Connecting Corridors beyond Borders

Enabling seamless connectivity in the BBIN sub-region
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## Abbreviations

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<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
</tr>
<tr>
<td>BBIN</td>
<td>Bangladesh Bhutan India Nepal</td>
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<tr>
<td>BDT</td>
<td>Bangladeshi Taka</td>
</tr>
<tr>
<td>BGB</td>
<td>Border Guards Bangladesh</td>
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<tr>
<td>BPA</td>
<td>Business Process Analysis</td>
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<tr>
<td>BRI</td>
<td>Belt and Road initiative</td>
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<tr>
<td>BSF</td>
<td>Border Security Force</td>
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<tr>
<td>C&amp;F</td>
<td>Clearing and Forwarding Agents</td>
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<tr>
<td>CFT</td>
<td>Cubic Feet</td>
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<tr>
<td>CHAs</td>
<td>Custom House Agents</td>
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<tr>
<td>EDI</td>
<td>Electronic Data Interchange</td>
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<tr>
<td>E-platform</td>
<td>Electronic platform</td>
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<tr>
<td>ESCAP</td>
<td>Economic and Social Commission for Asia and the Pacific</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>FFs</td>
<td>Freight Forwarders</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GoI</td>
<td>Government of India</td>
</tr>
<tr>
<td>HS</td>
<td>Harmonised System</td>
</tr>
<tr>
<td>ICD</td>
<td>Inland Container Depot</td>
</tr>
<tr>
<td>ICP</td>
<td>Integrated Check Post</td>
</tr>
<tr>
<td>IMT</td>
<td>India-Myanmar-Thailand</td>
</tr>
<tr>
<td>INR</td>
<td>Indian rupee</td>
</tr>
<tr>
<td>IWTT</td>
<td>Inland Water and Transit and Trade</td>
</tr>
<tr>
<td>JLTF/C</td>
<td>Joint Land Transport Facilitation Committee</td>
</tr>
<tr>
<td>Kms</td>
<td>Kilometres</td>
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<tr>
<td>LCS</td>
<td>Land Customs Station</td>
</tr>
<tr>
<td>MVA</td>
<td>Motor Vehicles Agreement</td>
</tr>
<tr>
<td>LPI</td>
<td>Logistics Performance Index</td>
</tr>
<tr>
<td>MoRTH</td>
<td>Ministry of Road Transport and Highways</td>
</tr>
<tr>
<td>MT</td>
<td>Metric Tonne</td>
</tr>
<tr>
<td>NH</td>
<td>National Highway</td>
</tr>
<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>---------</td>
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</tr>
<tr>
<td>NLTFC</td>
<td>National Land Transport Facilitation Committee</td>
</tr>
<tr>
<td>NPR</td>
<td>Nepalese Rupee</td>
</tr>
<tr>
<td>NTBs</td>
<td>Non Tariff Barriers</td>
</tr>
<tr>
<td>RMGs</td>
<td>Ready-Made Garments</td>
</tr>
<tr>
<td>SSPs</td>
<td>Support Service Providers</td>
</tr>
<tr>
<td>SAARC</td>
<td>South Asian Association for Regional Cooperation</td>
</tr>
<tr>
<td>SASEC</td>
<td>South Asia Sub Regional Economic Cooperation</td>
</tr>
<tr>
<td>SEZ</td>
<td>Special Economic Zone</td>
</tr>
<tr>
<td>SSB</td>
<td>Sashastra Sima Bal</td>
</tr>
<tr>
<td>TCD</td>
<td>Time, Cost and Distance</td>
</tr>
<tr>
<td>TRS</td>
<td>Time Release Study</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>US$</td>
<td>United States Dollar</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>VIP</td>
<td>Very Important Person</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
</tr>
</tbody>
</table>
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This publication is a result of the cumulative efforts of number of individuals who have contributed to this project directly and indirectly. A large number of stakeholders having deep interest on issues of Trade, Transport and Transit Facilitation within Bangladesh, Bhutan, India and Nepal (BBIN) countries have extended their support. They were connected through unfiring efforts and have helped greatly in shaping up the project and its publication. We acknowledge their valuable contributions and thank them for their inputs and support.

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- Dasho Kinley Dorji, Former Secretary, Ministry of Information and Communication, Bhutan
- Rajat M. Nag, Former Managing Director General, Asian Development Bank
- Goutam Ghosh, Additional Director, FICCI, New Delhi, India
- Prabir De, Professor and Senior Fellow, Research & Information System for Developing Countries

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Project Team
CUTS International
Intra-regional trade in South Asia is just about six per cent of total trade of the region. One of the reasons for this low volume is sub-optimal connectivity between and among the neighbours. South Asian integration through improved connectivity has suffered for years on account of political differences and misgivings among countries in the region. Intra-regional trade could increase immensely with the removal of barriers that frustrate trade in this region.

According to a recent estimate by the United Nations Economic and Social Commission for Asia and the Pacific, the potential of regional trade is at least three times the existing level.

Not only will improved connectivity boost trade but also address the abysmal poverty that haunts the region along with other threats pertaining to food, water and energy security. There is, therefore, imminent need to expedite integration efforts at multiple levels within the region. The initiation of Bangladesh, Bhutan, India and Nepal Motor Vehicles Agreement (BBIN MVA) in 2015 is a move in that direction. India’s willingness to stimulate integration with concurring countries to its east is reflected in its Act East policy and engagement with the Bay of Bengal and Indo-Pacific regions.

Apart from sharing a rich cultural heritage, colonial past and huge resource endowments, this sub-region possesses various economic complementarities that can cater to the common benefit of the people. Keeping in view the unexplored resource endowments and trade potential of the BBIN sub-region, trade connectivity will serve as a harbinger of economic growth and prosperity and reduce poverty within and across these countries.

To that end, the importance of the BBIN MVA initiative can hardly be exaggerated. It is not just about seamless movement of cargo and passenger vehicles across the region. It envisions the possibility of operationalising several economic corridors which are hitherto dormant but have immense potential through to trade, transport and transit facilitation. For all this to materialise, governments of the concerned countries need to enunciate proactive and complementary policies that will address several challenges pertaining to infrastructure and political economy in this sub-region.

It is clear that several complexities like procedural delays, infrastructure bottlenecks, governance issues, etc. are damaging the sub-regional transportation and transit system of the BBIN countries. Literature review suggests that the countries in the South Asian region have been negotiating among themselves through the South Asian Association for Regional Cooperation (SAARC) platform to reduce current physical and non-physical barriers to transportation and transit. But progress has been rather slow and costs of intra-regional movement of goods are increasing and hindering intra-regional cross border trade.
It is due to non-tariff policy-related and institutional constraints, such as red tape, inadequate enforcement of contracts, sub-optimal number and capacity of officials and institutions, insufficient definition and enforcement of rules of engagement, asymmetry in standards, delays in customs, ports and border crossings, pilferage in transit, and highly restrictive protocols on the movement of cargo that trade competitiveness and growth in the region are being adversely affected. Taken together, they result in significant information asymmetry among the relevant stakeholders, leading to a further increase in the cost of doing cross-border trade.

Better connectivity among the nations reduces the hurdles in the movement of goods, services, investment and passengers. Initiatives like the BBIN MVA will ease trade for landlocked as well as for the other nations of this sub-region. But trade is not the only thing that is going to be positively affected by this MVA because there will be political and social benefits and costs too when this agreement comes into force.

Keeping this in mind, the present work has delved into a study of the hurdles that frustrate intra-regional trade and the measures that need to be adopted to address them.

This study has highlighted findings from the ground for policymakers in the concerned countries to take note of. It acquires added relevance at a time when the governments of the BBIN countries are poised to establish better connectivity in the region including multi-modal connectivity through many other initiatives, such as the India-Bangladesh Coastal Shipping Agreement.

This will ensure trade, transport and transit facilitation across the region and also contribute to regional harmony and integration by cementing ties between people who have been natural neighbours down through the ages. Effective implementation of the BBIN MVA will complement as a harbinger for other sub-regional connectivity initiatives and enable common people to identify themselves with the virtues of cross-border cooperation.

I thank the U.S. Department of State for supporting this project and our partners Unnayan Shamannay (Bangladesh), Bhutan Media and Communications Institute and Nepal Economic Forum for partnering with us in carrying out the study. I thank my colleagues who executed it on the ground. We look forward to making further contributions to future policy discourse on this subject.
Executive Summary

The eastern region of South Asia includes the states of Bangladesh, Bhutan, India and Nepal, which are referred as the BBIN sub region. These countries are trying to strengthen trade ties amongst themselves through various connectivity initiatives. As of now, this region is home to 1.56 billion people (of which India constitutes about 87 per cent) with a combined GDP of US$2.5 trillion. Additionally, the region shares strong cultural, religious and sociological roots. Keeping in view the unexplored resource endowments and trade potential of the BBIN sub-region, trade connectivity will serve as a harbinger of economic growth and prosperity and reduce poverty within and across these countries.

Enhanced connectivity through the initiative of BBIN MVA will provide a major boost to the landlocked economies of Bhutan and Nepal. It is expected that these countries will have greater access to global markets, both for exports and imports. It will also provide benefits to the north-eastern region of India through better connectivity. Areas in Nepal, Bhutan and the north-eastern parts of India have almost the same geographical terrain, but poor connectivity invariably undermines the true economic potential of the region. The BBIN MVA will promote containerisation of cargo movement within the region by allowing vehicles from the BBIN countries to enter each other’s territory. One of the biggest advantages of containerised trade is that it is multi-modal.

Therefore, an integrated road and rail network in the BBIN countries will further facilitate containerisation in South Asia, which will help in reducing trade costs further. Apart from this, it will also reduce some of the informal trade that happens among the BBIN countries. The present study has identified eight corridors, through which most of the trade currently takes place among BBIN nations.

Out of these eight selected corridors, there are three corridors, in which India is an in-transit country connecting Nepal, Bhutan and Bangladesh with each other. In the rest of the corridors, India trades directly with Bhutan, Nepal and Bangladesh.

This study attempts to provide details of the selected corridors with respect to available infrastructure, corridor-wise Time-Cost-Distance (TCD) analysis and country-wise impact on political and social aspects.
Infrastructural Issues

In the context of infrastructural deficiencies across the corridors, it has been found that delay in truck movement is majorly caused by: (a) Poor condition of roads and bridges (both ‘at the border’ and ‘off the border’) leading to congestion; and (b) Procedural delays owing to infrastructure deficits at the border, for example, manual inspection of consignments, intermittent internet and electricity supply, lack of well-equipped quarantine and food testing labs, etc.

Several factors are seen to conspire and retard implementation of infrastructure projects in the region. These include issues related to land acquisition that get often exploited by political opponents to incite farmers and antagonise labour sentiments to delay or stall projects. Further, the system which lacks transparency at multiple levels encourages rent seeking behaviour and such entrenched vested interests that stand in the way of operationalising projects for improved infrastructure. Opposition from vendors, labourers and transport lobbies in existing local markets who fear loss of livelihood opportunities also impedes development of integrated infrastructure.

The current state of road infrastructure in BBIN sub-region is poor. These nations differ in terms of infrastructure (both soft & hard). Among all the member countries, India’s position is somewhat better in terms of infrastructure, but inadequacies are still immense. The major infrastructural challenges observed in the sub region may be summed up as follows:

- Infrastructural challenges pertaining to parking issues, narrow roads near Land Customs Station (LCS), improper water and sanitation facilities at ports
- Weak regulatory and institutional reforms, absence of testing and standard related institutions, inefficient customs clearance procedures, and excessive documentation involved in the trade process
- Poor internet connectivity at land ports affecting proper functioning of Electronic Data Interchanges (EDI) and creating obstacles for custom officials as well as for other agencies operating at the border points
- Absence of cold storage and adequate warehouse facilities in several places
- Lack of proper sanitation and refreshment facilities at some border points

Table 1

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<tr>
<th>Sr. No.</th>
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<td>Bangladesh</td>
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<td>India</td>
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<td>Nepal</td>
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<td>F.</td>
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<td>India</td>
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<td>Bangladesh</td>
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<td>G.</td>
<td>Fulbari – Banglabandha – Rangpur – Dhaka – Chittagong</td>
<td>India</td>
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<td>Bangladesh</td>
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<tr>
<td>H.</td>
<td>Agartala – Akhaura – Comilla – Chittaganj</td>
<td>India</td>
<td>—</td>
<td>Bangladesh</td>
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</table>
• Lack of adequate parking spaces cause trucks to encroach upon the roadways. This narrows the path for truck movement and causes congestion and delay and even accidents.
• Repair of bridges in several places in Bangladesh and India need to be expedited, for they act as a deterrent to movement of heavy traffic, and also cause trucks to resort to much longer and therefore, economically unviable routes.
• Incompatibilities in clearing systems on two sides of the border often cause undue delay in clearance procedures. Unless, technological upgrading of clearing processes and equipment on one side of the border is matched by the other side, coordination will always be a problem.

Time – Cost – Distance Analysis
Overall, from the TCD analysis, it can be concluded that the provisions under BBIN MVA will definitely help in reducing the trade costs among the four member countries, which would provide benefits to all. In addition, country-level efforts are necessary to ensure the basic hard and soft infrastructure, which can further reduce the waiting time and cost. There are specific provisions in the BBIN MVA, which can help in saving time-cost in relation to movement of cargo. Better coordination among border agencies, as envisaged by Article X, will reduce waiting time at LCS. Smooth flow of traffic through installation of a tracking system as stipulated in Article V will also reduce time and cost of transportation.

Political Economy Issues
Across all the corridors, there is a low level of coordination among the border management agencies, which primarily includes lack of communication and data exchange causing delay in clearance of inward and outward goods. Truckers complained that the labourers often refuse to work unless paid a premium over their regular wages. There have been many incidents where the Indian labourers halted the work to create an artificial supply scarcity in order to eventually raise their wages. Often such activities are supported by the strong labour unions of the region. Again, overloading has now become a regular practice for the transporters and truckers in several corridors. In discussing political economy issues, one comes across area specific problems. There are politically strong associations of the transporters as well as the truck drivers in Nepal. One such is the Narayani Truck Owner’s Association, which holds strong reservations against the two-way movement of cargo, for they associate foreign trucks with erosion of indigenous business and unemployment. The remoteness of Sonauli (Indo – Nepal border in the stretch from Lucknow-Gorakhpur-Sonauli-Bhairawa-Kathmandu) acts as a deterrent to economic activities in the region. Lack of fencing along the border pertaining to the corridor has led to rampant smuggling. In West Bengal (India), typically in Asansol, truckers generally rest during the day and drive at night to escape informal payments extorted by surveillance officers. The major political and policy related challenges to the implementation of the BBIN MVA are lack of political will and policy related challenges thrown up by malfunctioning or sub-optimal functioning of various institutions.
• Bhutan’s upper house of parliament is unable to ratify the pact due to opposition parties taking an uncompromising position. Bhutan remains concerned about environmental damage and loss of livelihood.
• Poor coordination among border agencies, which enhances the complexities in completing procedural and regulatory formalities involved in trade. Clearance procedures are both cumbersome and divergent.
• Lack of coordination among ministries and departments within the government of individual countries, for instance, the Ministry of Trade and Commerce and Ministry of Forest and Environment. In Bhutan, road construction for purposes of trade connectivity may be proposed by one ministry but may not be endorsed by the other.
• Absence of transparent mechanism of taxation and information sharing systems as well as nonexistence of efficient transit mechanisms hinders intra-regional trade among these countries.
• Identification of authorised routes and permits and signing of the protocols will remain a key challenge for the BBIN MVA agreement.
• Insurance issued in one country is not recognised in another. There has to be multi-country insurance and issuance of permits since the whole idea is to reduce documentation.
• Insurgency problems along the specific stretches of the corridors constitute a threat to law and order and therefore, a deterrent to the movement of people and cargo across the affected areas.
• Localised political issues across several corridors need to be addressed for smoother implementation of the BBIN MVA. Extortion of illegal payments from truck drivers is a recurring problem. There are several points across these corridors where truckers have complained of harassment on part of officials. These include Kakarvita and Hetauda in Nepal; Fulbari in India and Bogura, Sirajganj and Thakurga Bus Terminal in Bangladesh. Informal payments along the corridors erode the cost competitiveness of the transport companies. These costs are included while determining prices of commodities and hence are ultimately borne by the end consumers. Indirectly, these illegal practices make the imported goods costlier in the domestic market.

Social Issues

Trade facilitation and enhanced trade operations among countries in this region will have little significance unless people on the ground benefit in terms of improved standards of living and reduction in poverty as well as gender discrimination. One of the important purposes of the project is to map not just the prospective gainers but also the possible losers as a result of improved connectivity. A number of livelihood opportunities have sprung up at nodal locations across corridors for labourers and support service providers. However, if the BBIN MVA is implemented, then trucks will not need to stop at the number of points they do and that would mean loss of livelihood opportunities for these stakeholders. Some of the key social concerns are captured below.
• Livelihood concerns in the border areas are inextricably linked to issues like infrastructure inadequacy and political instability. The major hurdles faced by the stakeholders in enhancing their livelihoods include trust issues, banking systems, lack of technological upgrading, poor infrastructure, regional conflict and instability, and low investment in the region along with governmental indifference to regional development.
• It is important to gauge people’s levels of awareness. It was evident from the study that in general there is a need of awareness about the initiative among different stakeholders. Society must play a responsible role, particularly the media, which often creates hype and escalates tensions.
• People on the ground are heterogeneous and so the initiative will impact different categories of stakeholders differently. In case of disparity in the incomes within a group of stakeholders, the impact of the MVA may vary. For instance, it is generally seen that those who are engaged in the upper tiers of various categories viz., large-scale fishermen, aggregators, exporters/importers, transporters — are optimistic about improved prospects with better connectivity. Cross border tourism among member countries will also prosper benefiting tourists and adjoining livelihoods.
• But those stakeholders operating at the local rungs — labourers, small-scale fishermen are not motivated because they feel that even if trade increases, the benefits would not percolate to them. Small farmers are operating already through middlemen and are unsure of how the MVA will benefit them.
• Women’s participation is generally low, limited to certain kinds of laborious work and as support service providers. The study also brought to light that the local infrastructure ought to be made more gender sensitive. Long entrenched social ideas and taboos and corresponding mind sets of the people need to change to enable women to engage in various categories of work related to the trade process.
• Truckers of Bhutan are worried about the possible loss of business if trucks from neighbouring countries enter into their country. The government ought to find alternative jobs, vocational training and information sharing to ensure sustainable livelihood.
Policy Recommendations

To address the issues pertaining to delay in cargo movement owing to infrastructural bottlenecks at the border, the stakeholders proposed the following two broad based solutions: a) Creation of Integrated Check Posts with all the infrastructural facilities available under one roof; and b) usage of the ICD as a single point solution where all customs checking would be done. The field survey along the corridors showed that since ICDs are not present in all the corridors, it is important that strategic locations be identified for setting up these facilities. The specific recommendations are as follows:

- Country-level efforts are needed to provide the basic hard and soft infrastructure, which further reduces the waiting time and cost.
- Corruption has been found to be prevalent in all the selected corridors in the form of informal payments, bribes and extortions, which needs serious attention of policy makers.
- It is difficult for a local person or a layman to understand the benefits associated with the BBIN MVA. Widespread dissemination of information about the MVA is required.
- The livelihood of the involved stakeholders is a major concern that should be dealt with, especially the livelihood of labourers in all the nations and also, the truckers of Bangladesh, Bhutan and Nepal. It will be the responsibility of the government concerned to relocate/rehabilitate the losers in alternative jobs.
- It is expected that the implementation of the MVA will promote standardisation of trade and harmonisation of procedures and customs rules that will eventually minimise NTBs and thereby reduce the quantum of informal trade.

- For effective implementation, agreements like the MVA require a smooth political climate across the countries because tensions at the border can always dampen such initiatives. Hence the need for political coordination.

The BBIN sub region harbours 1.6 billion people, that is, 1/6th of the global population. Earnest efforts of the member countries will upgrade connectivity across the region. People of these countries had indulged in seamless cross-border movements in the past—the present drive aspires to restore and strengthen intra-regional connectivity to enhance trade and ensure benefits for people of the region. But multiple issues related to lack of infrastructure, lack of coordination mechanisms and complicated & convoluted customs procedures, excessive documentation, informal trade, informal payments and widespread unawareness among major stakeholders remain to be addressed.

Reforms in all these areas are necessary to facilitate trade among the countries. An integrated and well-coordinated network across countries in this region will act as a catalyst for developing cross-border value chains and will connect these countries with international markets.

In a globalised world, where it is not possible for any country to escape liberalisation, the importance of such initiatives like BBIN MVA can hardly be exaggerated. Planned improvements are under way and there is no room for pessimism.
Background

The eastern region of South Asia includes the states of Bangladesh, Bhutan, India and Nepal and is referred to as the BBIN region. These countries are trying to strengthen trade ties amongst themselves through various connectivity initiatives. It is expected that there connectivity initiatives will improve the current level of trade among BBIN countries and also deepen their cultural and social relations.

Apart from sharing a rich cultural heritage, colonial past and huge resource endowments, this sub-region possesses various economic complementarities that can cater to the common benefit of the people. Although, India is a major contributor to growth and development indices and has a strong geo-political position in this sub-region, the other member countries are not paranoid about India playing a hegemonic role, because most of the countries have evolved and strengthened their bilateral and multilateral relationships overtime. Keeping in view the unexplored resource endowments and trade potential of the BBIN sub-region, trade connectivity will serve as a harbinger of economic growth and prosperity and reduce poverty within and across these countries.

Trade Connectivity: Existing and Proposed Initiatives

In recent years, the term ‘connectivity’ has become a core element of the development discourse (ESCAP, 2014). ‘Connectivity’ is no longer understood merely in terms of physical infrastructure, but has wider connotation. As Roberto Azevêdo, Director General of World Trade Organisation, asserts: Connectivity is a combination of physical infrastructure of essential roads and ports, the soft infrastructure of rules, institutions and skills that help players take part in trade, and the digital infrastructure to connect people to the global marketplace at lower costs.’ (WTO, 2017)

Association of Southeast Asian Nations (ASEAN) has developed a comprehensive master plan on connectivity in keeping with its vision of bonding together to bring peace, stability and prosperity in a community of caring societies. The renewed version of ASEAN connectivity, 2025 plan envisages further advancement on regional integration efforts by providing sustainable infrastructure, digital innovation, seamless logistics, regulatory excellence and people mobility (ASEAN, 2016). BBIN countries can learn from and embrace several principles...
embodied by the ASEAN Community Vision 2025. Some of the key elements of this vision include:

- A rule-based community that fully adheres to ASEAN fundamental principles, shared values and norms as well as principles of international law governing the peaceful conduct of relations among states.
- A highly integrated and cohesive regional economy that supports sustained high economic growth by increasing trade, investment, and job creation.
- Improving regional capacity to respond to global challenges and megatrends; advancing a single market agenda through enhanced commitments in trade and goods.
- A more seamless movement of investment, skilled labour, business persons, and capital by embracing the evolving digital technology; promotion of good governance, transparency and responsive regulations; effective dispute resolution; and a view towards enhanced participation in global value chains.
- A sustainable community that promotes social development and environmental protection through effective mechanisms to meet the current and future needs of our people.

Such connectivity initiatives have inspired South Asian Regional Integration, albeit at sub-regional level. South Asian integration through improved connectivity has suffered for years on account of political differences and misgivings among countries in the region. Nevertheless, today the need to expedite integration efforts is recognised at multiple levels within the sub-region. The introduction of BBIN MVA in 2015 is a pointer in that direction. India’s willingness to stimulate integration with concurring countries on its east is reflected in its engagement with the Bay of Bengal and the Indo-Pacific regions.

In this endeavour, multilateral banks, the United Nations (UN) and other international organisations are providing financial assistance, technical support, and fostering inter-governmental cooperation to develop trade and transport corridors, people-to-people connectivity, digital connectivity, power grids and energy corridors among BBIN.

Table 1.1 portrays rail, road and port projects that are proposed or are being undertaken in BBIN to enhance cross-border connectivity. However, the timely implementation of these projects has remained challenging due to complex political and economic ground realities in the countries involved. For example, the upgrading of the LCS to an ICP at Raxaul-Birgunj corridor of Indo-Nepal border, which is also part of Asian Highway 42, has failed to meet completion deadlines several times.

