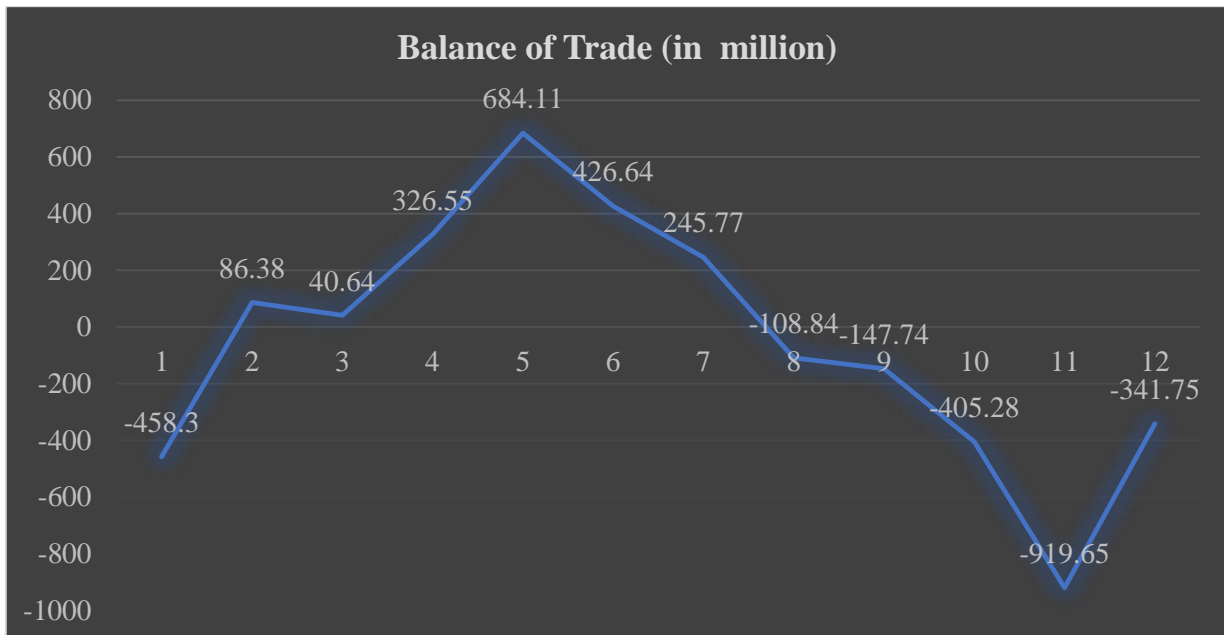


Figure 3: Graph highlighting the Balance of Trade between India and Myanmar from 2006-2012



**Figure 4: Graph highlighting the Balance of Trade between India and Myanmar from 2014-2026**  
 Thus, from analysing the BOT of both the countries it can be claimed that the bilateral trade between India and Myanmar is not unidirectional and favours both nations, unlike the case of Indo-Nepal trade where Nepal always faces trade deficit and BOT is always in favour of India.

**Table 3: Showing Major Imports and Exports by India with Myanmar**

Major Imports by India	Major Exports by India
Pulses and beans	Meat and edible meat
Wood and articles of wood	Pharmaceuticals
Products of animal origin	Iron and steel
	Sugar and sugar confectionery
	Electrical machinery and equipment
	Chemicals and allied products
	Oil well and mining equipment

Source: Central Statistical Organisation, Myanmar.

Despite proper relations between both the nations there are number of challenges that could be witnessed in their relations.

**Challenges in Indo-Myanmar Relations:**

Northeast insurgency and Drug Traffic: The Myanmar border serves as a hub for local armed separatist factions active within Myanmar and Indian groups, which include United Liberation Front of Assam (ULFA) of Assam and National Socialist Council of Nagalim Isak-Muivah (NSCN-IM) of Nagaland. The Golden Triangle area of Myanmar is infamously known for drug trafficking activities.