Several factors are seen to conspire and retard implementation of infrastructure projects in the region. These include:

- The land acquisition issue is often exploited by political opponents to incite farmers and antagonise labour sentiments to delay or stall projects.
- A system, which lacks transparency at multiple levels encourage rent seeking behaviour and practices and such entrenched vested interests stand in the way of operationalising improved infrastructure projects.
- Opposition from vendors, labourers and transport lobbies in existing local markets which fear loss of livelihood opportunities if integrated infrastructure and transparent systems shape up.

These projects are of particular importance for the development of the northeast region of India that is connected with Nepal and Bhutan. Therefore, timely completion of the undertaken infrastructure connectivity projects is vital. It requires robust financial mechanisms, and active political and administrative engagement. A co-ordinated approach to infrastructure development and regulatory harmonisation on part of the concerned countries would be crucial for the timely success of connectivity projects in the BBIN region.

**Salient Features of BBIN MVA**

The BBIN MVA framework consists of 17 articles and 63 sub articles including four forms of permits for both cargo and passenger traffic with various regulations, directions, restrictions and limitations along with three annexures (Karim and Hasan, 2015; De, 2015; BBIN MVA, 2015).
In order to ensure its operationalisation, certain provisions of the Agreement are followed with the protocols. According to the draft protocols (2016) there are 18 articles with several amendments in the previous articles, which are expected to be finalised soon (MoRTH, GOI, 2016). A list of all articles and their major provisions as per draft protocols, based on BBIN MVA document 2015, is presented in Table 1.2. These articles specify both cargo and passenger movement in BBIN countries.

Apart from the afore-mentioned articles, this MVA contains three annexures, which comprises (i) template for the protocol containing details of route, route maps, location of permitted rest or recreation places, tolls and check posts for passenger or cargo transportation (ii) format of the protocol listing the competent authorities under reference in Article III (12) (iii) format to provide identification details of the conductors, cleaners or helpers travelling in the vehicle. The Forms of A, B, C and D permits, as per Article III, are also given in the Agreement, which need be filled by the vehicle operator and counter-signed by competent authorities of country of origin and destination (BBIN MVA, 2015).

And lastly, the schedules with specifications of routes agreed, weight of motor vehicles allowed, type of vehicle movement along with the time period of temporary admission and required documents, format of manifest, transit declaration are given in both the categories of transportation such as cargo movement and passenger movement (MoRTH, 2016).

### Significance of BBIN MVA

#### Regional connectivity

The connectivity through BBIN MVA initiative will provide a major boost to the landlocked economies of Bhutan and Nepal. It is expected that these countries will have greater access to global markets, both for exports and imports. The Almaty Programme of Action, adopted by the United Nations in 2003, recognised that landlocked countries have specific needs for reducing their trade costs and promoting growth. The programme identified the importance of regional transport agreements in promoting trade connectivity (UNCTAD, 2007; World Bank, 2014). The BBIN MVA will make it possible for the

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| India  | • Inland Container Port at Ashuganj, Bangladesh  
• Widening of Ashuganj-Akaura Road in Bangladesh (will provide connectivity to Tripura)  
• Akhaura-Agartala Rail Link  
• Inclusion of additional routes in IWTT Protocol  
• Bridge over river Feni (at Sabroom, Tripura)  
• Upgradation of infrastructure at Sutarkandi LCS to Integrated Check Post (Assam)  
• Border Haats at Balat & Kalaichar on the Meghalaya border  
• Integrated Check Post at Dawki (Dawki-Tamabil)  
• Land Custom Stations at Dalu, Borsora, Ghasuapara  
• ICP at Kawarpuchchiah/Demagiri-Thegamukh LCS  
• Use of Chittagong and Mongla ports in Bangladesh for Indian cargo  
• Development of Integrated Check Post at Akhaura (near Agartala), Tripura | • Upgrading of the East-West Highway | • Jayanagar-Bijalpur-Bardibas Rail Link Project  
• Jogbani-Biratnagar Rail Link  
• Nepalgunj-Nepalgunj Road Rail Link  
• Kakarbita-New Jalpaiguri Rail Link  
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### Table 1.1

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• Bhairawaha-Nautanwa Rail Link  
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• Jogbani-Biratnag
## Table 1.2

<table>
<thead>
<tr>
<th>Article No.</th>
<th>Definition</th>
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</table>
| Article I   | Definitions | There are nine components of this article, which specifies the definitions and scope of the agreement with respect to Passenger, Personal and Cargo Vehicular movement in the region, these components are:  
(1) authorised routes, immigration check points, and LCS,  
(2) home country,  
(3) host country,  
(4) joint land transport facilitation committee (JLTFC),  
(5) national land and transport facilitation committee,  
(6) rest or recreation places,  
(7) repair facilities,  
(8) refuelling centres and  
(9) tolls |
| Article II  | Competent authorities | The information regarding competent authorities such as designated officers to issue permits to any regular passenger vehicle operator (as per Form A) /regular cargo vehicle operator (as per Form B)/personal vehicle operator (as per Form C)/non-regular passenger vehicle operator (as per Form D) shall be given by contracting parties to the JLTFC for the purposes of various provisions of the protocol. |
| Article III | Permit related issues | The licensing conditions for the authorised operators to issue permits shall be governed by the national law of the respective contracting party.  
  
  The vehicle shall be allowed to complete the transport operation within the dates of the permit validity ensuring the period of temporary admission allowed in the territory of the host country.  
  
  The Contracting Parties should ensure that permits are issued electronically and immediately uploaded to their secured online databases accessible to competent authorities of host country. The permits issued provisionally/manually should be counter-signed by the competent authorities of the host country. |
<p>| Article IV  | Fees and charges | The fees and charges shall be levied and collected by the respective contracting parties and the details of fees and charges levied under the Agreement shall be shared with the JLTFC. There shall be an option of electronic payment. |
| Article V   | Installation of a tracking system | An electronic monitoring platform with appropriate software and hardware for efficient tracking of vehicles should be established within two years from the date of signing of the Agreement. |</p>
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<tbody>
<tr>
<td>Article VI</td>
<td>Unscheduled halts, accidents and vehicle breakdowns</td>
<td>The procedures to be followed in case of an accident, breakdown, and/or repair of a vehicle: All relevant and related information shall be forwarded to the JLTFC by the contracting party. Also the operator shall immediately inform the local designated officer about the incident/s with the required detail.</td>
</tr>
<tr>
<td>Article VII</td>
<td>Motor liability insurance</td>
<td>The vehicles operating under BBIN MVA shall be covered by a comprehensive insurance policy. The vehicle operator should ensure the fact that insurance cover will also be valid in the territory of host country against at least third party loss and shall be recognised by host country. The personal vehicles shall be insured by a registered insurance company against at least third party loss, in all the Contracting Party(ies) where the vehicles are allowed to ply</td>
</tr>
<tr>
<td>Article VIII</td>
<td>Specifications of vehicles</td>
<td>This specifies that schedule C II and P II must be followed to permit the size, type and category of cargo vehicle and passenger vehicle respectively. Load classification and the certificate of fitness are to be determined by the norms of the JLTFC.</td>
</tr>
<tr>
<td>Article IX</td>
<td>Number and volume of traffic movement of vehicle</td>
<td>The number and volume of the traffic movement of cargo vehicles and passenger vehicle shall be as per Schedule C III/P III except ambulance, relief vehicle, recovery vehicle, diplomatic vehicle duly certified by the competent authority of the contracting party issuing the permit.</td>
</tr>
<tr>
<td>Article X</td>
<td>Cross border coordination</td>
<td>Parties shall coordinate working hours and working days of the adjacent land customs stations authorised for entry and exit of vehicles and shall ensure the proper coordination among the authorities and agencies responsible for border controls and processes.</td>
</tr>
<tr>
<td>Article XI</td>
<td>Temporary admission of vehicles and other customs issues</td>
<td>This article defines the period and conditions of the temporary admission of vehicles in the territory of the contracting party as specified in schedule C IV/P IV.</td>
</tr>
<tr>
<td>Article XII</td>
<td>Cross border movement of passengers and crew</td>
<td>This defines the regulations to be followed by the crew for cross border movement relating to their passports, visas, and crew identity card, luggage limit, restricted goods etc. issued in paper form or via a smart card.</td>
</tr>
<tr>
<td>Article XIII</td>
<td>International transit through the territory of the contracting parties</td>
<td>A transit declaration is required by the LCS for entering the transit country. It states that the exit endorsement must be entered in the relevant copy of the Document for Temporary Admission by the host country’s customs authorities. The cargo in transit shall be exempted from routine physical customs inspections en route and customs escorts in the territory of the transit country.</td>
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Connecting Corridors beyond Borders: Enabling seamless connectivity in the BBIN sub-region

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<th>Article No.</th>
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<tr>
<td>Article XIV</td>
<td>Terms for establishment of authorised operator branch offices</td>
<td>The agency responsible for issuing permission to establish branch offices for authorised operators and the format of the application shall be presented to the JLTFC by the contracting parties.</td>
</tr>
<tr>
<td>Article XV</td>
<td>List of prohibited/restricted goods</td>
<td>The prohibitions and restrictions as stipulated under the national laws and regulations of the contracting parties shall govern the cross border movement of goods and crew baggage.</td>
</tr>
<tr>
<td>Article XVI</td>
<td>Institutional arrangements</td>
<td>The contracting parties shall each establish a permanent National Land Transport Facilitation Committee (NLTFC) or a similar body. A JLTFC shall be set up to monitor and review the implementation of the Agreement.</td>
</tr>
<tr>
<td>Article XVII</td>
<td>Cooperation on investigation and repression of violations</td>
<td>This defines the claims for investigation of infringement and circumvention of the laws of the Agreement. The Dispute Resolution Mechanism of the JLTFC shall be followed by the contracting parties if any dispute arises in the implementation of the Agreement.</td>
</tr>
<tr>
<td>Article XVIII</td>
<td>Final provisions</td>
<td>This article gives details about the other provisions such as dispute resolution mechanism, relationship with the Agreement, its enforcement and denunciation, suspension, withdrawal, transparency, dispute settlement, review and amendment of the protocols under the Agreement.</td>
</tr>
</tbody>
</table>

Source: Information collected from MoRTH, GoI on draft protocols, 2016

Other important clauses of BBIN MVA

- To avoid the language barrier during cross border transportation, it has a provision that at least one passenger in the vehicle must be able to communicate in English or in a language understood in transit or in the destination country
- A major repair work or maintenance of the vehicles in the territory of another partner country is permitted only in case of an accident or break down
- Overstay is not allowed in any partner country unless there is any unavoidable circumstance, also one has to notify the situation to the authority concerned for the required period
- BBIN MVA is an open agreement so that any other interested country may enter into the agreement with prior consent of existing partner countries. Likewise, any country may exit the agreement at any time

Source: Karim and Hasan, 2015; BBIN MVA, 2015
aforementioned countries to access ports in India and Bangladesh for intra-regional and inter-regional trade.

Furthermore, it will provide benefits to the north eastern region of India through better connectivity. Areas in Nepal, Bhutan and north eastern parts of India have almost the same geographical terrain, but poor connectivity invariably undermines the true economic potential of the region. The BBIN MVA will reduce the distance between the landlocked regions in the subcontinent and the Kolkata port by 1,000 kilometres (Pal, 2016). This has the prospect of unlocking immense business opportunities and economic value chains in the region. Alongside Kolkata, Haldia is also an important port. But considering the poor draft of both these ports, significant effort is needed to ensure sustainable use of both the ports. Only then will the potential of the BBIN MVA be fully utilised.

Standardisation and formalisation of trade

The BBIN MVA will promote containerisation of cargo movement within the region by allowing vehicles from the BBIN countries to enter each other's territory. This will eliminate the need for transhipment of goods from one country's truck to another at the border. One of the biggest advantages of containerised trade is that it is multimodal.9 Therefore, an integrated road and rail network in the BBIN countries will further facilitate containerisation in South Asia, which will help to reduce trade costs further.

Apart from reducing trade costs, it will also reduce some of the informal trade that happens among the BBIN countries. Taneja (2001) identifies high levels of non-tariff barriers (NTB) as the prime reason for informal trade in the region. It is expected that the implementation of the MVA will promote standardisation of trade, harmonisation of procedures and customs rules that will eventually minimise the NTBs and thereby reduce the quantum of informal trade. Estimates suggest that while formal intra-SAARC trade is around US$28-30bn per year, informal trade among these countries can be as high as US$25bn (RIS, 2015).

Economic and developmental significance

Different countries have varying degrees of comparative advantage in production, arising out of differences in the means of production: skill and knowledge, capital and labour flows, institutional structures within which regions are embedded, etc. (Coe, Hess, Yeung, Dicken, & Henderson, 2004).

This comparative advantage of some countries in various inputs/skills will create segments of value chain in the production process. Regional value chains (RVCs) will improve the overall production efficiency, lower production costs and improve market access. In this context, BBIN MVA holds the prospect of development of RVCs in South Asia. Globally, there is an increasing trend of participation in value chains of different components of the same product. Participation in regional production networks will allow the BBIN countries to substantially benefit from scale of production and market networks.

The BBIN MVA initiative also promises to facilitate the movement of people across borders. This has positive implications for both business and trade through greater people-to-people contact. Most importantly, the initiative can give a major fillip to trade in various services, especially tourism services in the BBIN countries.

Integration with larger developmental agenda

It is important to note that the BBIN MVA aligns well with some of the major initiatives taken by the Asian Development Bank (ADB) under the South Asia Sub Regional Economic Cooperation (SASEC). A study by the ADB (2016) has proposed 10 regional road networks as South Asian Corridors, out of which seven have been identified in the BBIN region. These economic corridors will allow landlocked trading centres in Bhutan, Nepal and India to gain access to ports in India and Bangladesh. All these play crucial roles in the movement of transit traffic to and from the countries of Nepal, India, Bangladesh and Bhutan. A brief description of these corridors follows:

(i) SAARC Highway Corridor 2: Kathmandu-Birgunj (Nepal)-Raxaul-Kolkata/Haldia (India). This corridor, with a total length of
1,323 kms, will give Kathmandu access to ports in Haldia and Kolkata.

(ii) SAARC Highway Corridor 4: Kathmandu-Kakarvitta (Nepal)-Panitanki-Fulbari (India)-Banglabandham-Mongla or Chittagong (Bangladesh). The length of this corridor is 1,394 kms. This corridor will connect Kathmandu and other regions of Nepal to ports in Bangladesh.

(iii) SAARC Highway Corridor 3: Thimpu–Phuentsholing (Bhutan)-Jaigon-Kolkata/Haldia (India). This 1,039-km long corridor will connect remote regions in Bhutan to Kolkata and Haldia ports.

(iv) SAARC Highway Corridor 5: Samdrup Jongkhar (Bhutan)-Shillong (India)-Sylhet-Dhaka (Bangladesh) Kolkata. The length of this corridor is 906 kilometres and it will provide seamless connectivity from Bhutan to ports in Dhaka and Kolkata. This corridor provides a choice of ports depending on convenience and costs involved in port handling charges.

(v) SAARC Highway Corridor 6: Agartala (India)-Akhaura-Chittagong (Bangladesh). Though this is a small stretch (227 kms), it will provide India’s north eastern region access to the Chittagong port in Bangladesh.

(vi) SAARC Highway Corridor 8: Thimphu-Phuentsholing (Bhutan)-Jaigon-Chengrabannda (India)-Burimari a) Chittagong (966 kms) and Mongla (880 kms). These corridors branch out from Bhutan to two different ports in Bangladesh. The Mongla will be the nearest port (880 kms) and further ahead lies the Chittagong port (966 kms). This along with Corridor 3 and Corridor 5 will give access to five ports in the BBIN sub region.

(vii) SAARC Highway Corridor 10: Kathmandu-Bhairahawa (Nepal)-Sonauli-Lucknow (663 kms). This 663 km stretch will connect Kathmandu through Bhairahawa to India, from where it can access other roads, rail and sea ports.

Strategic & diplomatic significance

The BBIN MVA can be seen as a necessary step towards a wider integration process, providing a gateway to South East and East Asia. India, at present, is negotiating a similar agreement with Myanmar and Thailand under the Mekong Ganga Cooperation and The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). India, Thailand and Myanmar are working on a 1,400 Km long highway that would link these countries with Southeast Asia by land and give a boost to trade, business, health, education and tourism among them.

The Union Minister for Road Transport and Highways, Nitin Gadkari declared in New Delhi on January 23, 2018 that the Government of India accords top priority to this project and it is expected to be functional by end of 2019.

After implementation of these agreements, the BBIN sub-region will be seamlessly integrated with the booming ASEAN market too. This is of vital importance both for economic and strategic reasons as India has already signed Free Trade Agreements with ASEAN countries. Improved connectivity will imply much tighter economic integration of India and other BBIN countries with ASEAN (Pal, 2016).

The BBIN MVA initiative can also serve as a diplomatic tool. It is widely recognised that China is investing heavily in developing road and rail networks to recreate the legendary Silk Route. Its ambitious Belt and Road Initiative (BRI) is slated to connect the continents of Europe and Africa with Asia. This BRI will connect the East Asian economic circle with the developed European economic circle. In its largest definition, BRI would include 65 countries, 4.4 billion people and about 40 per cent of global GDP (World Bank, 2015).

Given this grand plan of China, the BBIN MVA initiative will provide India a strong foothold in the region in both strategic and economic terms. Furthermore, it will allow India to discuss connectivity issues with other countries in the South Asian region, since this has proved challenging at the SAARC level.
Key Factors Affecting Implementation of BBIN MVA

BBIN MVA is an additional initiative towards regional integration in South Asia by improving connectivity in the BBIN region. It was observed in the Indian Parliament: “This BBIN MVA will allow the BBIN countries to move forward with implementation of land transport facilitation arrangements between and among them, enable the exchange of traffic rights and ease cross-border movement of goods, vehicles and people, thereby helping to expand people-to-people contact, trade and economic exchanges between them. The BBIN MVA would make cross border trade and transport in and through the north eastern region of India to and from Bangladesh, Bhutan and Nepal more efficient” (Pal, 2016).

Paradoxically, even an initiative as promising as this, is faced with several implementation challenges. Despite areas of commonality, these nations differ in terms of infrastructure (both soft and hard), culture, language and other geo-political ingredients, which impede the successful implementation of BBIN MVA. The major challenges are in terms of access, understanding, interpretation and application of various procedures, rules and regulations (information asymmetry) among officials and reactionaries across the borders, etc (Karim and Balaji, 2016).

In a larger context, it can be said that these challenges are related to procedural obstacles both at home as well as in the exporting or importing countries in this sub-region. “Larger and effective achievements in such sub-regional architecture can exert some positive pressure on the region as a whole to avoid conflict” (Raihan, 2015).

The challenges to the effective implementation of BBIN MVA may be highlighted under the following broad categories: infrastructural (hard and soft), procedural and policy related challenges, and political and social issues.

Hard Infrastructure

An integrated and well-coordinated network across countries in a region acts as a catalyst for developing cross-border value chains and connects these countries with international markets. As against traditional trade-related initiatives such as tariff reduction, countries across the world are now welcoming those initiatives that will improve trade-related connectivity. In case of BBIN MVA implementation, the major infrastructural challenges are related to poor road conditions, parking issues, narrow roads near LCS, lack of proper water and sanitation facilities at ports.

The present status of BBIN countries in logistic performance (customs, infrastructure, international shipment, logistic competence, tracking and tracing and timeliness) can be analysed by using World Bank’s Logistics Performance Index (LPI). Table 1.3 shows the average LPI score and the ranking of BBIN

| Performance of BBIN countries on Logistic Performance Index (LPI)* |
|-----------------------------|-------------|-------------|-------------|-------------|
|                            | Bangladesh  | Bhutan      | India       | Nepal       |
| Customs                    | 2.57        | 2.21        | 3.17        | 1.93        |
| Infrastructure             | 2.48        | 1.96        | 3.34        | 2.27        |
| International Shipments    | 2.73        | 2.50        | 3.36        | 2.50        |
| Logistics Competence       | 2.67        | 2.30        | 3.39        | 2.13        |
| Tracking & Tracing         | 2.59        | 2.20        | 3.52        | 2.47        |
| Timelines                  | 2.90        | 2.70        | 3.74        | 2.93        |
| LPI                        | 2.66        | 2.32        | 3.42        | 2.38        |

Source: Logistic Performance Index, World Bank 2016
Note: *Score on a scale lowest to highest score from 1 to 5
countries. India ranks first in this region, followed by Bangladesh, Myanmar, Nepal and Bhutan. While analysing the sub-components of LPI, it is evident that India’s performance is better compared to other selected countries.

Table 1.3 makes it clear that asymmetries prevail among the BBIN countries both in terms of aggregate LPI and its sub-components. The sub-optimal performance of BBIN countries on LPI index demonstrates the urgency of reforms in key areas such as transport, transit, trade infrastructure and custom clearance procedures.

Inefficient transport facilities, together with other factors such as excessive documentation, weak regulatory and institutional reforms, inefficient customs clearance procedures, poor Internet connectivity, absence of testing and standards related institutions are responsible for the sub-optimal regional connectivity in the BBIN region (De, 2014).

Poor condition of roads is a serious impediment to cross border trade. Several examples may be cited. Only one vehicle at a time can pass through the narrow approach road to the Petrapole-Benapole LCS. Two-way movement of trucks at the same time is not possible on this road, which creates congestion at the LCS. The current state of hard infrastructure at Rauxal-Birgunj LCS is also poor. The two-lane bridge over the River Sirsiya near the border is narrow. The condition of the road from Mothihari to Rauxal does not allow efficient movement of trucks. The corridor for transit across India for trade between Nepal and Bangladesh through Banglabandha-Fulbari-Kakarvitta also faces similar road infrastructure issues. The road condition near Fulbari border acts as a deterrent when the volume of traffic increases. Near Banglabandha border in Bangladesh, the road has an axle limit of 8.2 tonnes, which further impedes cross border trade (Taneja et. al., 2016).

Similarly, road infrastructure from Nepal to Mugling is in significant need of investment and improvement and poses challenge to trucks, particularly during the monsoon season. Bhutan observes some constraints regarding the internal movement of vehicles: only small trucks (six to eight wheelers) are allowed to carry cargo of eight to 12 tonnes.

One may note that inadequate transit and transport facilities are particularly challenging for landlocked countries, like, Nepal and Bhutan, which rely on inter-country land transport for much of their intra-regional and external trade. These landlocked countries depend on Kolkata and Haldia (Indian ports), located on the east coast of India, in order to trade with other countries.

Soft infrastructure

Soft infrastructure-related challenges impede the effective implementation of BBIN MVA – lack of institutional and regulatory reforms in particular. Goods carried by road transport are subject to trans-shipment at borders, which causes unnecessary delays in the movement of goods and vehicles.

For example, the current India-Nepal transit treaty does not have a provision for the free movement of vehicles from Kolkata and Haldia ports to Nepal. India and Bangladesh do not have any transit agreement, so goods are loaded and unloaded at the border points of these two countries, which delay the journey to the destination point. Furthermore, the costs of transporting goods for Nepal and Bhutan are very high; which also affects their global trade competitiveness. The absence of efficient transit mechanisms in the sub-region hinders intra-regional trade, economic exchange and integration of regional markets.

Second, each country has its own set of rules and regulations for customs procedures. For instance, trade documents, which are used for custom clearance in India (i.e. Petrapole LCS), are different from the Bangladesh side (i.e. Benapole LCS). So traders need to prepare different sets of papers to get clearance for the same cargo.

Third, poor Internet connectivity at land ports affects the functioning of EDI and creates massive obstacles for custom officials as well as for other agencies that are operating at the border points. EDI is the platform for sharing documents among all the involved agencies in the land ports. Indian custom offices use Indian Customs EDI Gateway (ICEGATE) and Nepali
customs use Automated System for Customs Data (ASYCUDA++) for the submission of online documents. Due to different operating systems, the procedures for submission are also different in ICEGATE and ASYCUDA++. Incompatible EDI systems affect efficient processing of cargo. In addition, the EDI system at LCS of Rauxal is only operational for bilateral trade flows, not for transit cargo. Therefore, transit cargo clearance is mostly handled manually, which affects transaction costs and affects cross border movements between India and Nepal.

Fourth, the lack of coordination between inter-ministerial departments as well as between central and state agencies, especially in India, has been a major problem in implementing agreements. The Forest Department always gives permission to export herbal products, but it has been observed in India that state agencies either delay consignments or stop them for security checks with ulterior motives (Nayek, 2015).

Fifth, the BBIN MVA agreement specifies that the regular cargo vehicle must have a comprehensive insurance policy. Bangladesh does not have policies that are recognised by India, Nepal or Bhutan. Lastly, there is no provision for visa-on-arrival as yet between Bangladesh and India. This delays the movement of cargo.

### Political and Social Issues

In addition to the other challenges in the implementation of BBIN MVA, there are political and social challenges. The political challenges come from lack of convergence of political will: Bhutan’s upper house of parliament for instance, is unable to ratify the pact because of apprehensions on part of opposition parties.

From the social angle, truckers of Bhutan are also worried about possible loss of business if trucks from neighbouring countries roll into their country. Opposition parties of Bhutan oppose change and prefer that trucks coming from neighbouring countries unload their goods at the border point from where the goods are ferried into Bhutan using Bhutanese trucks. Bhutan also worries about pollution problems if trucks are allowed from the other countries. There are also other challenges that act as a barrier to the success of the agreement. The identification of authorised routes and permits is still being discussed and protocols are yet to be signed.

The possible routes under the BBIN MVA are as follows:
- Kolkata-Petrapole/Benapole-Dhaka-Akhaura/Agartala
- Thimphu-Phuentsholing-Jaigaon-Burimari-Hatikamrul-Mongla/Chittagong
- Kathmandu-Kakarvita/Fulbari-Banglabandha-Hatikamrul-Mongla/Chittagong
- Samdrup Jonokar (Bhutan)-Guwahati-Shilong-Tamabil-Sylhet-Chittagong
- Silchar-Sutarkandi-PauriaFerryghat-Benapole/Petrapole-Kolkata
- Agartala-Akhaura-Chittagong
- Silchar-Sutarkandi-Chittagong

As shown in Figure 1.1, the container or cargo traffic will be required to move only on specific BBIN corridors and authorised routes through stipulated immigration check points and LCSs or ICPs as notified by the contracting parties. Specific custom stations are recognised or mentioned for the entry of cargo vehicles from the neighbouring countries and any deviation from the route will be treated as a violation of the permit conditions and of the relevant customs law.

### Rationale of the Study

It is clear that several complexities like procedural delays, infrastructure bottlenecks (particularly parking and warehousing facilities and the security of the cargo in such facilities), corruption, governance issues, etc. are damaging the sub-regional transportation and transit system of the BBIN countries. Literature review suggests that the countries in the South Asia region have been negotiating among themselves through the South Asian Association for Regional Cooperation (SAARC) platform to reduce current physical and non-physical barriers to transportation and transit. But the progress has been rather slow and costs of intra-regional movement of goods are increasing and hindering intra-regional cross border trade.

It is due to non-tariff policy and institutional constraints, such as red tape, inadequate enforcement of contracts, lack of capacity of
officials and institutions, poor definition and enforcement of rules of engagement, asymmetry in standards, delays in customs, ports and border crossings, pilferage (stealing of goods in small quantities) in transit, corruption, and highly restrictive protocols on the movement of cargo that trade competitiveness and growth in the region are being adversely affected. In fact, ‘pilferage’ has been a persistent complaint on part of truckers across several corridors.

One may note that, since movement of containerised cargo is quite limited across all the corridors, the possibility of pilferage in small quantities is always there. The issue of cargo theft is particularly felt in certain corridors: Kathmandu-Kakarvitta-Panitanki-Fulbari-Dhaka-Chittagong, mostly at Kakarvitta in Nepal and Fulbari in Bangladesh; at Sonauli in India, in the corridor stretching from Lucknow-Gorakhpur-Sonauli-Bhairawa-Kathmandu; and at Birgunj in Nepal in the corridor stretching from Kolkata-Raxaul-Birgunj-Kathmandu.

Studies on South Asia have discussed barriers to connectivity at the bilateral or regional levels. They include countries such as India, Pakistan, Bangladesh, Sri Lanka, Nepal and Bhutan, but their analyses is country specific, port specific or product specific and are focused on a few particular corridors. A wider set of trade and transit corridors (with specific focus on the corridors facilitating trade for landlocked countries) has not been undertaken in previous studies. Literature also lacks in providing information on the status of livelihood and gender dimensions of the local community involved in the trading activities through particular trade corridors in the South Asia region.

The present study is a value addition to the existing literature on connectivity issues in South Asia in general and BBIN region in particular. Based on corridor-specific data, the study identifies the hurdles in the movement of goods in the BBIN region. Further, it provides information about the perceptions and concerns of the
involved stakeholders regarding livelihood and social issues.

This study also discusses the political economy aspects associated with the implementation of the BBIN MVA. As the BBIN MVA has been signed recently in 2015, the study will help policymakers and officials of BBIN nations by providing them information on ground realities about challenges associated with the implementation of the BBIN MVA.

Organisation of the Report

This report is divided into seven chapters including the present introductory one. The second chapter discusses the selection of relevant corridors and stakeholders and also, sample sizes for each type of stakeholder in each of the corridors. Additionally, it discusses the type of sampling techniques used to arrive at the required number of samples for each category of the stakeholders. Chapter three highlights problems related to hard and soft infrastructure. Chapter four focuses on the time, cost and distance analysis across all the corridors. The political economy aspects related to the implementation of BBIN MVA are explained in Chapter five. The livelihood aspects of stakeholders in the BBIN nations are discussed in Chapter six. The final chapter concludes the study and offers relevant policy recommendations.
Chapter 2
Research Methodology and Implementation Plan

Introduction
Better connectivity among the nations reduces the hurdles in the movement of goods, services, investment and passengers. Better connectivity through the BBIN MVA will ease trade for landlocked as well as for the other nations of the region. But trade is not the only thing that is going to be affected by this MVA because there will be political and social benefits and costs too when this agreement comes into force.

Keeping this in mind, the present work has focused on the trade facilitation hurdles that need to be dealt with for the effective implementation of BBIN MVA. This chapter discusses the implementation plan of the project, which includes the plan for drawing sample sizes as well as data collection techniques.

Implementation Plan
In this project, our purpose is to gather the views of all stakeholders on relevant aspects of the study. Since it is difficult to take the view of each and every relevant stakeholder, therefore, the study has chosen a sample from each category of stakeholders in such a way that it represents the entire population (of stakeholders). The data collection process is divided into five steps: 1) Definition of target population; 2) Connections among the different types of stakeholders; 3) Selection of sampling techniques; 4) Determination of sample size; and 5) Data collection.

Define the Target Population (Step 1)
The target population includes those objects (respondents), which can provide information relevant to the study. This is a crucial step as one should be clear as to who should be included in the sample. The target population should be defined in terms of elements (respondents), extent (defining geographical boundaries) and time (period under consideration). The target population for the present study is divided into 10 sub-groups with the purpose of drawing an appropriate sample (number of respondents) from each group. Those sub-groups are as follows:

a) Farmer: A person who is involved in the production of a particular commodity of export.

b) Exporter/Importer: A person who is exporting/importing a product through the corridor.

c) Customs House Agent: A person who is involved in completing the formalities (paper work) involved in trade business on behalf of an exporter/importer.
d) Transporter/Freight Forwarder: A person who is arranging transport for exporting/importing products from the exporter's source to the border or from the border to the final destination.

e) Truckers: A person who drives truck containing trade-related products from one country to another through any of the selected corridors.

f) Support Service Staff: A person who is involved in supporting activities in the export-import business through the corridors. Here, the supporting activities include on-the-way services provided to stakeholders as they travel through the corridor. The respondents can be owners of tea stalls, food stations, petrol pumps, mechanics and repairpersons, among others.

g) Labourer: A labourer is a person who is involved in loading/unloading activities at the border points.

h) Custom Official: A person who enforces country specific laws related to export and import business.

i) Policy Expert/Association/Academician: A person who is involved in the policy making process.

j) Aggregators: An individual who collects goods with the same features/character (from small farmers/producers), which are to be traded internationally.

Connections among the different types of Stakeholders (Step 2)

Figure 2.1 indicates the connections among the selected types of respondents. Moving left to right, there are two countries; one is an exporter and other is an importer, and these two are separated by the international border. In our sample categories there are 10 types of respondents and this figure highlights the connections among them.

At the apex are the policymakers/experts of the exporting/importing nations who make/alter policies and procedures pertaining to trade. An explanation of the movement of a traded commodity is offered below:

**Exporting Side**

An exported product can originate with farmers or collectors/aggregators or manufacturers. They can export directly to the markets of other nations but in the present case we are assuming that the product is moving through exporters, for that is what emerged from our field level surveys. This exporter will contact CHAs (for the

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**Figure 2.1: Connections of Selected Stakeholders with Each Other**

*Source: Field Level Investigations, Cuts International, 2017-18*
processing of export related documents) and transporters to move the good from point of origin to the point (through trucks or other vehicles) where it can be loaded on to the vehicles of the importing nation. At the border, the custom officials will check the goods and then the vehicle of the exporting nation is allowed to move the vehicle till the exchange point. At the exchange point there will be labourers who will unload the goods from the carrying vehicle.

**Importing Side**

After completing all import related procedures, the same good is loaded on the vehicles of the importing country until it reaches the final destination. Like the exporter, the importer will also receive help from CHAs and transporters to complete the import-related documents (cleared by the customs authorities of the importing nation) and, to move the good to the destination point. The support service providers are also there from both the nations to help the on-road movement of traded good(s).

**Choice of Sampling Technique (Step 3)**

The question at this stage revolves around whether to use non-probability sampling or probability sampling. Non-probability sampling relies on the judgement of the researcher, while probability sampling relies on chance. We have followed non-probability sampling wherein we are choosing the sample elements as per their relevance to the study. Under this type of sampling there are different techniques available, most common among which include:

a) Convenience sampling;
b) Judgmental sampling;
c) Quota sampling; and
d) Snowball sampling.

Table 2.1 provides information regarding the type of sampling techniques used for data collection from each category of respondents. For farmers and labourers quota sampling was used together with judgemental sampling.

For exporters/importers and support service providers quota sampling has been aligned with convenience sampling. The sample size of custom house agents, transporters/freight forwarders, custom officials and policy makers/experts has been gathered with the help of convenience sampling. For the rest of the categories of respondents, truckers and aggregators, judgemental sampling has been used in association with snowball sampling.

<table>
<thead>
<tr>
<th>S.N.</th>
<th>Respondent Type</th>
<th>Sampling Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Farmers</td>
<td>Quota with Judgemental Sampling</td>
</tr>
<tr>
<td>2.</td>
<td>Exporters/Importers</td>
<td>Quota with Convenience Sampling</td>
</tr>
<tr>
<td>3.</td>
<td>Custom House Agent</td>
<td>Convenience Sampling</td>
</tr>
<tr>
<td>4.</td>
<td>Transporters/Freight Forwarders</td>
<td>Convenience Sampling</td>
</tr>
<tr>
<td>5.</td>
<td>Truckers</td>
<td>Judgmental Sampling</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Also follow Snowballing sampling wherein one can track the second trucker using the referral of first trucker.</td>
</tr>
<tr>
<td>6.</td>
<td>Support Service Providers</td>
<td>Quota with Convenience Sampling</td>
</tr>
<tr>
<td>7.</td>
<td>Labourers</td>
<td>Quota with Judgemental Sampling</td>
</tr>
<tr>
<td>8.</td>
<td>Custom Officials</td>
<td>Convenience Sampling</td>
</tr>
<tr>
<td>9.</td>
<td>Policy Makers/Experts</td>
<td>Convenience Sampling</td>
</tr>
<tr>
<td>10.</td>
<td>Aggregators</td>
<td>Judgemental Sampling</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Also follow Snowballing sampling wherein one can track the second aggregator using the referral of first one.</td>
</tr>
</tbody>
</table>
Sample size refers to the number of elements to be included in the study. In the present case, there are three domains need to be addressed: corridors, products and respondents. These are explained below:

### Selection of Corridors
The present study had identified 10 such corridors, through which most of the trade currently takes place among BBIN nations (see Table 2.2).

### Determination of Sample Sizes of Corridors, Products and Respondents (Step 4)
Sample size refers to the number of elements to be included in the study. In the present case, there are three domains need to be addressed: corridors, products and respondents. These are explained below:

#### Table 2.2

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Corridor</th>
<th>Exporter</th>
<th>In-Transit</th>
<th>Importer</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.</td>
<td>Thimphu – Phuntsholing – Jaigaon – Changrabandha – Burimari – Dhaka</td>
<td>Bhutan</td>
<td>India</td>
<td>Bangladesh</td>
</tr>
<tr>
<td>C.</td>
<td>Lucknow – Gorakhpur – Sonauli – Bhairawa – Kathmandu</td>
<td>India</td>
<td>—</td>
<td>Nepal</td>
</tr>
<tr>
<td>D.</td>
<td>Kolkata – Raxaul – Birgunj – Kathmandu</td>
<td>India</td>
<td>—</td>
<td>Nepal</td>
</tr>
<tr>
<td>F.</td>
<td>Kolkata – Petrapole – Benapole – Dhaka</td>
<td>India</td>
<td>—</td>
<td>Bangladesh</td>
</tr>
<tr>
<td>G.</td>
<td>Fulbari – Banglabandha – Rangpur – Dhaka – Chittagong</td>
<td>India</td>
<td>—</td>
<td>Bangladesh</td>
</tr>
<tr>
<td>H.</td>
<td>Agartala – Akhaura – Comilla – Chittagong</td>
<td>India</td>
<td>—</td>
<td>Bangladesh</td>
</tr>
</tbody>
</table>
Out of these eight selected corridors, there are three corridors, in which India is in-transit country connecting Nepal, Bhutan and Bangladesh with each other. In the rest of the corridors, India is directly trading with Bhutan, Nepal and Bangladesh. The route of each corridor in each of the selected nations (BBIN) is also represented by Figure 2.2.

Selection of Products
The selected traded products are highlighted in Table 2.3. Moving row-wise, this table indicates the exports of one particular country to other countries of the BBIN and Myanmar sub-region, whereas, columns indicate the imports of each of the BBIN nations from the other partners of the same region.

Selection of Respondents’ Size
As we have eight selected corridors, 10 types of respondents and also, the products that are moving through the selected corridors, the next task is to finalise the sample size for each category of respondents. Table 2.4 provides information about sample sizes for 10 categories of respondents. In this table, rows represent the corridors and columns represent the types of stakeholders with their corresponding number in each corridor. The total sample size of this study (including all respondents) is 1,120 (1,080 plus 40 policy makers).

Data Collection (Step 5)
In the final step, structured questionnaires have been framed and tested in the course of the pilot survey. Thereafter, the teams visited relevant nodes of the selected eight corridors to collect quantitative as well as qualitative information. The data collection process has also captured stories from the ground regarding local level problems related to infrastructure, livelihood and socio-economic aspects.

Table 2.3

<table>
<thead>
<tr>
<th>Imports</th>
<th>Bangladesh</th>
<th>Bhutan</th>
<th>India</th>
<th>Nepal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>—</td>
<td>RMG</td>
<td>Raw Jute &amp; Processed Food Items</td>
<td>Fruit Juice Based Drinkz</td>
</tr>
<tr>
<td>Bhutan</td>
<td>Apple</td>
<td>—</td>
<td>Ferrosilicon</td>
<td>Gypsum</td>
</tr>
<tr>
<td>India</td>
<td>Raw Cotton &amp; Fruits</td>
<td>Par-boiled Rice</td>
<td>—</td>
<td>Pharmaceutical products &amp; Par-boiled Rice</td>
</tr>
<tr>
<td>Nepal</td>
<td>Herbal Plants</td>
<td>Statues/Handicrafts</td>
<td>Herbal Plants</td>
<td>—</td>
</tr>
</tbody>
</table>

Stakeholder Interviews of Asansol, West Bengal
P.C. CUTFS International
<table>
<thead>
<tr>
<th>Corridors/Types of Respondents</th>
<th>Farmers</th>
<th>Exporters</th>
<th>Importers</th>
<th>CHA</th>
<th>Transporters /FFs</th>
<th>Truckers</th>
<th>SSPs</th>
<th>Labourers</th>
<th>Customs Officials</th>
<th>Aggregators</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kathmandu – Kakarvitta – Panitanki - Fulbari – Dhaka – Chittagong</td>
<td>30</td>
<td>8</td>
<td>8</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>30</td>
<td>30</td>
<td>4</td>
<td>5</td>
<td>133</td>
</tr>
<tr>
<td>Thimphu – Phuntsholing – Jaigaon – Changrabandha – Burimari – Dhaka</td>
<td>30</td>
<td>8</td>
<td>8</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>30</td>
<td>30</td>
<td>4</td>
<td>—</td>
<td>128</td>
</tr>
<tr>
<td>Lucknow – Gorakhpur – Sonauli – Bhairawa – Kathmandu</td>
<td>60</td>
<td>12</td>
<td>8</td>
<td>6</td>
<td>6</td>
<td>9</td>
<td>20</td>
<td>20</td>
<td>2</td>
<td>5</td>
<td>148</td>
</tr>
<tr>
<td>Kolkata – Raxaul – Birgunj – Kathmandu</td>
<td>60</td>
<td>12</td>
<td>12</td>
<td>6</td>
<td>6</td>
<td>9</td>
<td>20</td>
<td>20</td>
<td>2</td>
<td>5</td>
<td>152</td>
</tr>
<tr>
<td>Kolkata – Petrapole – Benapole – Dhaka</td>
<td>60</td>
<td>8</td>
<td>8</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>20</td>
<td>20</td>
<td>2</td>
<td>—</td>
<td>136</td>
</tr>
<tr>
<td>Fulbari – Banglabandha – Rangpur – Dhaka – Chittagong</td>
<td>60</td>
<td>12</td>
<td>12</td>
<td>6</td>
<td>6</td>
<td>9</td>
<td>20</td>
<td>20</td>
<td>2</td>
<td>—</td>
<td>147</td>
</tr>
<tr>
<td>Agartala – Akhaura – Comilla – Chittaganj</td>
<td>30</td>
<td>8</td>
<td>8</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>20</td>
<td>20</td>
<td>2</td>
<td>—</td>
<td>106</td>
</tr>
<tr>
<td>Total</td>
<td>360</td>
<td>76</td>
<td>72</td>
<td>48</td>
<td>48</td>
<td>57</td>
<td>190</td>
<td>190</td>
<td>24</td>
<td>15</td>
<td>1120*</td>
</tr>
</tbody>
</table>

Note: * As per the sampling guide, Policy Experts/Makers are not corridor specific. They are country specific. Therefore, the number of policy experts per country should be ten (10) and as there are four countries, therefore, number of policy experts, in total, will be forty (40). The total sample size will be 1120 (1080 + 40).
Corridors constitute the soul of the BBIN MVA, it is through them the unobstructed movement of vehicles (cargo & passengers) can take place. These corridors specify the routes, through which cargo and passenger movements take place among BBIN countries at present. It is, therefore, important to look into the structure and availability of necessary infrastructure across all these routes.

The present chapter attempts to provide details of infrastructure availability in all the corridors under study. The evidence is based on the data collected from the primary survey held by CUTS International and its other country partners in the year 2017-18.

Description of Corridors

For the purpose of the study, we have considered eight corridors, which can be categorised into three types:

- Corridors that directly connect India with Bangladesh, Bhutan and Nepal.
- Corridors that connect Bhutan and Bangladesh with each other through India.
- Corridors that connect Nepal and Bangladesh with each other through India.

A brief description of each corridor follows:

Corridor A: Kathmandu-Kakarvitta-Panitanki-Fulbari-Dhaka-Chittagong

The entire road stretch in this corridor covers a total distance of 1,183 kms from Kathmandu to Chittagong via Kakarbhitta, Panitanki, Fulbari and Dhaka. This corridor is used for trading several commodities directly between Bangladesh and Nepal with India as a transit country. Direct commodity trade also takes place between India-Nepal and Indo-Bangladesh through this corridor. The present study considers that this corridor can be used as a trading route between Nepal and Bangladesh via India.

There are four LCSs on this stretch namely – Kakarbhitta (Nepal), Panitanki (India), Fulbari (India) and Banglabandha (Bangladesh). Kakarvitta and Panitanki are 1.7 kms apart, geographically separated by the Mechi river but connected by the Mechi bridge. Fulbari and Banglabandha are 5.5 kms apart and fall under Asian Highway-2. The total travelling distance between Kakarbhitta and Banglabandha is 38.9 kms via Indian National Highway (NH)-327.

The strategic nodes under this corridor are: Birtamore (Nepal), Itahari (Nepal), Biratnagar (Nepal), Kathmandu (Nepal),
Siliguri (India), Panchgarh (Bangladesh), Rangpur (Bangladesh), Bogra (Bangladesh), and Dhaka (Bangladesh). In Nepal, from Kathmandu to Kakarbhitta, this corridor consists of a two-lane highway with capacity up to 15-20 tonnes. Major traffic congestion takes place at Birtamore and Itahari owing to lack of parking space and poor condition of roads. The major nodes are equipped with all kinds of support infrastructure viz., hotels and restrooms.

Major portion of the roads under this stretch of the corridor that runs through Bangladesh are rather poor. Between Panchgarh and Rangpur, there are narrow bridges, which lead to congestion along the route. Bogra is a business hub where a number of importers and exporters are involved in trade. On the Indian side, Siliguri is a strategic node because it is situated near three LCS: Changrabandha, Fulbari, and Panitanki. It is the junction where BBIN corridors from all four countries meet. Many trucks from various states of India unload their consignments at Siliguri and then reload them onto local trucks to export from Siliguri.

Corridor B: Thimphu-Phuntsholing-Jaigaon-Changrabandha-Burimari-Dhaka

This corridor is known as the Bhutan corridor and it connects Bhutan and Bangladesh and spans a total distance of 725.8 kms. This corridor is considered as lifeline of trade for Bhutan. This corridor is used for trading several commodities directly between Bhutan and Bangladesh with India as a transit country. This corridor also provides India to access goods from Bhutan and Bangladesh and vice versa. This corridor has four LCS in total: one connects Bhutan with India (Phuntsholing in Bhutan), two connect India with Bhutan (Jaigaon in India) and Bangladesh (Changrabandha in India), and one connects Bangladesh with India (Burimari in Bangladesh). The present study considers this corridor as a viable trading route between Bhutan and Bangladesh via India.

The strategic nodes under this corridor are: Thimphu (Bhutan), Phuntsholing (Bhutan), Jaigaon (India), Changrabandha (India), Burimari (Bangladesh), Rangpur (Bangladesh), Bogra (Bangladesh), and Dhaka (Bangladesh).

Thimphu to Phuntsholing highway is around 180kms, which takes approximately six hours for trucks to cover. Jaigaon is on the Indian side of the India-Bhutan border. The market near the border serves both the Indians and the Bhutanese population inhabiting nearby areas. This market earns most of its revenue from the Bhutanese customers who are free to come to the Indian side. There is a one-to-one correspondence between Indian currency and Bhutanese currency. Transporters have built their offices at this place to take advantage of the India-Bhutan trade. Further, in Bangladesh, Rangpur and Bogra are the two places where drivers stop to rest and also to repair their trucks.

Corridor C: Lucknow-Gorakhpur-Sonauli-Bhairawa-Kathmandu

This corridor connects India and Nepal from Lucknow to Kathmandu and spans a total distance of more than 631kms. Majority of this corridor lies on the Indian side (400 kms approximately). The CHAs and truck drivers in the Raxaul-Birgunj border informed that, owing to the blockade at Raxaul-Birgunj border (corridor D), consequent upon the Madhesi problem during 2015-16, the bulk of trade was diverted towards this corridor. This corridor, therefore, became particularly significant for Indo-Nepal trade. It covers two LCS: Sonauli (Indian) and Bhairawa (Nepalese). The main critical nodes under this corridor are: Kanpur (India), Varanasi (India), Gorakhpur (India), Sonauli (India), Bhairawa (Nepal), Butwal (Nepal), Hetauda & Narayanghat (Nepal).