Source: Britannica

**Significant Surge of Refugees into India:** The current conflict between the People's Defence forces and Military Junta in the Sagaing and Chin regions has resulted in a significant forceful entry of refugees into Indian region, particularly in Manipur and Mizoram. The arrival of refugees in Indian subcontinent has become a significant point for dispute between Myanmar and India, as these are connected to violent ethnic conflicts, drug trafficking, and smuggling activities.

**Abuse of Free Movement policy:** Militants and cross-border criminals are taking advantage of the Free Movement policy between India and Myanmar to engage in the illegal transport of weapons, smuggled items, and fake Indian currency.

**Political Turmoil in Myanmar:** In 2021, a military coup occurred triggered by the military's concern over National League for Democracy (NLD) party of Aung San Suu Kyi which won the 2020 elections by a landslide. The military (Tatmadaw) claimed election fraud and executed a coup in February 2021. Aung San Suu Kyi and other officials were arrested, leading to massive protests and a brutal military response. Multiple Ethnic Armed Organizations (EAOs) and People's Defence Forces (PDFs) heightened their opposition to the military government, leading to increased confrontations nationwide.

## Conclusion

In contemporary times, Indo-Myanmar relations can be viewed as unpredictable and uncertain due to the obstacles faced in Myanmar's democratic progress. The military governance in Myanmar facilitates cooperation between the two nations however, it is also considered that collaboration between two democratic governments is always superior. India on the other hand, consistently seeks to be collaborative and sustain a cordial relationship with Myanmar through various initiatives and strategies, which include infrastructure development and offering aid during emergencies.

## Some of the initiatives taken by the Indo-Myanmar government for cooperation

Connectivity between both the nations

- India is developing the Kaladan Multi-Modal Transit Transport, a cargo transport initiative involving road, river, and port, to connect Kolkata with Myanmar's Sittwe and from Myanmar's Kaladan river

to northeastern region of India.

- Myanmar, India and Thailand are constructing the Asian Trilateral Highway, linking India with ASEAN regions. The route is anticipated to enhance trade and business within the ASEAN–India Free Trade Area and with other parts of Southeast Asia.

### **Trade and Economic Cooperations**

- The effectiveness of India’s Act East Policy and Neighbourhood First Policy largely relies on its relationship with Myanmar. Myanmar benefits from a duty-free tariff preference program designed for least developed countries (LDCs).
- Certain firms of India like GAIL, ONGC Videsh Ltd and Essar have put money into energy industry of Myanmar. Collaboration in the financial industry, vital for trading and investment, is progressing gradually. The United Bank of India and the EXIM bank maintain delegate offices in the Myanmar region. Indian companies are involved in industrial, services like insurance, banking, dry ports, the energy sectors, and many more.

### **Assistance during Disaster**

- India has reacted quickly and efficiently in providing support after natural disasters in Myanmar such as Cyclone Mora in 2017, Komen in 2015, and the earthquake in Shan State in 2010.
- India pledged to assist in enhancing capacity for disaster risk reduction and in reinforcing Myanmar's National Disaster Response Mechanism.

### **Cooperations in defence**

- The India-Myanmar Bilateral Army Exercise (IMBAX) focuses on fostering and enhancing closer ties between the armies. Myanmar plays a crucial role in the effort to eliminate insurgency in northeastern India.

### **Strategic Significance**

- Myanmar is India’s gateway to South-East Asia. The India-Myanmar border is very permeable, inadequately secured, situated in a remote, underdeveloped, insurgency-sensitive area, and close to opium cultivation zones.

### **Way forward**

- India should focus on completing projects like Kaladan Multimodal which started way back in 2008.
- India should focus on soft power diplomacy with Myanmar.
- Both the nations should focus on managing their borders to avoid illegal migrants as well as to reduce drug trafficking.
- Both nations should cooperate closely in regional and international organizations such as BIMSTEC, UN, WTO etc.

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