From the Indian side, the Gorakhpur-Sonauli stretch is a two-lane road. Owing to non-availability of parking facilities, about half of the stretch is taken up by stationary trucks leading to congestion. This has also caused many accidents in the past as informed by a Senior Officer at the Nuatanwa police station. The construction of an ICP at Sonauli has been announced, but until now the requisite land has not been acquired. The delay continues to affect the health of all those officials who have to work amidst all the dust and pollution caused by the heavy traffic between India and Nepal.
On the Nepal side, the distance between Bhairawa and Kathmandu is approximately 200 kms. This road corridor consists of a two-lane highway with capacity for carrying trucks upto 15-20 tonnes. The stretch goes through Narayanghat, which is a major trade hub in the route.

**Corridor D: Kolkata-Raxaul-Birgunj-Kathmandu**

This corridor is known as the Indo-Nepal corridor. This corridor is used by Nepal to transport goods to India and also to fetch products from India. This corridor covers two land ports: Raxaul (India) and Birgunj (Nepal). The two sides are connected by a two-lane bridge, which remains congested for the greater part of the day. The entire stretch (from Kolkata to Kathmandu via Raxaul-Birgunj) is approximately 1,011kms.

During 2015-16 there was political unrest at this border surrounding the Madhesi issue (as previously discussed), which led to temporary suspension of this route and diverted the trade from Raxaul to Sonauli. However, presently, the border has been operating well. Raxaul is the largest land port on the India-Nepal border. The route to Raxaul border from the Indian side gets bifurcated at Lakshimpur, which is near Raxaul border. There are two stretches to Raxaul border from Lakshimpur: the first stretch is 6.5 kms going to the ICP and the second stretch is 5 kms going to Raxaul LCS. On the other hand, the Birgunj port is not well-equipped. The new ICP is being constructed near Srisiya Dry-port ICD, which will be equipped with better facilities than Birgunj land port.

The railway track from Raxaul is connected to the ICD located at Srisiya, Birgunj and it has been operational since 2005. The direct link between Kolkata port and Birgunj ICD facilitates not only direct import of containers and bulk cargo by rail from the Kolkata port but also offers transit facility for third country import, which is crucial for a land locked country like Nepal. A small portion of the country’s exports is sent in containers via this same route to the port for shipment to other countries. The Container Corporation of India is the transporter of the containers, both loaded and empty, between the ICD and the port. Also, the Birgunj-Raxaul point provides the only rail connectivity between the two countries.

The critical nodes under this corridor are: Bardhaman (India), Asansole (India), Patna (India), Hetauda (Nepal), and Narayanghat (Nepal). On the Indian side, Bardhaman is a predominantly agricultural district and serves as a centre for agricultural export. Asansole is a city as well as an industrial hub in the state of West Bengal, India.

Patna is also the capital of the Indian state of Bihar. On the other hand, Hetauda is an important point for trucks travelling along the Kathmandu-Birgunj-Raxaul-Kolkata road, i.e., vehicles must pass through this place. The truckers association has a strong hold on this critical point. This is one of the major points where the truckers get permission to ferry/carry load on a rotational basis.

As per discussion with stakeholders, the Narayani Truck Association is headquartered in Hetauda, and is one of the largest associations in Nepal. It is believed that this association has strong political affiliation with the major political parties of Nepal. Narayanghat is a major junction that connects Kathmandu, eastern Nepal ankld western Nepal.

The stretches of road from Kolkata to Patna and from Patna to Raxaul are in good condition with a majority of the stretches having four-lanes. Ample road side Dhabas are available along the corridor serving good quality food. The truck drivers prefer halting and resting at these dhabas. There are two routes connecting Patna to the Raxaul LCS. One route is from Patna-Mahatma Gandhi Setu-Muzaffarpur-Motihari-Raxaul-Birgunj border, which is about 206 kms and takes about seven hours for a truck to cover.

The other route from Patna to Raxaul-Birgunj border via Begusarai-Samastipur is longer, about 375 kms, taking about 14 hours for a truck to cover. Unfortunately, trucks with over six wheelers have no option but to take the longer route and even incur an additional cost of Rs 15,000. This is because the Mahatma Gandhi Setu (NH-19) situated on the Ganges (or River Gonga) in Patna (Bihar) with a length of 5.575 kms is under renovation. The rehabilitation of
the bridge will address traffic woes by reducing time and cost of travel; it will also help the transporters specially those owning trucks with over six wheels. At present, given the condition of the bridge, only six wheelers are allowed to drive across, thus necessitating transshipment of consignments from 10 - 14 wheeler truck to six wheelers at Transport Nagar, Patna.

Nepali trucks always unload at Raxaul/Birgunj as Nepali trucks are allowed free cross border access to the nearest municipal towns or market places. For travelling to interior parts of India, they are required to obtain a vehicle permit from the Indian Embassy. The permit is issued on payment of listed fees and completion of prescribed formalities including submission of a bank guarantee of the requisite amount (about Rs 130,000).

The distance between Birgunj and Kathmandu is approximately 275 kms. This road stretch consists of a two-lane highway with capacity for 15-20 tonne trucks. The general route for truckers is Birgunj-Hetauda-Narayanghat-Mugling-Naubise. Thus all trucks heading to Kathmandu via this route need to pass through Hetauda.

Corridor E: Jaigaon-Gelephu-Samdrup Jongkhar-Guwahati-Dawki-Tamabil-Dhaka

This corridor is used for trade between Bhutan and Bangladesh with India as a transit country, direct trade between India and Bangladesh and between Bhutan and Bangladesh. The present study considers this corridor as a trading route between Bhutan and Bangladesh with India playing the role of a transit country. There are eight LCSs along this corridor namely Jaigaon (Indian side) and Phuntsholing (Bhutan side); Dadgiri/Hatisar (Indian side) and Gelephu (Bhutan side); Daranga (Indian side) and Samdrup Jongkhar (Bhutan side); and Dawki (Indian side) and Tamabil (Bangladesh side).

The volume of trade between Bhutan and Bangladesh through this corridor is limited since most of the bilateral trade takes place through Corridor B.

The strategic nodes under this corridor are: Phuntsholing (Bhutan), Jaigaon (India), Gelephu (Bhutan), Samdrup Jongkhar (Bhutan), Guwahati (India), Shilong (India), Dawki (India), Tamabil (Bangladesh), and Dhaka (Bangladesh). In this corridor, the Dawki-Tamabil LCS point is used for trade between Bhutan and Bangladesh. Minimal trade happens through the Daranga-Samdrup Jongkhar LCS and is limited to boulders and gypsum.

Corridor F: Kolkata-Petrapole-Benapole-Dhaka

This corridor is known as Bangladesh corridor. This corridor connects India with Bangladesh and covers two land ports: Petrapole (India) and Benapole (Bangladesh). This corridor covers almost 347 kms. The Petrapole Border point (India) is the most profitable among all the border points along the Indo-Bangladesh border. Most of the business of Bangladesh takes place through this border. This is also Asia’s largest land Port.

On the other hand, Benapole Land Port is under the Sharshaupazila in the Jessore District of Bangladesh. Geographically, it is a major strategic point for border trading between India and Bangladesh due to its proximity to the capital city of West Bengal, a state of India. According to Bangladesh Land Port Authority, 90 per cent of imports from India come via this LCS.

The strategic nodes under this corridor are: Santragachi (India), Dankuni (India), Bongaon (India), Benapole (Bangladesh), Daulatdia/Paturia (Bangladesh), Narayanganj (Bangladesh), Dhaka (Bangladesh). Santragachi has been identified as a major junction for the trucks, which mainly use NH34 to reach Bongaon. Trucks coming from the western and southern states of India through land routes halt at Satragachhi for truck transhipment or transhipment at respective warehouses before heading towards the Bally bridge toll gate.

Trucks coming in primarily from the north Indian states of India stop at Dankuni, before proceeding to Bally bridge toll gate and subsequently NH 34 or NH35 to reach Bongaon. Trucks are generally disallowed from entering Birati – Jessore Road at day time (until 9PM IST), to ease city traffic congestion around Bidhannagar/Kolkata International Airport. They are often made to queue up on the Belgharia Express Highway.
Bongaon is a city and a municipality in North 24 Parganas district in the state of West Bengal, India and is near the border with Bangladesh. A majority of the people dwelling there rely on India-Bangladesh trade one way or the other as their means of livelihood. Cross-border trade contributes significantly to the development of the area. Most of the transporters, truckers, labourers, and CHA involved in trade through Petrapole reside there. Kalitola Parking, the parking place of cargo vehicles, is a municipal parking space at Bongaon where the trucks carrying export items from India to Bangladesh park their trucks, due to inadequate parking space at the central warehouse.

On the Bangladesh side, Benapole is an important node. This LCS is the largest trading hub after the Chittagong sea port. Indian trucks transship their goods onto Bangladeshi trucks at this point. At Daulatdia (Rajbari District)/Paturia (Manikganj District), trucks use ferry transport for crossing the Padma River. Sometimes, trucks have to wait a long time because of traffic congestion. Narayanganj is a destination point for cotton yarn or raw cotton import. Sometimes trucks carrying jute and jute products originate from this location also. Finally, Dhaka is the most common critical node because it is an intersection point for the five specified BBIN routes.

Between Kolkata and Petrapole, there are two different routes:
- Route A: Kolkata-Barasat-Guma-Habara-Bongaon-Petrapol (Through NH35)
- Route B: Kolkata-Barasat-Jaguli-Chakdah-Bongaon-Petrapol (Through NH34)

Trucks coming from the north Indian states generally use the Delhi road route (NH2) to reach Belanagar, Dankuni, which is approximately 20 kms from Kolkata. Trucks hailing from west and south India commute through the Bombay road transit route (NH6) and reach Satragachhi, Howrah, adjacent to Kolkata. After reaching Vivekananda Setu, commonly known as Bally bridge, trucks either use route A or route B, depending on factors such as predicted route congestions, unloading of goods at respective warehouses (if required) and their location, type of goods (perishable or non-perishable), availability of local trucks, etc.

Although Route A (primarily covering NH35-Jessore Road) turns out to be shorter in terms of its distance to Petrapole, trucks are more prone to face obstacles on this route in the form of local railway tracks (four such). Furthermore, the entire NH35 passes through congested localities of two-lane roads, which gradually narrow down to avenues dotted by trees on both sides. Near Petrapole, one can see long queues of cargo trucks for about 2 kms ahead of the border, right up to the Petrapol check post.

Route B, mostly through NH34 and passing through Chakdah road, is a minimum of 30 kms extra in terms of its distance from Kolkata to Petrapole, although roadways are mostly four lanes with less congestion owing to lower population density. In fact, Chakdah road is now preferred by the transporters and truck drivers due to smooth and hassle-free movement of vehicles. Exporters are also keen on investing in private warehouses in and around Chakdah to scale up their businesses with Bangladesh.

Corridor G: Fulbari-Banglabandha-Rangpur-Dhaka-Chittagong
Information on this stretch is already highlighted under corridor A.

Corridor H: Agartala-Akhuara-Comilla-Chittagunj
This corridor starts from the eastern part of India and ends at Dhaka or Chittagong port. Agartala (India) and Akhuara (Bangladesh) are the two LCS between these points. This corridor covers one ICP on the Indian side (Agartala ICP), and one LCS on the Bangladesh side (Akhuara).

The Akhaura land port is the largest land port of Bangladesh in terms of volume of exports. In 1993 the land port was established at Akhaura to import and export goods from and to India by roadway. Presently, this port is serving as a platform for export only. India uses this port as a transhipment point to connect the eastern part of India with Bangladesh. Recently introduced
rail connections link Akhaura with major cities of Bangladesh like Dhaka and Chittagong. Akhaura port has also begun to transport stone. The volume of trade that takes place through Agartala-Akhaura is limited due to certain port restrictions from the Bangladesh side. However, the volume of exports through this port is gradually increasing.

Agartala, the capital city of Tripura is a critical node on the Indian side of this corridor. In terms of intra-regional trade connectivity, it is a strategic node because it is situated near the ICP. Many trucks from various parts of Bangladesh unload their consignments at Agartala ICP and then reload them onto local trucks of Agartala for despatch to different parts of India.

On the other hand, Ashuganj at Brahmanbaria is also an important node on account of its strategic location between the Akhaura/Agartala LCS and Dhaka. In addition, a river port is located here on the bank of the river Meghna. Ashuganj was declared as “Port of Call” under the Protocol on Inland Waterways Transit & Trade (PIWTT) in May, 2010 for transhipment of bulk and break cargo to Tripura and other north eastern states namely Manipur, Mizoram and lower Assam.

Corridor-wise assessment of infrastructure: Hard & Soft

The success of integration efforts depends on the availability of necessary hard\textsuperscript{14} and soft\textsuperscript{15} infrastructure. The text of the BBIN MVA has highlighted the minimum infrastructure that is required for the purpose of successful implementation of its provisions. To assess the extent of available infrastructure, the study has taken various indicators of hard and soft infrastructure. This study has considered 11 indicators of hard infrastructure and six indicators of soft infrastructure to report the extent of infrastructure availability in all the member countries.

All the relevant indicators of hard and soft infrastructure were identified through the literature survey and also, from the previous field experiences. The indicators of hard infrastructure include: quality/efficiency of roads, quality of warehouses, availability of cold storages and improvement of existing cold storages, availability of internet access (EDI), power back up system at custom stations, availability of weigh bridge, proper rest rooms for both males and females, proper water arrangements at hubs and ports, presence of open yards, presence of plant quarantine and animal quarantine and wider roads/condition of approach roads near the LCS.

Hard infrastructure includes inter alia good quality roads, warehousing, parking, and other required facilities near the border, minimum infrastructure at LCSs to expedite the process of clearing and inspecting. With regard to soft infrastructure, the study has taken those six types of parameters, which should be there in order to ensure proper institutional capacity.

The indicators of soft infrastructure include: coordination between border management agencies, reduction of physical inspection of container/trucks, elimination of irregular payments/bribes, reduction in time taken to clear inward/outward goods, reduction in waiting time across corridors and in incidences of cargo theft.

Since these infrastructural inadequacies are noticed across all corridors, stakeholders were asked to prioritise infrastructural requirements. The study assumes that high levels of priority accorded to a particular item imply low/non-availability of that facility. The following subsections indicate the level of existing infrastructure country-wise for each corridor under study.

Corridor A: Corridor A: Kathmandu-Kakarvitta-Panitanki-Fulbari-Dhaka-Chittagong\textsuperscript{16}

All four LCSs in this corridor suffer from specific infrastructural inadequacies. In fact, except for Kakarbhitta (Nepalese side of Panitanki), mostly manual inspections of consignments are carried out in the remaining three LCS since proper scanners are not available. Therefore, only small amount of cargoes can be handled. Moreover, there is a dearth of warehouses, cold storages, and open yards capable of handling large consignments. There is also a paucity of parking...
facilities, quarantine offices, restrooms, electricity and water supply, banking facilities, restaurants and other related facilities. Weighing bridges are stationed in all four of the LCS, but inadequate security is highlighted more in the Panitanki and Banglabandha LCS. A country-wise assessment of the conditions of the available hard and soft infrastructure is offered in the following two sub-sections.

### Hard Infrastructure

#### Nepal

As per the information gathered from the field survey, Figure 3.1 shows the availability of hard infrastructure in corridor A on the Nepal side. Data show that in Nepal, a 618 km stretch of road from Kakarbhitta to Kathmandu is a two-lane highway with a capacity for 15-20-tonnes trucks. This stretch has several potholes and is poorly maintained. Some parts of the corridor pass through forest and mountainous roads and are difficult to travel during the monsoon season due to higher incidences of landslides.

Exporters pointed out that Kakarbhitta Quarantine office lacks adequate capacity, which often creates confusion and unexpected delays. Truckers complained that poor road conditions at Itahari and Birtamod have led to unnecessary delays and expenses. Inadequate parking space at these locations often creates congestion.

#### India

Figure 3.2 shows the availability of hard infrastructure in corridor A on the Indian side. The major impediment is the dilapidated condition of the approach road particularly near border areas of Panitanki LCS, which causes severe traffic congestion, increased waiting time and accelerated depreciation of the vehicular machinery.

Unlike the Panitanki approach road, the approach road to Fulbari LCS has already been widened up to a four-lane highway. Presently under the Asian Highway Project, road expansion is underway in this entire corridor stretch. A 39 km road stretch from Kakarbhitta to Banglabandha via Panitanki is presently being widened to a four-lane highway and has a decent number of restaurants, a few garages, and shops along the way. Nepali truckers complained about lack of parking space on the Indian side of Kakarbhitta (Panitanki side) border.

Fulbari LCS is adequately developed on the Indian side as compared to Panitanki and Changrabandha, but still needs upgrading. A warehouse and truck parking facility, which presently can handle 150 trucks, exists but these facilities are not sufficient. The

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**Figure 3.1: Priority Level of Improvement in Hard Infrastructure for Trade Facilitation in Nepal (Corridor A)**

<table>
<thead>
<tr>
<th>Facilities</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
<th>Can’t Decide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wider road</td>
<td>6</td>
<td>72</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Quarantine office</td>
<td>6</td>
<td>15</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>Open yard</td>
<td>30</td>
<td>64</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Water arrangement</td>
<td>79</td>
<td>21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rest rooms</td>
<td>15</td>
<td>64</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Weigh bridge</td>
<td>64</td>
<td>21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power Back up</td>
<td>9</td>
<td>70</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Internet availability</td>
<td>45</td>
<td>47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cold storage quality</td>
<td>100</td>
<td>21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warehouse Quality</td>
<td>74</td>
<td>26</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Road quality</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Field Level Investigations, CUTS International, 2017-18
superintendent of customs suggested a modernised warehouse. There is no restroom facility for truck drivers and utility shops are scarce. This LCS also suffers intermittent Internet problems along with power and water shortages.

Truckers at Fulbari also complained of poor quality food and accommodation facilities near the LCS. This problem becomes particularly acute for trucks entering Bangladesh because assistant truckers or helpers have to remain on the Indian side. This means they have to spend nights sleeping in the truck itself. They also raised concerns about a dearth of restrooms and lack of water supply around this area. The truckers also complained that the labourers in Fulbari seek additional benefits such as tea/coffee allowances apart from their regular wages. There have been occasions when Indian labourers have halted work to bargain for their demands.

The plant quarantine facilities need to be strengthened. There are no plant and animal quarantine facilities at Fulbari. Although, there is a plant quarantine office at Panitanki owing to infrastructural limitations, samples are sent either to Siliguri or to Kolkata for advanced testing. Since a lot of fruit juice and fruit drinks enter India through Fulbari, it is imperative that a Food Testing Laboratory be established at this LCS to save two to three days that are consumed in sending the samples to Kolkata and getting the clearance certificate.

EDI system has been installed in Panitanki and Fulbari LCSs in the recent past, but there is no staff to utilise the system effectively. The introduction of GST has necessitated revision of the documentation involved in the trading business and most of the custom officials are not aware of such processes. They need capacity building in this regard.

Bangladesh

Figure 3.3 shows the availability of hard infrastructure in corridor A on the Bangladeshi side. The 505 km road stretch from Banglabandha to Dhaka via Panchgarh, Rangpur and Bogra in Bangladesh is a poorly maintained two-lane highway having a network of small bridges (16 in number), that severely impede traffic and increase time of transportation. The road stretch from Panchgarh to Bogra via Thakurgaon, Sadipur and Rangpur is in a particularly poor condition and there is an urgent requirement to put huge infrastructural investments into a four-lane road and bridge maintenance all along this route. At customs sites, there is a shortage of electricity and uninterrupted Internet.
Soft Infrastructure
In this category of infrastructure, the main issue is the prevalence of irregular payments, particularly in Bangladesh and Nepal.

Nepal
Nepalese stakeholders complained about the prevalence of irregular payments in the trade process. They face problems of cargo theft, unnecessary inspection and lack of coordination among border agencies. Despite a low volume of work at the border, Nepali truckers complained that custom officials deliberately delay custom clearances. Moreover, they complained that custom clearance only commences in the afternoon. Figure 3.4 shows the priority levels of improvement of various types of soft infrastructure, for which reforms are urgently required.

Indian truckers face the hindrance of linguistic incompatibility in Nepal, which compels them to...
hire a guide for their entire stay in Nepal. The guide costs them about Rs 1,200 per day, which reduces their profit margin.

India
On the Indian side, stakeholders complained about the unnecessary physical inspection that takes more time to clear goods at the border. Some of the stakeholders also reported instances of theft. Nepali truckers complained that they are often harassed by Indian security forces unnecessarily, and they often have to provide tea/coffee expenses to avoid unnecessary interference and interrogation. On one occasion, Nepali trucks were not allowed to move for hours under the pretext of security of VIPs on the move.

Bangladesh
Figure 3.6 highlights that, in Bangladesh, there is an urgent need for reforms at all levels of soft infrastructure to facilitate trade. Stakeholders complained about theft problem, unnecessary inspections, prevalence of irregular payments to clear the goods, and lack of coordination among border agencies.

Corridor B: Thimphu-Phuntsholing-Jaigaon-Changrabandha-Burimari-Dhaka

Hard Infrastructure
Warehouses and cold storage facilities on the Bhutan side are a necessity since a number of

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**Figure 3.5: Priority Level of Improvement in Soft Infrastructure for Trade Facilitation in India (Corridor A)**

<table>
<thead>
<tr>
<th>Priority Area</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
<th>Can’t Decide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cargo theft reduction</td>
<td>14.5</td>
<td>25.5</td>
<td>14.5</td>
<td>45.4</td>
</tr>
<tr>
<td>Waiting time reduction</td>
<td>6.0</td>
<td></td>
<td>1.8</td>
<td>38.2</td>
</tr>
<tr>
<td>Clearance time reduction</td>
<td>34.5</td>
<td>7.3</td>
<td>16.4</td>
<td>41.8</td>
</tr>
<tr>
<td>Irregular payment elimination</td>
<td>52.7</td>
<td>9.1</td>
<td></td>
<td>38.2</td>
</tr>
<tr>
<td>Physical inspection reduction</td>
<td>18.2</td>
<td>21.8</td>
<td>16.4</td>
<td>43.6</td>
</tr>
<tr>
<td>Border agency coordination</td>
<td>34.5</td>
<td>27.3</td>
<td>1.8</td>
<td>36.4</td>
</tr>
</tbody>
</table>

Source: Field Level Investigations, CUTS International, 2017-18

**Figure 3.6: Priority Level of Improvement in Soft Infrastructure for Trade Facilitation in Bangladesh (Corridor A)**

<table>
<thead>
<tr>
<th>Priority Area</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
<th>Can’t Decide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cargo theft reduction</td>
<td>100.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waiting time reduction</td>
<td>50.0</td>
<td>50.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clearance time reduction</td>
<td>100.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Irregular payment elimination</td>
<td>100.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical inspection reduction</td>
<td>50.0</td>
<td>50.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Border agency coordination</td>
<td>100.0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Level Investigations, CUTS International, 2017-18
perishable commodities are transported through this corridor. The available hard infrastructure at the Indian LCS is also poor. Though in the Jaigaon land port, there is relatively good office place for customs with several staff members, the rest of the land ports do not even have good office places. There are only single rooms on road sides equipped with one customs official in both Hatisar and Daranga. The survey team has not seen any warehouse or cold storage facility in these three land ports.

**Bhutan**

Figure 3.7 shows the extent of improvement required in hard infrastructure for trade facilitation under this corridor on the Bhutanese side. In this corridor, the length of Thimphu to Phuntsholing highway is around 180 km, which takes approximately six hours for a truck to cover. During the monsoon season, landslides often create major hurdles for transportation on this route. The problem becomes more acute for perishable products. Near the border, there is a need of providing wider roads according to various stakeholders. Stakeholders also demanded better warehouses, cold storage facilities, open yards, and restroom facilities.

**India**

The available hard infrastructure at the Indian LCS is also poor. On the Indian side, the Jaigaon LCS is located at a distance of two kilometre away from the border. This requires a detour of the trucks, which is time consuming. An initiative has been taken to build an ICP at Bolan Chopati on the Indian side. Land has been acquired for the ICP and it is connected with Asian Highway 48. It is believed that it will solve some of the infrastructure-related problems by connecting India directly with Pasakha in Bhutan, which is an industrial area and its main source of Ferrosilicon and Gypsum.

The non-availability of a wider road near the border is the main concern of the stakeholders. The nearby LCS also lacks facilities such as restrooms, warehousing, and cold storages. This LCS is also facing the problem of lack of staff and well-constructed office space. Other major requirements are indicated in figure 3.8.

**Bangladesh**

On the Bangladesh side of this corridor, road infrastructure from Burimari LCS to Rangpur, a stretch of about 134 kms, is poor. After Rangpur towards Bogra highway, the road condition is
good but there are four small bridges and culverts. Stakeholders observe that, neither the roads nor the bridges are capable of handling the pressure of large cargo movement. During the field survey, the bridge over Korotowa river (under Mahasthan Gor upazila) was found to be broken, and this causes traffic congestion. Truck drivers reported that due to bad road conditions the wear and tear of the trucks increases and the truck drivers spend more time resting.

In this corridor, warehouses and cold storage facilities are a necessity since a number of perishable commodities are transported through this corridor.

**Soft Infrastructure**

In respect of soft infrastructure, manual inspection of consignments is carried out at the borders since scanners are not in place. This manual inspection takes more time than desired. Lack of

---

**Figure 3.8: Priority Level of Improvement in Hard Infrastructure for Trade Facilitation in India (Corridor B)**

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
<th>Can’t Decide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wider road</td>
<td>24</td>
<td>73</td>
<td>18</td>
<td>8</td>
</tr>
<tr>
<td>Quarantine office</td>
<td>6</td>
<td>51</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Open yard</td>
<td>2</td>
<td>59</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Water arrangement</td>
<td>2</td>
<td>88</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Rest rooms</td>
<td>10</td>
<td>43</td>
<td>29</td>
<td>12</td>
</tr>
<tr>
<td>Weigh bridge</td>
<td>33</td>
<td>12</td>
<td>20</td>
<td>12</td>
</tr>
<tr>
<td>Power Back up</td>
<td>39</td>
<td>47</td>
<td>23</td>
<td>20</td>
</tr>
<tr>
<td>Internet availability</td>
<td>20</td>
<td>65</td>
<td>20</td>
<td>12</td>
</tr>
<tr>
<td>Cold storage quality</td>
<td>16</td>
<td>67</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Warehouse Quality</td>
<td>35</td>
<td>33</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Road quality</td>
<td>19</td>
<td>20</td>
<td>12</td>
<td>12</td>
</tr>
</tbody>
</table>

**Source:** Field Level Investigations, CUTS International, 2017-18

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**Figure 3.9: Priority Level of Improvement in Hard Infrastructure for Trade Facilitation in Bangladesh (Corridor B)**

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
<th>Can’t Decide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wider road</td>
<td>8</td>
<td>68</td>
<td>43</td>
<td>11</td>
</tr>
<tr>
<td>Quarantine office</td>
<td>16</td>
<td>19</td>
<td>11</td>
<td>43</td>
</tr>
<tr>
<td>Open yard</td>
<td>19</td>
<td>38</td>
<td>27</td>
<td>12</td>
</tr>
<tr>
<td>Water arrangement</td>
<td>14</td>
<td>27</td>
<td>30</td>
<td>11</td>
</tr>
<tr>
<td>Rest rooms</td>
<td>24</td>
<td>27</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Weigh bridge</td>
<td>35</td>
<td>27</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Power Back up</td>
<td>16</td>
<td>43</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Internet availability</td>
<td>16</td>
<td>32</td>
<td>43</td>
<td>19</td>
</tr>
<tr>
<td>Cold storage quality</td>
<td>5</td>
<td>57</td>
<td>19</td>
<td>43</td>
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<tr>
<td>Warehouse Quality</td>
<td>3</td>
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<td>19</td>
</tr>
<tr>
<td>Road quality</td>
<td>7</td>
<td>97</td>
<td>19</td>
<td>19</td>
</tr>
</tbody>
</table>

**Source:** Field Level Investigations, CUTS International, 2017-18
coordination between the customs authorities on the two sides of the border creates problems of more waiting and clearance time.

**Bhutan**

In this corridor, improved coordination from the Bhutanese side can facilitate trade further in terms of a reduction in waiting time. Very few of the stakeholders have highlighted the problem of irregular payments and instances of theft. (see figure 3.10).

**India**

In India, stakeholders are more concerned about the excessive physical inspection and lack of border coordination between India and Bangladesh (see figure 3.11). They are of the view that India should push the trade facilitation agenda and ask the Bangladesh authorities to expedite the trade process.

**Bangladesh**

Figure 3.12 shows that in Bangladesh also, most of the stakeholders complained about the lack of coordination among border agencies and irregular payments at the border in Bangladesh.
Corridor C: Lucknow-Gorakhpur-Sonauli-Bhairawa-Kathmandu

Hard Infrastructure

India

The Indian LCS, located at Sonauli (adjacent to the LCS in Bhairahawa, Nepal), has a poor level of infrastructure. Sanitation facilities are poor, and the common toilet is in a bad condition. The LCS building is small and congested. There is no parking space for the trucks, so they must park on roads; thereby reducing the available width of the road to one lane (see Figure 3.13). It was announced that an ICP would be set up, but land for the purpose is yet to be acquired.

Nepal

There is no parking space near the LCS in this area, therefore, trucks are parked on the road, which leads to congestion. Additionally, there is a dearth of customs officials to handle the volume of goods.
Nepali counterparts complained that labourers from the Indian side are working for a lower wage and thereby replacing Nepali labourers. Truckers at Narayanghat complained of lack of parking space at the customs point. Highways are not capable of handling heavy load vehicles. The alternate highway is only one lane and, therefore, not suitable for heavy trucks. Further, the Narayanghat-Mungling stretch often remains closed due to landslides.

Figure 3.14: Priority Level of Improvement in Hard Infrastructure for Trade Facilitation in Nepal (Corridor C)

Source: Field Level Investigations, CUTS International, 2017-18

Figure 3.15: Priority Level of Improvement in Soft Infrastructure for Trade Facilitation in India (Corridor C)

Source: Field Level Investigations, CUTS International, 2017-18

**Soft Infrastructure**

**India**

There is no fencing along this border, which makes it prone to smuggling. Police officers inform that in a month they find 15-20 cases of smuggling on an average. Figure 3.15 shows the priority level of improvement of soft infrastructure required for trade facilitation on the Indian side.
Nepal
As shown in figure 3.16, stakeholders in Nepal face the problem of excessive documentation. In their view, this port is more inefficient than the Birgunj LCS (corridor D). Clearance time can be reduced by improved traffic management at the border.

Corridor D: Kolkata-Raxaul-Birgunj-Kathmandu

Hard Infrastructure
Road stretches for certain parts of this corridor are in bad condition and prone to accidents. In particular, the condition of the road heading to the Raxaul-Birgunj border from Lakshimpur and from Kathmandu to Mugling is deplorable. The bumpy narrow roads with steep turns on the hillside often result in congestion and accidents.

Figure 3.16: Priority Level of Improvement in Soft Infrastructure for Trade Facilitation in Nepal (Corridor C)

<table>
<thead>
<tr>
<th>Service</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
<th>Can’t Decide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cargo theft reduction</td>
<td>63</td>
<td>32</td>
<td>49</td>
<td>37</td>
</tr>
<tr>
<td>Waiting time reduction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clearance time reduction</td>
<td>63</td>
<td>34</td>
<td>17</td>
<td>29</td>
</tr>
<tr>
<td>Irregular payment elimination</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical inspection reduction</td>
<td>51</td>
<td>63</td>
<td>29</td>
<td>20</td>
</tr>
<tr>
<td>Border agency coordination</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Level Investigations, CUTS International, 2017-18

Figure 3.17: Priority Level of Improvement in Hard Infrastructure for Trade Facilitation in India (Corridor D)

<table>
<thead>
<tr>
<th>Facility</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
<th>Can’t Decide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wider road</td>
<td>4</td>
<td>17</td>
<td>67</td>
<td>21</td>
</tr>
<tr>
<td>Quarantine office</td>
<td>41</td>
<td>32</td>
<td>39</td>
<td>54</td>
</tr>
<tr>
<td>Open yard</td>
<td>17</td>
<td>9</td>
<td>39</td>
<td>36</td>
</tr>
<tr>
<td>Water arrangement</td>
<td>22</td>
<td>12</td>
<td>16</td>
<td>30</td>
</tr>
<tr>
<td>Rest rooms</td>
<td>7</td>
<td>12</td>
<td>41</td>
<td>39</td>
</tr>
<tr>
<td>Weigh bridge</td>
<td>31</td>
<td>6</td>
<td>24</td>
<td>39</td>
</tr>
<tr>
<td>Power Back up</td>
<td>17</td>
<td>2</td>
<td>7</td>
<td>74</td>
</tr>
<tr>
<td>Internet availability</td>
<td>21</td>
<td>4</td>
<td>17</td>
<td>57</td>
</tr>
<tr>
<td>Cold storage quality</td>
<td>11</td>
<td>10</td>
<td>27</td>
<td>51</td>
</tr>
<tr>
<td>Warehouse Quality</td>
<td>49</td>
<td>10</td>
<td>11</td>
<td>24</td>
</tr>
<tr>
<td>Road quality</td>
<td>9</td>
<td>21</td>
<td>56</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: Field Level Investigations, CUTS International, 2017-18
The road from Mungling to Narayanghat in Nepal encounters frequent landslides specifically in the monsoons, thus delaying the movement of trucks. Moreover, highway authorities are neither proficient nor active in handling post-landslide scenarios.

India

Desk research and field level observations, suggest two major reasons behind the congestion that happens at the approach road to Raxaul. First, there is railway crossing at Raxaul, which remains closed for at least 18 hours a day (in short intervals); and second, there is an Indian (Nepal) Oil Depot adjacent to the railway crossing where at least 200 oil tankers travel from Birgunj for refilling and supplying petrol to various parts in Nepal. The congestion sometimes costs a truck a day to cover this last one km to the Raxaul border. Officials from the LCS have been trying to negotiate with the railway department in this regard but in vain.

As shown in Figure 3.17, the corridor stretch on the Indian part is endowed with relatively adequate washrooms, petrol pumps, foods stalls and weigh bridges, though all of them are privately owned. Dhabas (road side food junctions) and weigh bridges provide parking places and rest rooms to the truckers. In terms of infrastructure at the border, Raxaul LCS lacks facilities such as warehouses, cold storage, parking, PQ laboratory due to space constraint.

Due to absence of a PQ laboratory, the samples need to be sent to Kolkata or Patna for testing and thus the clearance procedure is delayed by two-three days. However, the ICP (Raxaul) is equipped with all facilities such as scanners, cargo inspection sheds, restrooms, and quarantine laboratory but these remain under-utilised since it is not yet linked to Nepal. The Nepal side of the ICP is still incomplete.

Though, there is no government warehouse on the Indian side, private transports have constructed their own warehouses near the Raxaul LCS on the land of the railway department. They prefer unloading their consignments there and let the importer (Nepal) collect the goods by Nepalese trucks at their convenience.

Nepal

The road connecting Birgunj LCS to Birgunj town is in a poor condition. As pointed out earlier, the bridge that connects Raxaul and Birgunj LCS is

![Figure 3.18: Priority Level of Improvement in Hard Infrastructure for Trade Facilitation in Nepal (Corridor D)](image)

Source: Field Level Investigations, CUTS International, 2017-18
two-lane and is overcrowded with both passenger and cargo traffic. Rest rooms are available on the Birgunj side but they are not in good condition. The Raxaul side has a number of private warehouses; the same is missing on the Birgunj side. As a result, trucks with consignments have to wait at the Birgunj Parking lot until the Nepali importer unloads. Drivers are not able to leave their trucks for security reasons. The problem is aggravated during monsoon and winter seasons. Further, as discussed earlier, the absence of a PQ lab facility delays the clearance of goods.

**Soft Infrastructure**

India

Informal money extortion from the truckers has become a standard practice. This exercise is more evident in West Bengal particularly in Asansol and also in Bihar. In West Bengal, truckers generally rest during the day and drive at night to escape informal payments demanded by surveillance officers. Denial of such payment can result in detention of the truck and manhandling of the cargo; thus truckers prefer paying to avoid unwelcome hazards and conflicts.

There are about 14 toll sites between Kolkata and Raxaul, where trucks carrying food items, often wait for hours. Over and above this, there are a few places where informal money is extorted by corrupt and unscrupulous local officials operating in tandem with criminal groups.

The CHA from both Nepal and Indian sides informed that the Customs officials hardly conduct any capacity building programs, which is contrary to what the custom officials claimed. The CHA also complained about repetitive link failure at Raxaul LCS leading to delay in customs clearance.

**Nepal**

Our study team found that many Indian truckers, though involved in cross border trade (delivery till the final destination), are hesitant to cross the border due to the absence of insurance guarantee mechanisms in this region. The cost of insurance varies across the countries and there is a problem of non-recognition of insurance policies. This is one of the factors motivating transporters to transship at Raxaul-Birgunj border. There is lack of harmonisation of insurance policies issued in the BBIN region. An insurance policy issued on cargo in India is not accepted in Nepal, Bangladesh and Bhutan.

Further, Indian trucks entering Nepal to deliver their consignment receive a free permit, which is valid for 72 hours, after which they have to pay NCR 2,260 for each extra day. Owing to congestion and landslides Indian truckers often get detained in Nepal for over 72 hours and consequently incur penalties.
Corridor E: Jaigaon-Gelephu-Samdrup-Jongkhar-Guwahati-Dawki-Tamabil-Dhaka

**Hard Infrastructure**

The shortest distance between Shillong to Dawki is 80 km, but trucks carrying boulders and heading towards Tamabil do not take that route owing to poor road condition and also because trucks carrying over six tonnes are not allowed to cross over the Heining River bridge at Panishala. These trucks then take the alternative route, which is about 140 km; it also increases the logistics cost. In general, big trucks unload goods near the bridge and exporters use small vehicles (Tata 407) to transfer goods to the India-Bangladesh border. As a result, the exporters fail to enjoy economies of scale.

On the other hand, in the Tamabil to Dhaka route (a 300 km stretch), the 36 km stretch between Habiganj and Ashuganj and the 85.9 km stretch between Ashuganj and Jatra Bari, Dhaka face severe traffic congestion owing to narrow two-lane roads. The bridges along this stretch are also narrow and in bad condition. In addition to this, a Plant Quarantine facility is absent in all the
ports, which adds to the time required for clearance of goods for export/import.

Bhutan

Figure 3.21 indicates that stakeholders demand for good quality road along this corridor. In this area, Bhutan faces three land borders with India, and there is an urgent need for warehouses and cold storages that can handle large and/or perishable consignments. On this side of the corridor, open yards and parking places are unavailable and the EDI system is yet to be fully operational. There is also a problem with power backup systems and intermittent Internet connectivity.

India

The Indian side of this corridor also faces problems similar to those faced on the Bhutanese side. On the Indian side, the poor quality of road connecting the Gelephu border with the main road (approach road over a span of 50 km) in India is the problem. It leads to wear and tear of trucks and increased transport cost. The Daranga LCS is not able to handle the trade of perishable products due to lack of required infrastructure. The Dadgiri LCS operates from a rented building and it needs to be improved urgently. The Assam Business Association is planning to construct a building for the LCS for security reasons. Similar is the case with the LCS at Dawki where there is a paucity of sitting/standing space and work stations. There is an urgent need to shift the Daranga LCS closer to the Indo-Bhutan border.

Bangladesh

As shown in Figure 3.23, this side of the corridor lacks basic infrastructure. The condition of the approach roads is rather poor. This side also struggles with the unavailability of basic infrastructure: warehouses, cold storages, open yards, an EDI system, power back up, good Internet facilities, and rest rooms for men and women.

Soft Infrastructure

Bhutan

Among soft infrastructural hurdles, the most conspicuous is manual inspection, which is a time consuming activity and common to all LCS along this corridor. The same is represented in Figure 3.24.

India

The Indian side faces severe problems linked with trade procedures. Presently, there are no CHAs at the Daranga, and Dawki LCSs, which makes it difficult for the officials to manage all the

<table>
<thead>
<tr>
<th>Figure 3.22: Priority Level of Improvement in Hard Infrastructure for Trade Facilitation in India (Corridor E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wider road</td>
</tr>
<tr>
<td>Quarantine office</td>
</tr>
<tr>
<td>Open yard</td>
</tr>
<tr>
<td>Water arrangement</td>
</tr>
<tr>
<td>Rest rooms</td>
</tr>
<tr>
<td>Weigh bridge</td>
</tr>
<tr>
<td>Power Back up</td>
</tr>
<tr>
<td>Internet availability</td>
</tr>
<tr>
<td>Cold storage quality</td>
</tr>
<tr>
<td>Warehouse Quality</td>
</tr>
<tr>
<td>Road quality</td>
</tr>
</tbody>
</table>

Source: Field Level Investigations, Cuts International, 2017-18
procedural work related to export-import. Manual inspection of consignments is carried out since scanners are not in place.

**Bangladesh**

Stakeholders in Bangladesh opine that, there is a need to improve the customs infrastructure to expedite the processes involved in trade. The reforms suggested are indicated by Figure 3.26.

**Corridor F: Kolkata-Petrapole-Benapole-Dhaka**

**Hard Infrastructure**

Intermittent internet connectivity both at Petrapole as well as in Benapole is one of the reasons why consignments are often held up for longer than usual. This not only affects the ICEGATE system used by the CHAs, but also slows down the EDI.
In this regard, it is important to note that while the EDI has been introduced on the Petrapole side, the same is not operational on the Benapole side.

India
At the Petrapole ICP, several warehouses are without a shutter system. These open warehouses are unsuitable for goods that can get damaged when exposed to moisture. Therefore, owing to inadequate parking place, many private parking places have emerged and their owners charge both high and unjust amounts from the truckers. Also due to lack of space at private parking places, truckers often park their trucks on the roadside, which leads to congestion.

Due to lack of basic infrastructure such as warehouses on the Bangladesh side, Bangladesh receives fewer trucks than India is ready to send, so the detention period on the Indian side cannot be reduced until Bangladesh develops its own capacity.

Bangladesh
Road infrastructure from Benapole to Jessore is poor and covers about 38 km. Between these two points, there are two bridges and three culverts. After crossing Jessore towards Faridpur highway, the road condition is pretty good but there are about five small bridges and culverts. The survey team found that the bridge over Chittra River (in the route from Jessore to Faridpur via. Magura...
highway) is broken. In addition, the two-laned roads have weakened due to pressure of heavy cargo during the rainy season. Truck drivers reported that bad road conditions cause delay and wear and tear of their trucks. On the other hand, the roads from Faridpur to Daulatdia Ferry terminal, a stretch of 30 km and Paturia to Gabtoli, Dhaka, a stretch of 80 km experience heavy traffic.

Roads along the route from Benapole LCS to Dhaka are sufficient for transporting goods. Roads connecting Faridpur to Daulatdia Ferry Dock are two-lane and adequately wide. There is a railway

Figure 3.27: Priority Level of Improvement in Hard Infrastructure for Trade Facilitation in India (Corridor F)

Source: Field Level Investigations, CUTS International, 2017-18

Figure 3.28: Priority Level of Improvement in Hard Infrastructure for Trade Facilitation in Bangladesh (Corridor F)

Source: Field Level Investigations, CUTS International, 2017-18
track from Benapole LCS to Daulatdia Upazila. The road infrastructure on the whole is not suitable for Indian trucks with capacity of above 20 tonnes.

The Benapole side is yet to build adequate infrastructure to boost import capacity and storage across the border. Thus, it takes a minimum of 12-15 days for an Indian truck to complete the entire export procedure and return to the country. This incurs a huge amount of detention cost that is borne by the exporters. On the other hand, Indian warehouses fill less than their capacity due to less exports from Bangladesh.

Bangladeshi officials, inform that on average near 200-250 trucks carrying export goods assemble at Benapole Land Port in Jessore District. But generally 100-150 trucks are cleared on the Indian side leaving the remaining trucks stranded on the Bangladesh side. This causes heavy traffic congestion in the port area. Additionally, the cost of export increases due to demurrage charges levied by the transport agencies for the delay in delivery of export cargo.

**Soft Infrastructure**

**India**

Documents are often handled manually and consume more time. With regard to soft infrastructure, technical problems exist with the ICEGATE system. Often, the CHAs are unable to complete all procedural work. Petrapole is the only LCS, other than Raxaul (connecting India-Nepal), to have an e-filing portal for facilitating all customs procedures with the help of software, commonly known as ICEGATE. Although ICEGATE has been a positive development for faster and smoother documentation, it requires a high level of technical back-up in terms of Internet connectivity, which still remains a major problem in remote locations like Petrapole.

Furthermore, a better synchronisation of similar software across countries (Benapole side presently uses ASYCUDA) will harmonise the process to a greater degree.

**Bangladesh**

Benapole does not have an EDI system. Thus, it takes more time for custom clearance.

**Corridor H: Agartala-Akhaura-Comilla-Chittagong**

**Hard Infrastructure**

The infrastructure on the Indian side seems comparatively improved. India has already built an ICP. On the contrary, roads from Barhmanbaria (Bangladesh) to Akhaura LCS are poor. Trucks often get held up due to road construction work. Moreover, roads are not sufficiently wide to allow two trucks pass side by side. Our team observed that there is a railway track near Akhaura LCS that leads to Dhaka via Brahmanbaria.
Connecting Corridors beyond Borders: Enabling seamless connectivity in the BBIN sub-region

Basically, it is a railway junction at Akhaura. Indeed, multimodal connectivity (roads and inland waterways transport) is possible in this corridor. Already, Akhaura LCS and Ashuganj river port are connected and they are also connected with Dhaka, Narayanganj and Chittagong Sea Port.

India
In terms of intra-regional trade connectivity, Agartala is a strategic node because it is situated near the ICP. Many trucks from various parts of Bangladesh unload their consignments at Agartala ICP and reload them onto local trucks for sending to different parts of India for export. Some truck drivers have complained that there is no canteen to eat food at the Agartala ICP. So, the truck drivers expressed the need for a canteen that will provide them food at subsidised rates.

Bangladesh
The Akhaura LCS on the Bangladesh side is housed in a semi-pucca building but equipped with facilities like warehouses, an open stack yard, transshipment yard, weigh bridge (100 MT), and standby power generator. The EDI system is still not operational at either Agartala or Akhaura.

Figure 3.30: Priority Level of Improvement in Hard Infrastructure for Trade Facilitation in Bangladesh (Corridor F)

<table>
<thead>
<tr>
<th>Cargo theft reduction</th>
<th>27</th>
<th>42</th>
<th>31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waiting time reduction</td>
<td>19</td>
<td>27</td>
<td>31</td>
</tr>
<tr>
<td>Clearance time reduction</td>
<td>27</td>
<td>50</td>
<td>23</td>
</tr>
<tr>
<td>Irregular payment elimination</td>
<td>31</td>
<td>35</td>
<td>12</td>
</tr>
<tr>
<td>Physical inspection reduction</td>
<td>31</td>
<td>15</td>
<td>23</td>
</tr>
<tr>
<td>Border agency coordination</td>
<td>23</td>
<td>15</td>
<td>42</td>
</tr>
</tbody>
</table>

Source: Field Level Investigations, CUTS International, 2017-18

Figure 3.31: Priority Level of Improvement in Hard Infrastructure for Trade Facilitation in India (Corridor H)

<table>
<thead>
<tr>
<th>Wider road</th>
<th>9</th>
<th>82</th>
<th>64</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarantine office</td>
<td>36</td>
<td>82</td>
<td>64</td>
<td>18</td>
</tr>
<tr>
<td>Open yard</td>
<td>73</td>
<td>9</td>
<td>27</td>
<td>18</td>
</tr>
<tr>
<td>Water arrangement</td>
<td>45</td>
<td>82</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>Rest rooms</td>
<td>73</td>
<td>9</td>
<td>27</td>
<td>18</td>
</tr>
<tr>
<td>Weigh bridge</td>
<td>73</td>
<td>82</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>Power Back up</td>
<td>9</td>
<td>36</td>
<td>55</td>
<td>9</td>
</tr>
<tr>
<td>Internet availability</td>
<td>9</td>
<td>36</td>
<td>55</td>
<td>9</td>
</tr>
<tr>
<td>Cold storage quality</td>
<td>9</td>
<td>36</td>
<td>55</td>
<td>9</td>
</tr>
<tr>
<td>Warehouse Quality</td>
<td>9</td>
<td>36</td>
<td>55</td>
<td>9</td>
</tr>
<tr>
<td>Road quality</td>
<td>9</td>
<td>36</td>
<td>55</td>
<td>9</td>
</tr>
</tbody>
</table>

Source: Field Level Investigations, CUTS International, 2017-18
The approach roads on both sides of the border are narrow and our survey team found trucks held up owing to construction work (see Figure 3.32).

Road infrastructure from Akhaura to Ashuganj, which covers about 52.9 km is rather poor. Between these two points, there are three major bridges over Kurulia canal, Titas river and Kata canal. After Ashuganj (Brahmanbaria) towards Dhaka, a stretch of 91.2 km on the Dhaka-Sylhet highway is in good condition.

**Soft Infrastructure**

Due to an export ban, India is unable to utilise the infrastructure of ICP. There is also potential to reduce waiting time by curtailing unnecessary paperwork on both sides. There is a demand for an online facility to pay tariffs, which will reduce the time and cost in the case of dutiable products.

**India**

On the Indian side, several issues regarding infrastructure could be looked into. Animal quarantine officers do not come to the Agartala ICP, every day. Sometimes, inspections are not conducted properly, the EDI system was installed in this Agartala ICP in the recent past but there is no staff to utilise the same effectively. Introduction of GST has necessitated a revision of documentation processes. They need capacity building with regard to these issues.

**Bangladesh**

On the Bangladesh side, institutional reforms are recommended to stop irregular payments, theft cases, and for better coordination among countries in general and among border agencies in particular. Figure 3.34 has also highlighted that there is a scope for further reduction in clearance timing.

Overall, the analysis on corridor-wise infrastructure deficiencies reveals that delay in truck movement can be broadly attributed to two factors: Bad condition of roads and bridges (both at the border and off the border), and procedural delays. Stakeholders proposed two broad solutions: Creation of ICPs with all infrastructural facilities available under one roof; and Usage of ICDs as a single point solution where all customs checking could be done. The field survey along the corridors informed that since ICDs are not present in all the corridors, it is important that strategic locations be identified for setting up the same.
Indeed there is scope for further study of these locations. In West Bengal, there is an ICD at Durgapur and trucks carry goods to both Bangladesh and Nepal (only in limited numbers owing to lack of demand for containerised cargo) from the ICD. Respondents, however, could not suggest specific locations for setting up ICDs. Besides, given the problems faced in Petrapole, it seems that setting up an ICD will make little sense unless it is simultaneously complemented by the availability of other infrastructural inputs, both hard and soft.

In terms of strengthening the roads and bridges, all the involved governments are trying to address the issue. However, owing to various hurdles pertaining to land acquisition and lack of availability of financial resources, the projects are taking more time than expected. Land acquisition is an issue in India and often it becomes a political
one with opposition parties wooing the farmers against the government’s position. There is one Indian border point — Sonauli that connects India with Nepal, where an ICP was to be established more than two years ago but the government is still unable to negotiate with the land owners to acquire land for the same.
Chapter 4

Time-Cost-Distance Analysis

Introduction

Movement of a good from point of origin to destination point includes many visible and hidden transaction processes that can be read by using Business Process Analysis Plus (BPA+) models. The BPA+ framework is comprised of Business Process Analysis (BPA) augmented with Time Release Study (TRS) and Time Cost Distance (TCD) analyses. Literally, BPA reads “a chain of logically connected activities to move goods and related information across borders from buyer to seller and to provide related services” (BPA Guide, 2012).

The TRS is associated with the time taken to release the traded goods by customs officials at border intersection points and the TCD calculates the time, cost and distance required to move a good from the supplier’s site to a final consumer’s site. Reading of involved trade processes through BPA+ helps to identify the bottlenecks involved in the international transaction of goods, which further helps in implementing trade facilitation effectively by identifying the unnecessary trade hurdles. This chapter aims to discuss the TCD in the corridors selected for the present study.

Time-Cost Analysis

Apart from the road condition there are several factors, which cause to delay in covering the total distances for trade. These include: presence of multiple regulatory bodies and security personnel across the corridors, multiple toll tax collection centres, sanitary and phytosanitary (SPS) related inspection, sample collection & testing, cargo inspection, loading and unloading, and long queues. Some of the factors are necessary from a health and security point of view, but some others can be removed.

The entire BPA+ analysis provides a detailed picture on time and cost associated with each stoppage and each activity done on the way but due to paucity of detailed data, the present study only captures the average time and cost associated with every kilometre (km) distance covered by a loaded truck (including the time spent in on-the-way activities). Table 4.1 indicates the average time and cost (in US$) per km associated with a truck travelling through each corridor.
It is clear that, in terms of average time taken per km, the trucker in corridor F takes more time compared to truckers in other corridors. In terms of cost, per kilometre cost is also higher in corridor F compared to others, with the exception of corridor G where per kilometre cost is the highest. This could be explained by higher waiting time at the Petrapole ICP, long queues of trucks due to the narrow NH35, and congested roads to Dhaka through Jessore. Other factors responsible for corridor-wise disparities in time and cost have been discussed previously.

Distance Analysis

Corridor A: Kathmandu-Kakarbhitta-Panitanki-Fulbari-Dhaka-Chittagong

Figure 4.1 shows the distance covered and reason for stoppages by a cargo truck from the starting point of corridor A (Kathmandu, Nepal) to the end point of that corridor (Dhaka, Bangladesh). The total distance covered in this corridor is 1,183 km. A truck coming from Nepal is allowed to enter India (after proper inspection by border authorities at Panitanki) until the India-Bangladesh border at Fulbari or Banglabandha. After completing unloading activities near the Indo-Bangla border, the goods are loaded on to the Bangladeshi truck for the remaining route in Bangladesh & vice versa.

As shown in Figure 4.1, the inspection component at most of the stoppages is common. This unnecessary delays the process and can be reduced through containerisation of cargoes. Rent seeking activities that take place because of overloading or some other unavoidable matters follow from the issue of open trucks. Inspections take time, but in the presence of rent-seeking behaviour such inspections take longer time than required. Some of the inspections are necessary and in such cases time cannot be reduced. But in cases of unnecessary inspections by traffic/security personnel, the total time and hence cost of transportation can be reduced.

Factors for taking more time includes long queues for checking, particularly in sensitive areas (as in Naxalite zones), where the inspection authorities have specific instructions of carrying out intensive checks.
Connecting Corridors beyond Borders: Enabling seamless connectivity in the BBIN sub-region

Corridor B: Thimphu-Phuntsholing-Jaigaon-Changrabandha-Burimari-Dhaka

Figure 4.2 shows the distance covered and reasons for stoppages by a cargo truck from the starting point of corridor B (Thimphu, Bhutan) to the end point of that corridor (Dhaka, Bangladesh). The total distance covered in this corridor is 725.8 km. For a Bhutanese trucker, customs clearance in India takes time only at the entry point of India from Jaigaon.

From Changrabandha, customs clearance includes only the verification of seals done by Jaigaon customs. Bhutanese truckers are allowed to enter Bangladesh from Burimari until the unloading point near the border. The remaining distance of this corridor in Bangladesh is covered by local truckers in Bangladesh. In this corridor, waiting time can be reduced through containerisation of cargoes and by providing appropriate roads.
**Figure 4.3** shows the distance covered and reasons for stoppages by a cargo truck from the starting point of corridor C (Lucknow, India) to the end point of that corridor (Kathmandu, Nepal). The total distance covered in this corridor is 631 km. After loading the consignments at Mumbai/Delhi/Lucknow, the truckers unload the same at either Sonauli (Indian LCS), Bhairawa (Nepalese LCS), or Kathmandu (end point of this corridor in Nepal). In this corridor, truckers face the difficulty of finding parking places at specific points such as Sonauli LCS, Bhairawa LCS, and Narayanghat. The roadside parking leads to congestion on the road and adds to the waiting time for the other truckers.

### Corridor C: Lucknow-Gorakhpur-Sonauli-Bhairahawa-Kathmandu

<table>
<thead>
<tr>
<th>Stop</th>
<th>Distance from Previous Stop</th>
<th>Reason for Stoppages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start</td>
<td>(Thimpu)</td>
<td>Loading, Unloading and goods inspection</td>
</tr>
<tr>
<td>Stop 1</td>
<td>(Phuntsholing)</td>
<td>Custom clearance, Traffic inspection, and police checkpoint</td>
</tr>
<tr>
<td>Stop 2</td>
<td>(Jaigaon)</td>
<td>Customs clearance, loading, unloading, refueling, and resting</td>
</tr>
<tr>
<td>Stop 3</td>
<td>(Changrabandha)</td>
<td>Waiting/queue, customs clearance, loading, unloading</td>
</tr>
<tr>
<td>Stop 4</td>
<td>(Burimari)</td>
<td>Waiting/queue, Customs clearance, loading, unloading</td>
</tr>
<tr>
<td>Stop 5</td>
<td>(Hatibandha)</td>
<td>Police check point, road toll, and resting</td>
</tr>
<tr>
<td>Stop 6</td>
<td>(Rangpur)</td>
<td>Police checkpoint, refueling, and resting</td>
</tr>
<tr>
<td>Stop 7</td>
<td>(Bogra)</td>
<td>Police checkpoint, resting</td>
</tr>
<tr>
<td>Stop 8</td>
<td>(Sirajganj)</td>
<td>Police checkpoint, road toll</td>
</tr>
<tr>
<td>Stop 9</td>
<td>(Elenga)</td>
<td>Road toll, and resting</td>
</tr>
<tr>
<td>End</td>
<td>(Dhaka)</td>
<td>Loading/unloading</td>
</tr>
</tbody>
</table>

*Source: Field Level Investigations, CUTS International, 2017-18*
Connecting Corridors beyond Borders: Enabling seamless connectivity in the BBIN sub-region

Figure 4.3: Distance Covered and Reason of Main Stops on the Way of Corridor C

<table>
<thead>
<tr>
<th>Start (Lucknow)</th>
<th>Loading, Unloading and Inspection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stop 1 (Gorakhpur)</td>
<td>Traffic security inspection, police checkpoint and rest</td>
</tr>
<tr>
<td>Distance from Previous Stop (275 kms)</td>
<td></td>
</tr>
<tr>
<td>Stop 2 (Sonauli)</td>
<td>Loading, Unloading, Inspection, customs clearance &amp; physical inspection</td>
</tr>
<tr>
<td>Distance from Previous Stop (65 kms)</td>
<td></td>
</tr>
<tr>
<td>Stop 3 (Bhairahwa)</td>
<td>Loading, Unloading, Inspection, customs clearance, physical inspection</td>
</tr>
<tr>
<td>Distance from Previous Stop (7 kms)</td>
<td></td>
</tr>
<tr>
<td>Stop 4 (Narayanghat)</td>
<td>Traffic security inspection, police checkpoint and road toll</td>
</tr>
<tr>
<td>Distance from Previous Stop (117 kms)</td>
<td></td>
</tr>
<tr>
<td>End (Kathmandu)</td>
<td>Loading, Unloading, Traffic security Inspection &amp; rest</td>
</tr>
<tr>
<td>Distance from Previous Stop (167 kms)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Level Investigations, CUTS International, 2017-18

Corridor D: Kolkata-Raxaul-Birgunj-Kathmandu

Figure 4.4 shows the distance covered and reason for stoppages of a cargo truck from the starting point of corridor D (Kolkata, India) to the end point of that corridor (Kathmandu, Nepal). The total distance covered in this corridor is 1,011 km. Although, truckers use this route prominently, there are alternative routes as well: Kolkata-Burdwan-Chirkund-HazariBag-Gaya-Raxaul-

Figure 4.4: Distance Covered and Reason of Main Stops on the Way of Corridor D

<table>
<thead>
<tr>
<th>Start (Kolkata)</th>
<th>Loading, Unloading and goods Inspection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stop 1 (Bardhaman)</td>
<td>Traffic security inspection</td>
</tr>
<tr>
<td>Distance from Previous Stop (110 kms)</td>
<td></td>
</tr>
<tr>
<td>Stop 2 (Chirkund)</td>
<td>Traffic security inspection and refueling</td>
</tr>
<tr>
<td>Distance from Previous Stop (100 kms)</td>
<td></td>
</tr>
<tr>
<td>Stop 3 (HazriBag)</td>
<td>Police inspection &amp; road toll</td>
</tr>
<tr>
<td>Distance from Previous Stop (150 kms)</td>
<td></td>
</tr>
<tr>
<td>Stop 4 (Patna)</td>
<td>Traffic inspection and road toll</td>
</tr>
<tr>
<td>Distance from Previous Stop (250 kms)</td>
<td></td>
</tr>
<tr>
<td>Stop 5 (Raxaul)</td>
<td>Loading, Unloading, standards Inspection, customs clearance &amp; physical inspection</td>
</tr>
<tr>
<td>Distance from Previous Stop (220 kms)</td>
<td></td>
</tr>
<tr>
<td>Stop 6 (Birgunj)</td>
<td>Loading, Unloading, Standards Inspection, customs clearance &amp; physical inspection</td>
</tr>
<tr>
<td>Distance from Previous Stop (1 km)</td>
<td></td>
</tr>
<tr>
<td>Stop 7 (Hetauda)</td>
<td>Traffic security inspection and road toll</td>
</tr>
<tr>
<td>Distance from Previous Stop (60 kms)</td>
<td></td>
</tr>
<tr>
<td>End (Kathmandu)</td>
<td>Loading, Unloading, Traffic security Inspection, rest &amp; Refueling</td>
</tr>
<tr>
<td>Distance from Previous Stop (120 kms)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Level Investigations, CUTS International, 2017-18
Birgunj-Hetuda-Kathmandu; Kolkata-Asansole-Barakath-Nepal Customs, Birgunj, or Kathmandu. Poor road conditions and multiple security inspections often cause delay along these routes.

Corridor E: Jaigaon-Gelephu-Samdrup Jongkhar-Guwahati-Dawki-Tamabil-Dhaka

Figure 4.5 shows the distance covered and reason for stoppages by cargo truck from the starting point of corridor E (Thimphu, Bhutan) to the end point of that corridor (Ghorasal, Bangladesh). The total distance covered in this corridor from Gelephu is 859 km. This corridor holds three gates from Bhutan towards India and finally to Bangladesh through India. From Thimphu, a truck enters India either from Jaigaon, Dadgiri or Daranga.

Generally, a truck routed towards Dawki-Tamabil comes from Gelephu or Samdrup Jongkhar. The Jaigaon route is used for a trucker routed towards Bangladesh from Changrabandha-Burimari. This corridor faces the problem of poor roads. The approach road from the main highway of India in Assam to the Gelephu border is not in good condition. This stretch comes under the forest ministry and it would be difficult for the customs authorities to get permission for new road construction due to environmental concerns.

There is potential to reduce time needed to cover this distance by providing necessary soft infrastructure in terms of shorter queues at road tolls, less inspection, and reforms in the customs clearance processes.

Figure 4.5: Distance Covered and Reason of Main Stops on the Way of Corridor E

<table>
<thead>
<tr>
<th>Start (Thimpu)</th>
<th>Loading, Unloading and goods Inspection</th>
</tr>
</thead>
<tbody>
<tr>
<td>cest Stop 1 (Gelephu)</td>
<td>Loading, Unloading and goods Inspection</td>
</tr>
<tr>
<td>Distance from Previous Stop (244 kms)</td>
<td>Customs clearance, police checkpoint, resting, and road toll</td>
</tr>
<tr>
<td>Stop 2 (Hatisar/Dadgiri)</td>
<td>Loading, Unloading and goods Inspection</td>
</tr>
<tr>
<td>Distance from Previous Stop (2.5 kms)</td>
<td>Customs clearance</td>
</tr>
<tr>
<td>Stop 3 (Guwahati)</td>
<td>Loading, Unloading and goods Inspection</td>
</tr>
<tr>
<td>Distance from Previous Stop (229 kms)</td>
<td>Resting, and road toll</td>
</tr>
<tr>
<td>Stop 4 (Shilong)</td>
<td>Loading, Unloading and goods Inspection</td>
</tr>
<tr>
<td>Distance from Previous Stop (99.5 kms)</td>
<td>Resting, and road toll</td>
</tr>
<tr>
<td>Stop 5 (Dawki)</td>
<td>Loading, Unloading and goods Inspection</td>
</tr>
<tr>
<td>Distance from Previous Stop (82.6 kms)</td>
<td>Waiting/queue, customs clearance, loading, unloading</td>
</tr>
<tr>
<td>Stop 6 (Tamabil)</td>
<td>Loading, Unloading and goods Inspection</td>
</tr>
<tr>
<td>Distance from Previous Stop (650 m)</td>
<td>Quarantine, police checkpoint, waiting/queue, loading, unloading</td>
</tr>
<tr>
<td>Stop 7 (Sylhet)</td>
<td>Loading, Unloading and goods Inspection</td>
</tr>
<tr>
<td>Distance from Previous Stop (85 kms)</td>
<td>Police checkpoint, resting</td>
</tr>
<tr>
<td>End (Ghorasal)</td>
<td>Loading, Unloading and goods Inspection</td>
</tr>
<tr>
<td>Distance from Previous Stop (116 kms)</td>
<td>Loading, Unloading and goods Inspection</td>
</tr>
</tbody>
</table>

Source: Field Level Investigations, Cuts International, 2017-18
Corridor F: Kolkata-Petrapole-Benapole-Dhaka

Figure 4.6 shows the distance covered and reason of stoppages by cargo from the starting point of corridor F (Kolkata, India) to the end point of that corridor (Dhaka, Bangladesh).

The total distance covered in this corridor is 347 km. There are two other routes, in addition to this. These are: Kolkata-Bongaon-Petrapole-Benapole-Jhinaidah-Baromail-Narayanganj (Dhaka); and Kolkata-Bongaon-Petrapole-Benapole-Kalna Ferry-MaowaFerry-Postogola-Narayanganj (Dhaka). Indian truckers can go only until the Benapole (Bangladeshi LCS) and Bangladeshi truckers can go until Petrapole (Indian LCS). On the Indian side, the Petrapole border is the most profitable border among all borders connecting India with Bangladesh. The infrastructural inadequacies – hard and soft – that cause delay in the movement of cargo along this corridor have been discussed earlier.

Corridor G: Fulbari-Banglabandha-Rangpur-Dhaka-Chittagong

The information of this stretch is already covered under Corridor A.

Corridor H: Agartala-Akhaura-Comilla-Chittagong

On this stretch of corridor we find that India has constructed an ICP at Agartala where most of the facilities are available but similar facilities are not operational on the Bangladesh side. Figure 4.7 shows the distance covered and reason for stoppages by cargo truck from the starting point of corridor H (Agartala, India) to the end point of that corridor (Chittagong, Bangladesh). The total distance covered in this corridor is 231 km via Comilla to Chittagong.

Starting from Agartala, Indian truckers can go until Akhaura, unload, and go back to India. Similarly, Bangladeshi truckers can go until
Agartala, unload, and go back to their country. The loading/unloading activities take more time than usual because of shortage of labour on the Bangladesh side.

Overall, from the time-cost-distance analysis, one can conclude that the provisions under BBIN MVA definitely help in reducing the trade cost among the four member countries, which would provide benefits to all. In addition, country-level efforts are necessary to ensure the basic hard and soft infrastructure, which can further reduce the waiting time and cost.

There are specific provisions in the BBIN MVA, which can help in saving time-cost in relation to movement of cargo. Better coordination among border agencies, as envisaged by Article X, will reduce waiting time at LCS. Smooth flow of traffic through installation of a tracking system as stipulated in Article V will also reduce time and cost of transportation.
Chapter 5

Political Economy and Procedural Factors for BBIN MVA

Introduction

Political economy considerations play a pivotal role in defining the limits of success in trade and connectivity in South Asia. Previous attempts towards enhanced trade and connectivity relationships (such as SAARC) have failed to satisfy expectations largely due to political bottlenecks and disagreements among countries in the region.

Asian nations have been unable to take benefits of intra-regional trade because of feeble connectivity and inability to address political frictions within the region. There is thus an imminent need to sort out mutual misgivings, differences and disputes among the concerned countries. It is time for nationalist sentiments promulgated by political leaders to give way to regional concerns and interests that can create a win-win situation for the countries of the region.

The BBIN MVA ushers in the possibility of meaningful regional economic cooperation that may lead to enhanced intraregional trade and connectivity within this sub-regional grouping. Moreover, in due course such regional cooperation has the potential to benefit a larger community of countries and eventually weave the entire Bay of Bengal region into a larger tapestry of a common economic identity with mutual cooperation, respect and fairness.

The political economy and procedural factors across the corridors include rent seeking behaviour of public officials, cargo theft, law and order problems in and around the LCSs and ICPs, insurgency problems along specific stretches of the corridors, local political influence, presence of pressure groups in the form of formal and informal associations, over-assertiveness of security forces sometimes exceeding their mandate, lack of Internet facilities or slow speed, lack of EDI, multi-window goods clearance systems leading to more time for inward or outward goods clearance, shortage of labourers, etc.

There are insurgency problems in Koderma, Jharkhand along the Kolkata-Raxaul stretch, which passes through the Mica mines. Our study team witnessed armed forces patrolling the area. Insurgency issues have been reported in Manipur state in the Myanmar-India corridor (Myawaddy-Hpa-An-Yangon-Meiktila-Mandalay-Monywa-Tamu-Moreh-Manipur) and in Maungdaw in the Myanmar-Bangladesh corridor (Bogale-Pyarpon-Yangon-Sittwe-Maungdaw-Teknaf-Chittagong-Dhaka).
Such ‘insurgency problems along the specific stretches of the corridors’ constitute a threat to law and order and, therefore, a deterrent to the movement of people and cargo across the affected areas.

Specifically, localised political issues constitute one of the most important components of understanding the political economic discourse in the BBIN. There are several concentrated localised political issues in particular corridors that need to be taken into account for smoother implementation of BBIN MVA. These have been highlighted corridor-wise.

**Corridor-wise Scenario of Political Economy**

**Corridor A: Kathmandu-Kakarvitta-Panitanki-Fulbari-Dhaka-Chittagong**

Truckers of Nepal have complained that they are often harassed by Indian Border Security Forces (BSF) without rhyme or reason.

Recurrent rent seeking activities on behalf of the public officials has also been reported. Kakarvita and Hetauda in Nepal; Fulbari in India and Bogura, Sirajganj and Thakurga Bus Terminal in Bangladesh are points where extortion of illegal payments from truck drivers is prevalent. Truck drivers along this corridor mentioned that in Hetauda bribes to the tune of Rs 400 are collected in lieu of cargo inspection and checking weight of the cargo.

Custom officials in Nepal mentioned unnecessary political interference as a hindrance to trade facilitation. The transporters’ association is extremely powerful in Nepal. Hetauda is an important node for trucks travelling along three corridors: a) Kathmandu-Kakarvitta-Panitanki-Fulbari-Banglabandha, b) Kathmandu-Kakarvitta-Panitanki-Kolkata and c) Kathmandu-Birgunj-Raxual-Kolkata. This is one of the major points where truckers get permission to ferry/carry loads on a ‘rotational’ basis.

Our survey team found that Narayani Truck Owner’s Association, one of the most politically strong associations of the transporters as well as the truck drivers, is headquartered in Hetauda. This association has political affiliation with all major political parties of Nepal. This association holds strong reservations against the two-way movement of cargo for foreign trucks because allowing access to foreign trucks means erosion of indigenous business and unemployment.

Moreover, the truckers complained that labourers in Fulbari refuse to work unless paid a premium over and above their regular wages. There have been instances where the Indian labourers halted work to create an artificial scarcity in order to increase their wages. Often such activities are supported by the strong labour union of the region.

Lack of communication and lack of data exchange among border management agencies lead to delay in clearance of inward and outward goods and also leads to higher waiting time at the borders. Customs clearance is also delayed by the lack of necessary documents as reported by the CHAs.

The CHAs on the Indian side do not use the E-platform for filing the documents and the CHAs on the Nepal side feel that the trade-related processes are cumbersome, which delays the entire process of trade. The customs house in Bangladesh (Banglabandha to Panchgarh) suffers from severe electricity shortage, lack of Internet facility, and a shortage of manpower.

**Corridor B: Thimpu-Phuntsholing-Jaigaon-Changrabandha-Burimari-Dhaka**

The major hindrance to cross-border trade in this corridor is that the LCS is situated around two kilometres from the border. Shortage of manual labour on the Bhutan side is a major problem leading to procedural delays. To overcome this problem, labourers from the Indian side are hired at Phuntsholing but in the evening when they return home, loading and unloading of cargo comes to a halt and cannot resume until they come back the next morning. Further, absence of power back up, and animal and plant quarantine facilities at Jaigaon add to the procedural delays in trading along this corridor.
Stakeholders complained of corrupt practices like bribery all along this corridor. Even Government agencies (both central and state level) are guilty of such practices. Bhutan gate is the main point where illegitimate payments lead to faster clearance of cargo. At Bhutan Gate, truckers often pay Rs 200-300 to avoid any kind of inspection of the cargo. In addition, Bogura and Sirajganj in Bangladesh are places where illegal payments are collected from the truck drivers.

Trucks are required to pay Rs 10 as ‘dadagiri’ tax near the Changrabandha parking lot.

**Corridor C: Lucknow-Gorakhpur-Sonauli-Bhairawa-Kathmandu**

The remoteness of Sonauli acts as a deterrent to economic activities in the region. Smuggling is rampant because of lack of fencing along the border. The truckers travelling along the corridor have reported a high level of corruption. The support service providers have to pay irregular token amounts to local criminal ‘strongmen’ to run their business.

Truckers identify these strongmen as local people who do not necessarily take bribes on a regular basis, but who demand irregular payments to fund ostensible development or welfare projects for the local residents. There have also been incidents of cargo theft. Political interference and interventions by pressure groups such as transporters’ associations often stands in the way of trade connectivity along the corridor.

Indian truckers and freight forwarders on the Indian side face security issues on the Nepal side. **Countries in the BBIN region need to harmonise their rules regarding cross-country movements across their borders.** Repairing damages on the Nepal side costs Indian vehicles much higher than on the Indian side. The Nepalese transporter needs to deposit NPR 130,000 with the Indian embassy in case a Nepalese truck intends to travel more than seven kilometres inside the Indian border. NPR 100,000 of the deposited amount is refundable in three months and that means that a handsome amount of money is blocked for a certain period.

Truckers inform they are asked for several documents and the custom clearance for a single truck takes no less than 20 minutes, which results in a substantial time loss considering the long queue of trucks. **The low level of coordination among the border management agencies owing to lack of communication and data exchange is another procedural problem that is hindering trade connectivity along the corridor.**

We have already highlighted the Madeshi crisis, which caused trade routes to get diverted from Raxaul-Birgunj to Sonauli-Bhairahawa after mid-2016. Local political groups mostly remain disinterested in trade related aspects owing to irregular volume of trade and remoteness of Sonauli.

Labourers involved in loading and unloading cargo at nodal points across the stretch do not have any association or union and therefore, are in no position to bargain with the trading companies for improved wages. Labourers on the Indian side informed the survey team that transporters (with a sufficiently stronger lobby and union) do not allow them to form any organisation of their own and even threaten to fire them if they look for other jobs.

Truckers at Gorakhpur face informal fee collection by the police at Ismailpur Bazaar and Bandha Road. The police often unjustly accuse trucks of violation of some traffic rules (or the other and on that pretext levy a charge of Rs 500 - 800). At Sonauli, between 3pm-5pm a traffic jam is engineered by the local police, during which Rs 2,000-3,000 is extorted from each truck driver on the ground that parking rules have been violated.

Anti-India protest in Nepal
P.C: www.huffingtonpost.in
Corridor D: Kolkata-Raxaul-Birgunj-Kathmandu

Informal money collection from the truckers has become a standard practice in this corridor. While there are instances of collection of bribes and illegal toll charges at critical junctions, such costs are primarily borne by the transport companies (freight forwarders/transporters). These calculated charges are then clubbed by the transporters under a miscellaneous/indirect cost head, and ultimately charged to the traders (exporters).

This practice is particularly evident in West Bengal, Asansol for instance, and also in Bihar. We have already reported that truckers generally rest during the day and drive at night to get away from such informal payments. Denial of such payment results in detention of the truck and often manhandling of the cargo, thus truckers prefer to pay to avoid unnecessary conflicts.

At Lakshimpur (approximately 10 km away from the Indo-Nepal border check post), the approach road to Raxaul takes two turns, one goes to the ICP 6.5 km away and the other goes to the Raxaul LCS five kilometers away. In case the trucker does not pay the police Rs 500 at Lakshimpur, the truck is sent to the ICP so that it has to cover an additional round-about distance of 13 kilometers before it may start for the Raxaul LCS, which is only 5 kilometers away from Lakshimpur. There is no proper dhaba in and around the ICP and the road is dilapidated. The only way a trucker can avoid this hazard, is by complying with the demand of the police at Lakshimpur. Such unfair and corrupt practices constitute a serious deterrent to smooth exchange of trade across borders.

Corridor E: Jaigaon-Gelephu-Samdrup Jongkar-Guwahati-Dawki-Tamabil-Dhaka

In this stretch there are two specific trade routes from Jaigaon to Dhaka via Guwahati to Dawki. One route stretches from Guwahati to Shillong via Dawki Hanging Bridge to Dawki and the other is from Guwahati to Shillong via the Jowai to Dawki. The route via Hanging Bridge has a load limit of nine tonnes; thus, trucks weighing more cannot avail the bridge.

This route is mainly taken by the local truckers where the goods are unloaded onto smaller consignments and carried by smaller trucks. The non-local transporters or truckers do not avail this route. Even though the Road and the Transport Ministry has sanctioned funds for the development of the bridge, no work has been completed at the time of this report.

The other route via Guwahati-Shillong-Jowai-Dawki is availed by both local and non-local transporters and truckers. However, according to the non-local transporters and truckers, this route entails a high level of illegal tax and toll collections. The illegal tax collections mainly happen at inter-state and inter-district boundaries. A coal syndicate is present between Byrnihat (Meghalaya) and Guwahati (Assam) and there have been serious allegations that the political party activists belonging to the ruling party extort the coal dealers.

On entering Meghalaya from Assam, there are three distinct nodes or places where the truckers face illegal tax or ‘Gunda/Dadagiri Tax.’ The first place is 14 miles into Byrnihat district of Meghalaya, the second is the Jowai main point, and the third is at Amlarem, which is on the way from Jowai to Dawki.

Amlarem is a sub-division where a number of government offices is situated, and the level of police concentration is also high. Thus, the non-local truckers plying through this route are charged illegal token amounts. Transporters inform such illegal taxes are charged depending on the size of the trucks i.e. the number of tyres on which a truck runs. For instance, for a 12-tyre truck, the trucker has to pay about Rs 2,000. Non-local stakeholders are treated unfairly by some local trade associations like Jaintia Hills Autonomous District Council, who are keen to support people from their community in the transport and export businesses.

As a result of more inter-state and international trucks plying through this route for trade purposes, this council interferes in the customs processes as they only want expansion of local trade conducted by local/tribal/Khasi truck drivers and so on. The customs department has already sent an official notice to this association stating that this is an international trading route.
and comes under the domain of international law wherein local laws of the land are null and void. Regardless of the notice, this association is very strong and continues to support illegal tax collection activities in Meghalaya.

Moreover, at Dawki Land Custom Station (LCS) there are two strong pressure groups namely the ‘Foreign Trade Chamber of Commerce’ and ‘Meghalaya International Exporters Chamber of Commerce’. These two associations safeguard the interests of the locals, but hinder the non-local truckers, exporters and importers. Non-Khasi drivers have been harassed, beaten and their trucks have even been set on fire by the Khasi people. On one such instance a trader from Assam had imported cement bags and had also cleared the custom procedures, but the local association detained the truck.

Often Guwahati based exporters facing such harassment, sought to deal with the issue through tie-ups or collaborations with the local exporters in Dawki. Earlier, the exporters also faced problems relating to extortion of money by local insurgency groups in India operating from Bangladesh. At present, this problem is dominant in the South Garo and West Khasi hills, where other LCS are in operation.

Earlier, the approach road to Dawki LCS was supposed to be widened but the local associations stood in the way. The association has also obstructed construction of an ICP because it is opposed to acquisition of land by the government. They even approached the Supreme Court on this issue.

The BSF activism in Dawki often goes way beyond security and amounts to harassment of truck drivers. Trade across Dawki-Tamabil comes to a halt every day during the daily meeting of the BSF and BGB. The custom officials expressed discontent regarding this issue.

The truckers have also complained about informal toll collection along other parts of this corridor, mainly on the Bhutan side. One of the Indian truckers at Daranga LCS (Indo-Bhutan border) informed that truckers who are transporting goods from India to Bhutan have to pay Rs 1,500-1,800 on the way (within India) as ‘Dadagiri Tax’.

In addition, illegal tolls are collected at various points on the Bangladesh side namely – Tamabil, Habiganj, Kancha Bazar, Auskandi, Narsingdi, and Jatrabari Bazar. On average an amount of Rs 200-500 is paid by a trucker at each of the locations.

**Corridor F: Kolkata-Petrapole-Benapole-Dhaka**

Prevalence of informal payments on the Indian side of Petrapole LCS is a major hindrance to trade through this corridor. As a result trucks coming from other states unload their consignments at Bongaon and then the Bongaon trucks carry the consignment on to the Bangladesh side. Stakeholders informed that if a non-Bongaon truck enters Benapole, immediately the labourers will charge hefty amounts for loading-unloading. Small vendors selling garlands, etc. also add to the harassment.

Furthermore, it is estimated that if a Bongaon truck spends Rs 2,000 informally at Benapole, the non-Bongaon truck will have to spend at least Rs 5,000 for getting the same work done. Instances of collection of illegal payments were reported at Barasat and Bongaon.

Truckers carrying export commodities to Bangladesh queue up for parking at a local parking space at Bongaon, locally known as ‘Kalitala Parking’, with a capacity to handle 800-900 trucks. The parking space is entirely owned and maintained by the Bongaon Municipality Corporation, Government of West Bengal. Truckers have to park at the Kalitala parking, even if they are assured of an available parking space at the Central Warehousing Corporation.

Support service provider at Bogra, Bangladesh
P.C: CUTS International
(CWC) provided by the Government of India with a handling capacity of 1,200-1,400 trucks.

This norm is enforced by the Municipality and ‘Kalitala parking’ constitutes a regular source of revenue for the Corporation. Charges for a 10 wheeler truck at the Kalitala parking average Rs 100 per day and that of a trailer truck (more than 10 wheelers) Rs 120. The rate charts are being issued and maintained by the District Magistrate’s (DM) Office, Bongaon Municipality. Interestingly, some of the local transporters opined that although most of the 10 wheeler trucks are legally eligible to transport goods up to 20-25 tonnes, the practice of ‘overloading’ (up to 40 tonnes) is a common practice.

The emerging concerns over loss of jobs for labourers and support service providers are likely to exacerbate the incidences of strikes on part of the existing labour unions at Benapole. Such incidents may further ignite political disturbances on the Bangladesh side. In addition, transport agencies are trying to create pressure on the Government by calling strikes and suspending work in Bangladesh. Such political disturbances and the consequent instability are detrimental to any prospect of connectivity and improved trade between nations.

Corridor G: Fulbari-Banglabandha-Rangpur-Dhaka-Chittagong

In this particular corridor, public officials (custom official, police at different points of the corridor) ask for bribes and take advantage of their authority. The rent seeking behaviour of public officials and sporadic hijackers increases the cost of trade and delay the trade process along this corridor. Collection of illegal tolls is predominant in the stretches between Rangpur and Banglabandha, between Bangabandhu Bridge and Rangpur; and between Dinajpur and Saidpur. In each of the stretches a truck driver has to pay an amount ranging between Rs 100-300.

Corridor H: Agartala-Akhaura-Comilla-Chittagong

Customs officials in this corridor informed that the BSF on the Indian side often harasses the importers’ agents. The survey team has observed that the importers’ agent is not allowed at zero point, on the pretext that it may delay proceedings pertaining to trade. Yet, tourists are allowed. This is a no-man’s land, the space which separates two countries. In this case, it is the space at the border between India and Bangladesh, which separates Tripura (India) and Akhaura (Bangladesh).

However, owing to high import duty imposed by Bangladesh on Indian exports through this corridor, export from India to Bangladesh has almost stopped.

Along this corridor, collection of illegal fee is rampant at Brahmanberia, which is also the location of a rest stop. Such illegal payments are also present on the stretch between Bhairab and Akhaura customs on the Bangladesh side. On an average of Rs 200 is paid at various points along this stretch.

Specifics of Informal Payments along Corridors and Possible Hindrances

If informal payments along the corridors are not addressed, the MVA will fall short in achieving its objective of faster cargo movement. In addition, such payments erode the cost competitiveness of the transport companies. Finally, these costs are included while determining prices of commodities and hence are ultimately borne by the end consumers. Indirectly, these illegal practices make the imported goods costlier in the domestic market.

To sum up, there are multiple instances where informal payments had to be doled out to various inspection agencies as bribes, and local pressure groups in the form of illegal parking fees, illegal tolls or gunda tax. Informal payments are also collected from the truckers on grounds of traffic inspection and checking cargo weights at police check posts.

Figure 5.1 indicates that, corridors E (57 per cent), F (48 per cent), and G (54 per cent) are the
Connecting Corridors beyond Borders: Enabling seamless connectivity in the BBIN sub-region

With regard to trade across the corridors in the BBIN region, it has been observed that in all the involved countries the rent seeking activities of public officials has been found to be disturbing. There is unnecessary political interference in countries like Nepal, which impedes the movement of traded goods. In all the nations, the exclusion of non-local truckers, internationally as well as intra-nationally, entails extra costs for the non-local truckers.

Figure 5.2 portrays the extent of this problem as faced by the truckers (43 per cent), transporters/freight forwarders (51 per cent), business associations (41 per cent) and customs house agents (37 per cent).

ones where the stakeholders have considered the need for treating the issue of elimination of such bribes and informal payments with high or medium priority.

Figure 5.1: Need for Elimination of Bribes (Corridor-wise)

Source: Field Level Investigations, CUTS International, 2017-18

Figure 5.2: Need for Elimination of Bribes (Stakeholder-wise)

Source: Field Level Investigations, CUTS International, 2017-18
Chapter 6
Perceived Livelihood Implications of BBIN MVA

Intra-regional trade can increase substantially with the removal of trade barriers. But, this will be of little significance if it fails to address poverty concerns of the involved people. Therefore, any attempt at strengthening connectivity across a region must necessarily include the twin objectives of trade facilitation and poverty reduction. The present chapter seeks to estimate the risks that are likely to emerge once the MVA is mobilised.

Of course there will be benefits from trade facilitation, but one must also consider creation of livelihood opportunities for possible losers in the event of seamless movement of people and cargo across borders and corridors. Women and marginalised sections must also be included in the growth story.

Livelihood “…comprises the capabilities, assets (stores, resources, claims and access) and activates required for a means of living: a livelihood is sustainable, which can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, and provide sustainable livelihood opportunities for the next generation; and which contributes net benefit to other livelihoods at the local and global level and in the short and long term” (Conway and Chambers, 1992).

The USAID (2005) defined livelihood as “…the means by which households obtain and maintain access to the resources necessary to ensure their immediate and long-term survival”. The primal focus of this livelihood approach is on the household’s development, specifically the strategies with which the household uses its assets to undertake a range of livelihood activities to ensure its livelihood security. In this regard, Frankenberger (1996) defined it as, “adequate and sustainable access to income and other resources to enable households to meet basic needs.”

Country-wise Perceptions of Livelihood

In the corridors selected for study, there are 22 LCSs, which are indicated country-wise:
- Bangladesh: Benapole, Banglabandha, Tamabil, Burimari, Akhaura
- Bhutan: Phuntsholing, Samdrup Jongkhar, Gelephu
- India: Panitanki, Fulbari, Jaigaon, Changrabandha, Sonauli, Rasaul, Daranga, Hatisar/Dadgiri, Dawki, Petrapole, Agartala
- Nepal: Kakarvitta, Bhairahawa, Birgunj

This study has tried to capture perceptions of different stakeholders about their
livelihood concerns at the border points as well as at other critical nodes of the corridors. For an assessment of the effect of the BBIN MVA on livelihood, the study has considered the views of four types of stakeholders, i.e. truckers, farmers, labourers, and support service providers. In this chapter, we will discuss their views or opinions on their current livelihood status and also how the implementation of BBIN MVA may bring about changes in this regard.

Bangladesh

Labourers

Labourers are those who are involved mainly in loading and unloading cargo/goods at the border point as well as at the critical nodes. We found this occupation dominated by male workers, most of whom are employed permanently. The primary survey has revealed that labourers will be adversely affected by implementation of the BBIN MVA, because there will be seamless movement of cargo hence labourers would not be required for loading and unloading of cargo.

Table 6.1 shows the correlation among income, hours of work, days of work and association membership of labourers. Significant and high positive correlation of days of working and hours of working with income is evident and understandable. Permanent employees who are members of some local labour association benefited from the activities of those associations; members get higher wages with less hours of work daily. Associations have helped to reduce work pressure by reducing working hours of the existing employees.

Support Service Providers

In the stretch from Banglabandha to Panchgarh, support service providers have opined that they will benefit from the BBIN MVA, due to increase in volume of trade. More trucks will mean more clients for them to cater to. In Bangladesh, monthly income of the support service provider varies on an average from BDT 8,000 to 30,000. In between Panchgarh to Rangpur, support service providers earn on a monthly average from BDT 8,000 to 20,000. In between Rangpur to Bogra, support service providers earn on an average BDT 4,500 to 20000 monthly.

In Petrapole-Benapole border, their income is entirely dependent on the volume of goods entering India. Whereas support service providers

<table>
<thead>
<tr>
<th>Variable</th>
<th>Income</th>
<th>Hours of working</th>
<th>Days of working</th>
<th>Membership of any association</th>
</tr>
</thead>
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<tr>
<td>Hours of working</td>
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<td>0.859**</td>
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<tr>
<td>Days of working</td>
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<td></td>
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<td>0.161</td>
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<td>1</td>
</tr>
</tbody>
</table>

Note:**Correlation is significant at the 0.01 level (2-tailed).

Source: Computed by CUTS team using primary data.

Box 1: Job Situation at Akhaura LCS

Akhaura LCS on the Bangladesh side is situated in a remote area, which is not suitable for female employees due to dearth of adequate residential and other facilities. Akhaura LCS is not similar to the others. There is a definite paucity of jobs. So labourers have to wait and are called only when jobs are available. Trade is not the only source of income of the labourers; labourers also work in agricultural land due to insufficient earning from port-related jobs. As such, there is no scope for specialising in any kind of work.
like hotel staff, small tea shop owners, gasoline pumpers, truck repairers’ outlet etc. find work by virtue of the Benapole LCS. In some parts of the stretch from Benapole to Dhaka, support service providers earn on an average of BDT 40,000 to 45,000 per month.

Absence of import is the major issue for poor conditions of the few tea-stalls, restaurants including a vehicle repairing store, at the Agartala ICP. Compared to support service providers (average income: Rs 12,000-15,000/month) and truckers (average income: Rs 15,000-18,000/month), labourers lag behind with an average income of Rs 4,000-5,000/month). This is due to lack of trade-related work and dearth of other livelihood opportunities.

Table 6.2 shows that big support service providers (in terms of their size of operation) provide service to a higher number of trucks. The support service providers serving a large number of trucks generally earned higher incomes.

Truckers
A majority of the truck drivers have neither their own health insurance nor bank accounts. The monthly income of truckers fall short of their expectations, because transport agencies do not pass on a fair portion of their incomes to the truckers.

Many of the truck drivers were apprehensive that accidents will increase because narrow roads cannot cope with increased traffic. Additionally, if the capacity of the customs houses does not increase the border points will be congested.

It is quite natural that truck drivers who are also owners of their vehicles will have higher income compared to others who only serve as drivers. Truckers who risk driving overloaded trucks also get high incomes, though very few truck owners admitted that they overload their trucks.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Income</th>
<th>Experience</th>
<th>Staff</th>
<th>Serving Truck</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
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<td>0.056</td>
<td>.600**</td>
<td>0.089</td>
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<tr>
<td>Experience</td>
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<td>1</td>
<td>0.126</td>
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<tr>
<td>Staff</td>
<td></td>
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<tr>
<td>Serving Truck</td>
<td></td>
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<td>1</td>
</tr>
</tbody>
</table>

Note: **Correlation is significant at the 0.01 level (2-tailed).
Source: Computed by CUTS team using primary data.
Connecting Corridors beyond Borders: Enabling seamless connectivity in the BBIN sub-region

The transport agencies are worried that once the BBIN MVA is operational, although trucks will be allowed to enter other countries, they will have to return empty for longer stretches of roadway and that would not be economically viable for the transport company.

In order to BBIN MVA to yield the intended benefits by way of an increased volume of trade, truck drivers in Bangladesh opine that the Government could focus on infrastructural development and in particular on four lane and improved roadways. A scheme regarding financial support for running small scale businesses would be welcome to support service providers.

Farmers

Despite changes in the macroeconomic policy framework and trade liberalisation in agriculture, Bangladesh’s agriculture sector did not

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**Table 6.3**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Income</th>
<th>Ownership</th>
<th>Containerisation</th>
<th>Overloading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
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<td>##</td>
<td>0.144</td>
</tr>
<tr>
<td>Ownership</td>
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</tr>
<tr>
<td>Overloading</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** ## Correlation cannot be computed because at least one of the variables is constant

**Source:** Computed by CUTS team using primary data.

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**Box 3: Voices of a Transporter**

Alhaz Rafikul Islam Prodhan, owner of Selina Traders was one of our respondents amongst the transporters. We met him at Burimari bazar and sought his opinion on the BBIN MVA initiative. While welcoming this agreement, he felt it would have advantages for some and disadvantages for others. For instance, a truck from an import-dependent country like Bangladesh will not get enough chance to transport goods from India. On the other hand, India being an export-oriented country, an Indian truck will come to Bangladesh easily. As a result, Bangladeshi transport agencies lose out. If Bangladeshi importers use Bangladeshi trucks to import goods then transport agencies of this country will support the agreement.

The transport agencies are worried that once the BBIN MVA is operational, although trucks will be allowed to enter other countries, they will have to return empty for longer stretches of roadway and that would not be economically viable for the transport company.

In order to BBIN MVA to yield the intended benefits by way of an increased volume of trade, truck drivers in Bangladesh opine that the Government could focus on infrastructural development and in particular on four lane and improved roadways. A scheme regarding financial support for running small scale businesses would be welcome to support service providers.

---

**Table 6.4**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Income</th>
<th>Land use</th>
<th>Contract farming</th>
<th>Training</th>
</tr>
</thead>
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<tr>
<td>Income</td>
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<td>.721**</td>
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<tr>
<td>Land use</td>
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<td>-0.020</td>
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<tr>
<td>Contract farming</td>
<td></td>
<td>1</td>
<td>.430**</td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

**Note:** **Correlation is significant at the 0.01 level (2-tailed).

**Source:** Computed by CUTS team using primary data.
experience any significant growth subsequent to the initiation of economic reforms. Farmers are getting on an average BDT 20,000 to 25,000 monthly.

Primary data shows high positive and significant correlation of farmers’ income with the extent of land use.

The correlation between contract farming and training programmes is moderate but significant as represented in Table 6.4. This gives us evidence that to improve productivity under contact farming, people like to attend agricultural training programmes. On the other hand, correlation coefficients of both contract farming and training with land use is low and negative. It can be inferred that the small farmers generally participate in training and are involved in contract farming too. It can also be inferred that small farmers have benefited from training and now they are doing contract farming.

Bhutan

In Bhutan, Phuentsholing, Gelephu and Samdrup Jhokar are the major trading centres where businesses compete for markets on both sides. In order to have thriving trade with India, it is imperative that both sides have properly linked livelihoods of people. People living on one side have a close association with the people living on the other side. If one side is affected by any problem, political or otherwise, livelihood and business on the other side is also affected.

The livelihoods of people, who work as mechanics, truckers, labourers and those engaged in similar low paid jobs, stand to be most affected when political disturbances result in stoppage of all trade related activities. In any case, they work on a day-to-day basis, get low wages for heavy work and generally remain unnoticed.

Farmers’ incomes do not remain fixed but vary with the yield per year. During bad years, they face problems since they have to look for alternative sources of income. Many farmers in Thimphu depend on apples as their main source of income. Also, Bhutan is not self-sufficient, even the most basic consumables have to be imported. On the other hand, Bhutan does not have a market big enough to absorb all of the local produce and hence, needs to export to other countries. Thus lots of shops have mushroomed over the years and lives and livelihoods of people engaged in these are directly dependent on trade between Bhutan and other countries especially India.

The ease of trading, availability of consumables in the country, price and quality of goods, directly determine the livelihood of not only the immediate stakeholders but also of Bhutanese people at large. Good roads and direct connectivity to the market are therefore extremely important for the farmers.

Any initiative that holds the promise of increased trade, consequent upon improved roads and connectivity, as the BBIN MVA does is, therefore, welcomed by stakeholders. They see in such initiatives as an opportunity to buttress and improve their incomes and living standards.

There is a general lack of awareness about the crux of the matter and how the MVA impacts various stakeholders. Bhutanese truckers feel threatened and unsafe about plying into other countries. They deal with endless documentation and their stories and apprehensions percolate among other categories.

Hence, rules and regulations need to be clarified and disseminated. With thin borders, a problem on one side will also create ripples on the other side. Many women are engaged as support service providers but there is no 24x7 restaurant along the highways and this inconveniences truckers travelling for long durations. Information sharing will be the safety net for those who have to move across borders and corridors. Farmers and entrepreneurs often have to depend on middlemen because of a lack of information. Also infrastructural inadequacies like the lack of storage facilities generate negative feelings among stakeholders.

Some are concerned about the threats and challenges, which may affect the Bhutanese economy. Damache Dem, Bhutan Association of
Women Entrepreneurs, opined, “Let us look at ‘people’ in all our countries in the region. Policies enunciated at supra-state levels must not turn a deaf ear to the needs of small land-locked countries, which harbour proportionately small populations. Small communities within these small countries must be secure, lest they get washed away by larger formations and edifices that seem to rock the entire region”.

Three things that will help all: (i) Digitalisation will help to reach out to markets; (ii) Bhutan has 73 per cent forest coverage so environmental concerns are important; (iii) Cooperation among all four countries is important and needs to be secured. Indeed all issues of development and growth become empty if a country’s unique elements, material and non-material, are not preserved.

Table 6.5

<table>
<thead>
<tr>
<th>Panel I: Labourers</th>
<th>Variable</th>
<th>Income</th>
<th>Hours of working</th>
<th>Days of working</th>
<th>Membership of any association</th>
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</thead>
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</tr>
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<td>Days of working</td>
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<td>Membership of any association</td>
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<th>Panel II: Support Service Providers</th>
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<th>Experience</th>
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<table>
<thead>
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<th>Panel III: Truckers</th>
<th>Variable</th>
<th>Income</th>
<th>Ownership</th>
<th>Containerization</th>
<th>Overloading</th>
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<td>Containerization</td>
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<tr>
<td>Overloading</td>
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<table>
<thead>
<tr>
<th>Panel IV: Farmers</th>
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<td>Training</td>
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</tbody>
</table>

Note: **Correlation is significant at the 0.01 level (2-tailed).
*Correlation is significant at the 0.05 level (2-tailed).
Source: Computed by CUTS team using primary data.
Panel I of Table 6.5 shows that labourers who worked for more time in a day and also more days in a month earn higher incomes. The role of associations in improving the livelihood of labourers is not impressive. Primary data suggest that who are members of the association actually lose out from such membership.

Incomes of support service providers are directly related to their work experience, number of staff members working under them, and number of trucks that avail their services (Panel II of Table 6.5).

Self-owned trucks with containerisation facilities increase the income of the truckers in comparison to those who work only as a truck driver on non-containerised trucks. Though, truckers earn extra money through overloading, such overloading is decreasing with more containerised trucks being used for movement of goods. Truckers in Bhutan worry about a possible loss of business if trucks from neighbouring countries rolled into their territory (see Panel III of Table 6.5).

Bhutan’s farmers who are using more land in farming are more likely to do contract farming. But, those who are doing cultivation under contract farming are not benefitting. Farmers are getting benefits from training.

People are confused about the contents of the BBIN MVA agreement. Bhutan has various trade agreements with other countries in the region but regional connectivity demands infrastructure. Possibility of rail connections with India is being explored but various land issues stand in the way. Transportation costs in Bhutan are three times higher than in India. Infrastructural facilities must approximate international standards. Major focus of Bhutan ought to be on the improvement of road conditions and development of dry ports and airports.

India

Labourers

In India too, this occupation is solely dominated by male workers. Petrapole, a leading LCS, has 2,000 labourers unloading cargo from Bangladeshi trucks carrying goods from Bangladesh to India. The primary survey revealed that labourers are mainly locally based in all around the countries. In all the critical nodes along trade corridors in India, labourers work as temporary employees, except Fulbari and Agartala.

Labourers work daily for five to nine hours on an average, but hours of work vary according to the number of trucks that arrive each day. Labourers do not have any association or union, (except at the Fulbari LCS) because few traders or companies hold monopolies and labourers cannot bargain with them for fear of losing their jobs. However, at every node, they have a leader who negotiates with truckers regarding payments for loading/unloading goods. On an average, their payment increases by 10 per cent every three years. Labourers are also discouraged for taking up any other kind of work in the area.

Table 6.6

<table>
<thead>
<tr>
<th>Variable</th>
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<th>Days of working</th>
<th>Membership of any association</th>
</tr>
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</tbody>
</table>

Note: **Correlation is significant at the 0.01 level (2-tailed). Source: Computed by CUTES team using primary data.
Table 6.6 represents that income is positively influenced by hours/days of work and membership of any association.

At some transhipment points, in India, even though there is no formal labour association, loading and unloading are usually done through labour contractors. The transporters/CHAs facilitate the process. The contractors have a number of labourers working under them, and perform the leader of the group. They are referred to as ‘sardar’ in the local language. They decide the total payment for unloading and loading a truck on the basis of the volume of goods/work involved; they allocate jobs to labourers and distribute the total payment among them. Additionally, working under sardars assures them continuous work days and less work hours each day. The negotiations are generally done at the level of contractors and hence there could be multiple contractors/leaders operating at a point.

In India, the income of labourers is not consistent around the country. Wages depend on the amount of work involved; that is, the capacity of the trucks and volume of trade. At Patna, for loading purposes a labourer gets Rs 1,200, Rs 600 and Rs 300 for 10 wheelers, six wheelers and 407 respectively. The payment gets doubled if unloading is involved too. On an average a labour earns about Rs 6,000 to 7,000 per month, but if there is no work they do not get paid.

Particularly in Fulbari, trade activities are typically seasonal. Labourers earn the most during the months of January and February. Average family income for labourers at Fulbari LCS was reported to be about Rs 300-500 per day during the peak season and Rs 50-100 during the off season with five hours of labour each day. It becomes difficult for a labourer to feed a family in the off season. Average monthly income of labourers at Burimari LCS is Rs 10,000-12,000. At Sonauli border, we found that the income of the labourers is Rs 5,000-8,000 per month.

At Raxaul border, labourers get Rs 200-250 per day although the payment is made on a weekly basis by the transporters. At Agartala ICP, labourers earn on an average Rs 8,000-10,000 per month. The income of the labourers at Dawki border is Rs 6,000-7,000 per month. Primary evidence also revealed that labourers working in warehouses of importers/exporters earn more than general labourers.

Apart from working as port labourers, most of them remain seasonally involved in cultivation (paddy), which not only fetches them an additional income, but also ensures their food security.

Primary evidence suggest that most of the labourers are illiterate or with just primary education. Some labourers in India have no bank account, and in any case their incomes hardly allow them to save.
Labourers are not aware of the BBIN MVA. Once informed of seamless movement of cargo, they were apprehensive that if trucks do not stop for unloading and loading, there will be no work for them.

In the event of relocation or redrawing of nodal points, (new ICPs/LCS etc.) those who have a chance to migrate to another workplace believe their opportunities will increase. On the other hand, those who are unable to relocate themselves need more agricultural jobs to support their households.

Support Service Providers

Once again, male workers dominate in this category, but one can find some females working in dhabas as dish washers, or doing other odd jobs. Several food stalls have cropped at nodal junctions and they sell almost identical items. Support service provider who has been running an establishment for years informed that during initial years his profit was high; but lately, many new shops have been set up and this has depressed his income. A majority of the support service providers, including owners and workers, are locally based and are not educated.

The income of support service providers varies on a daily basis. It depends upon the number of trucks stopping by, which in turn depends upon the level of trade. At Burimari, the average monthly income of support service providers is BDT 12,000-14,000. At Sonauli border, the owners of dhabas, earn Rs 800-1,000 per day on average. The owners of dhabas at Dawki LCS earn Rs 400-500 per day on average. Table 6.7 shows that the support service providers who are more experienced and having higher number of workers are able to serve more trucks and hence, they are able to earn higher incomes than the others.

On being informed about the BBIN MVA initiative, they expressed concern about the sustainability of their businesses. Some are hopeful that increase in trade may mean more trucks plying along the road and hence, more work will come for them.

A major hurdle of the support service providers at Agartala is the lack of job opportunities due to absence of import. Those who work in the capacity have opted for the same as their last resort. Their generally poor situation does not

Table 6.7

<table>
<thead>
<tr>
<th>Variable</th>
<th>Income</th>
<th>Experience</th>
<th>Staff</th>
<th>Serving Truck</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>1</td>
<td>0.062</td>
<td>0.315*</td>
<td>0.155</td>
</tr>
<tr>
<td>Experience</td>
<td></td>
<td>1</td>
<td>0.040</td>
<td>0.138</td>
</tr>
<tr>
<td>Staff</td>
<td></td>
<td></td>
<td>1</td>
<td>0.399**</td>
</tr>
<tr>
<td>Serving Truck</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

Note: **Correlation is significant at the 0.01 level (2-tailed).
*Correlation is significant at the 0.05 level (2-tailed).

Source: Computed by Cuts team using primary data.
allow them to either expand their existing business, or relocate their business to other possibly lucrative areas.

**Truckers**

As unorganised workers, truck drivers in India do laborious work, but get less pay. On an average, a truck driver’s monthly income varies between Rs 15,000-20,000. Due to this low income, truck drivers usually overload the trucks, which make them accident prone.

In every state, truck drivers have their associations. But if they face any problems on the roads of other states (for example accidents), then associations are unable to help them. Therefore, they want associations to be strong. Additionally, this will help to increase their wages (per trip) and hence their standard of living.

Truck drivers’ livelihood depends invariably on the volume of trade through this corridor. Implementing the BBIN MVA means more consignments hence more work for truck drivers.

Table 6.8 suggests that those who drive their own trucks earn more than the non-owners. A few of the Indian trucks are containerised. Those who drive containerised trucks do not have significantly different incomes.

**Farmers**

Indian farmers interviewed, were concentrated around Burdwan and Birbhum in West Bengal and Madhubani in Bihar. Burdwan is a predominantly agricultural district. Paddy is produced twice a year during khariff (Aman) and summer (Boro). The districts of Burdwan and Birbhum house approximately 400 rice mills. There is a big rice trading market in Burdwan. The traders there buy and sell rice not only for the domestic market in India, but also for export.

The farmers fetch Rs 1,100 per quintal of rice in the open market and Rs 1,500 under government procurement. Farmers have bank accounts, which they use to receive government support; otherwise they conduct all their business in cash. Large farmers take advantage of governmental

<table>
<thead>
<tr>
<th>Variable</th>
<th>Income</th>
<th>Ownership</th>
<th>Containerization</th>
<th>Overloading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>1</td>
<td>0.184</td>
<td>0.039</td>
<td>0.138</td>
</tr>
<tr>
<td>Ownership</td>
<td>1</td>
<td>0.531</td>
<td>-0.355</td>
<td></td>
</tr>
<tr>
<td>Containerization</td>
<td></td>
<td>1</td>
<td>-0.180</td>
<td></td>
</tr>
<tr>
<td>Overloading</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Computed by CUTS team using primary data.

---

Table 6.9

<table>
<thead>
<tr>
<th>Variable</th>
<th>Income</th>
<th>Land use</th>
<th>Contract farming</th>
<th>Training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>1</td>
<td>.894**</td>
<td>##</td>
<td>0.295</td>
</tr>
<tr>
<td>Land use</td>
<td></td>
<td>1</td>
<td>##</td>
<td>.420**</td>
</tr>
<tr>
<td>Contract farming</td>
<td></td>
<td></td>
<td>##</td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

Note: **Correlation is significant at the 0.01 level (2-tailed).
## Correlation cannot be computed because at least one of the variables is constant.

Source: Computed by CUTS team using primary data.
support as they have access to timely information and have an established network with transport services. Farmers need associations and government protection in order to secure their interests.

Table 6.9 shows that in India, there is a significant positive correlation between incomes with extent to land use indicating that large farmers have earned higher incomes than usual. These large farmers are more likely to participate in and benefit from training programmes.

Nepal

A member of the Chamber of Commerce of Nepal opined: “Nepal is not ready economically for the project. We cannot keep on exporting raw herbs and importing processed medicine. Consumers may get goods at lower prices and traders may benefit. But the industries of Nepal, which are already at an embryonic stage will get adversely affected. A handful of people in the form of traders might gain, but Nepal as a country will lose. So before embarking on such an ambitious project, Nepal needs to get its economic fundamentals in place. Let India and Bangladesh go ahead with the project and Nepal can enter at a later stage when we are ready to compete with the manufacturing giants.”

Trade connectivity will have direct as well as indirect effects on the livelihood of stakeholders. Many stakeholders see it as an opportunity to increase income while few fear that with the implementation of the BBIN MVA their livelihood and investments may be lost.

Labourers

The inflow of foreign trucks will negatively impact the earnings and livelihood of labourers. These people are less educated with limited access to finance, and have few alternative opportunities to avail.

Since most of the trucks depart directly to various destinations from the points of origin, there is already a low volume of work for the labourers stationed at the transit points. The labourers were of the view that the introduction of such provisions (BBIN MVA) will worsen the situation hence there should be some mechanism in place to ensure the protection of their livelihood. They are of the opinion that the government should provide them with alternative means of livelihood.

The labourers at Kakarvitta ICP informed that their workload has decreased lately and many labourers have lost their jobs. Initially they used to work for the entire day, but owing to reduced work load they get to work on a rotation basis.

Their average daily income is estimated at NPR 400-500. A majority of the labourers do not have any access to finance/banking or insurance because after meeting household expenses, savings are hardly possible.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Income</th>
<th>Hours of working</th>
<th>Days of working</th>
<th>Membership of any association</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>1</td>
<td>0.011</td>
<td>0.248</td>
<td>##</td>
</tr>
<tr>
<td>Hours of working</td>
<td></td>
<td>1</td>
<td>-0.160</td>
<td>##</td>
</tr>
<tr>
<td>Days of working</td>
<td></td>
<td></td>
<td>1</td>
<td>##</td>
</tr>
<tr>
<td>Membership of any association</td>
<td></td>
<td></td>
<td></td>
<td>##</td>
</tr>
</tbody>
</table>

Note: ## Correlation cannot be computed because at least one of the variables is constant.
Source: Computed by CUTS team using primary data.
Support Service Provider
Most of the Nepalese local vendors were unaware about the BBIN MVA. When the idea was explained to them they argued that it can have both positive and negative effects. A local restaurant owner opined: “On the one hand we might lose regular and loyal Nepali customers, but on the other hand we might have an opportunity to attract new customers.” Most local vendors were found to be optimistic about the prospect of the BBIN MVA while some small local vendors such as road side tea shop owners were skeptical.

Tea stall owners and restaurant owners at border points indicated that the BBIN MVA may increase trade, which means more trucks translating into more business. At present, most of their businesses come from tourists and passengers and truckers constitute a small portion of their business. The daily average turnover of support service providers is estimated at NPR 6,000-10,000. More trucks from India, Bangladesh and Bhutan will get to frequent Nepal as a result of the BBIN MVA and this will hold prospects for further flourish of business of local vendors and restaurant owners.

Table 6.11 shows that those SSPs who hire more staff to run businesses earn higher incomes. This increased income is achieved through serving a larger number of truckers.

### Truckers
Nepal is allowed to use India as transit country and Nepali trucks can ply though it as per an Indo-Nepal bilateral treaty.

Nepalese truck drivers are a bit skeptical about the prospect of the BBIN MVA. They were apprehensive that their current work would be usurped by truckers from Bangladesh. Moreover, truckers were concerned about their personal safety in view of public lynching that is pronounced in South Asia. This threat perception is not corroborated by any data, but is based on individual accounts, which must have percolated among the larger community of truckers.

The truckers informed that they do not have personal insurance but only have mandatory third party insurance, which covers expenses in case of accidents. A majority of the truck drivers do not have access to bank accounts and a few of them have access to cooperatives.

Table 6.12

<table>
<thead>
<tr>
<th>Wheels</th>
<th>Monthly Fixed salary</th>
<th>Extra On duty</th>
<th>Off Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 wheeler truck</td>
<td>NPR 8,000-10,000</td>
<td>NPR 800-1000</td>
<td>NPR 500</td>
</tr>
<tr>
<td>10 Wheeler truck</td>
<td>NPR 15,000-18,000</td>
<td>NPR 800-1000</td>
<td>NPR 500</td>
</tr>
<tr>
<td>12 Wheeler Truck</td>
<td>NPR 18000-21,000</td>
<td>NPR 800-1000</td>
<td>NPR 500</td>
</tr>
</tbody>
</table>
Nepal is a small country in comparison to India. If Indian trucks go to Nepal frequently, they will capture the entire market, which will reduce business of indigenous trucks. Indian trucks will charge comparatively less for transporting cargo since Indian trucks will have a cost advantage. This will hamper the business of Nepali trucks, who find it extremely difficult to recover their fixed costs.

Nepalese truckers see the BBIN MVA as a direct threat to their livelihood. The inflow of foreign trucks will negatively impact the earnings and livelihood of truckers. Given the current situation (as the cost price of trucks in Nepal is three times higher than in India) truck businesses of Nepal may diminish with the inflow of foreign competitors.

Currently there are more than 50,000 trucks operating in Nepal. In other words, a truck means direct monetary benefit for at least four families: truck driver; conductor; labourers, and truck owner. Assuming the average size of each family as four, a truck impacts the livelihood of 16 individuals. In this regard, if the BBIN MVA displaces the truck business of Nepal, as it may apprehend, it will directly affect 800,000 individuals.

The truck association is not in favour of the BBIN MVA and it made its point in no uncertain terms. They claimed that the resulting competition will be unfair as the cost of hiring a truck in Nepal is three times higher than in India. They are also concerned about safety while driving in India.

Farmers

Most of the farmers and farmer’s groups seemed positive about the prospect of the BBIN MVA. However, many of them opined that Nepal does not have adequate infrastructure capacity to export valuable agricultural products. On the other hand, the farmers argued that if cheap agri-products from neighboring countries flood the market, it could directly hamper their livelihood.

Business in medicinal herbs is a vital source of livelihood for a varied and large section of citizens in Nepal. The prices of these medicinal herbs differ and returns on them vary accordingly. Farmers generally sell lemon grass at NCR 15,000-16,000/Box.

Table 6.13

<table>
<thead>
<tr>
<th>Variable</th>
<th>Income</th>
<th>Land use</th>
<th>Contract farming</th>
<th>Training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>1</td>
<td>##</td>
<td>-0.074</td>
<td>-.870**</td>
</tr>
<tr>
<td>Land use</td>
<td>1</td>
<td>##</td>
<td>##</td>
<td>##</td>
</tr>
<tr>
<td>Contract farming</td>
<td></td>
<td></td>
<td>1</td>
<td>-0.316</td>
</tr>
</tbody>
</table>

Note: ## Correlation cannot be computed because at least one of the variables is constant.
Source: Computed by CUTS team using primary data.
Kg. Camile is the most expensive herb, and returns are very high, but unfortunately its yield is low. A farmer informed that his net annual income is NCR 45,000-56,000 per hectare. Normally, 30-35 workers work as labourers on a large farm. A majority of the labourers involved in cultivation of these herbal plants are female as it is difficult to find male laborers. When it comes to selling their products (medicinal herbs), the farmers prefer government to private entities.

They argued that most of the herbs are internally consumed and only a minimal amount gets exported. Herbs like Yarshgumba, which are expensive and are in high demand are found in the mountainous regions of Nepal and are illegally traded to China via China-Nepal border. Farmers can benefit from easy access to new markets and thus improve their earnings and livelihood. In the event of improved trade connectivity with other countries, Nepali farmers will have the opportunity to cater to a wider range of customers. But there is a flip side too: production of herbs in high quantities can eventually erode the quality of herbs and also bring down the prices thereby possible benefits depressing the expected benefits.

Table 6.13 shows that Nepalese farmers are not benefitting from training. In fact training has negatively impacted Nepalese farmers. The data suggests that farmers who practise contract farming are not keen to participate in training programmes.

In a nutshell, considering the livelihood aspects of labourers, support service providers, truckers and farmers, we find that a majority of the respondents were unaware about the BBIN MVA, but when they were taught about the BBIN MVA, labourers were found to be more concerned in all the nations, as they think that this connectivity initiative will diminish the scope of their businesses. Support service providers were optimistic about their business prospects and the same was true of farmers. In the category of truckers, Indians feel that the BBIN MVA is going to increase their existing incomes, whereas, Bhutanese, Nepalese and Bangladeshi truckers are apprehensive of this initiative because they worry that the big Indian truckers’ market will swallow the business of other small indigenous local truck operators.
Chapter 7

Conclusion and Recommendations

Our study highlights three broad categories of challenges to the effective implementation of this agreement. These are: infrastructural challenges, political & policy-related challenges and social challenges. The study has tried to offer feasible solutions to all these challenges on the basis of primary information gathered from the field directly from stakeholders concerned. The main endeavour is to provide an insight to the ground realities associated with the implementation of the BBIN MVA.

Challenges to BBIN MVA

Infrastructural

- The current state of road infrastructure in this region is poor.
- All for nations differ in terms of infrastructure (both soft and hard), which act as impediments to the successful implementation of the BBIN MVA. Among all the member countries, India’s position is somewhat better in terms of infrastructure, but inadequacies are still immense.
- Challenges pertaining to parking issues, narrow roads near LCS, improper water and sanitation facilities at ports.
- Weak regulatory and institutional reforms, absence of testing and standard related institutions, inefficient customs clearance procedures, and excessive documentation involved in the trade process.
- Poor internet connectivity at land ports affect the proper functioning of EDIs and creates massive obstacles for customs officials as well as for other agencies that are operating at the border points.
- In several places, there is lack of cold storage and adequate warehouse facilities.
- Lack of refreshment facilities at some ports.
- Repair of bridges in several places in Bangladesh and India need to be expedited, for they constitute a deterrent to movement of heavy traffic, and also cause trucks to resort to much longer and therefore economically unviable routes.
- Incompatibilities of clearing systems on two sides of the border often cause undue delay in the clearance of goods and movement of cargo. Unless, technological upgrading of clearing processes and equipment on one side of the border is matched by the other side, coordination will always be a problem.
Political & Policy-related

- A major political challenge comes from lack of political will and policy-related challenges thrown up by malfunctioning or sub-optimal functioning of various institutions.

- Bhutan’s upper house of parliament is unable to ratify the pact due to opposition parties taking an uncompromising position. Bhutan puts toward the case of environmental damage and livelihood concerns and opposes this agreement while ignoring the long-term positive effects.

- There is a lack of coordination among different border agencies, which enhances the complexities in completing procedural and regulatory formalities involved in trade. Clearance procedures are both cumbersome and divergent.

- There is also need for coordination among ministries and departments within a government of a particular country say for instance, the Ministry of Trade and Commerce and Ministry of Forest and Environment. In Bhutan, road construction for purposes of trade connectivity may be proposed by one ministry but may not be endorsed by the other.

- The absence of inefficient transit mechanisms hinders intra-regional trade among these countries.

- The identification of authorised routes and permits are still in discussion and signing of the protocols will remain a key challenge for the BBIN MVA agreement.

- A persistent problem in cross border trade is that insurance issued in one country is not recognised in another. There has to be multi-country insurance and issuance of permits since the whole idea is to reduce documentation.

- Insurgency problems along the specific stretches of the corridors' constitute a threat to law and order and therefore a deterrent to the movement of people and cargo across the affected areas.

- Localised political issues constitute one of the most important components of understanding the political economic discourse in the BBIN nations. There are several concentrated localised political issues in particular corridors that need to be taken into account for smoother implementation of BBIN MVA. For instance, truckers of Nepal have complained that they are often harassed by Indian Border Security Forces (BSF) without rhyme or reason; Kakarvita and Hetauda in Nepal; Fulbari in India and Bogura, Sirajganj and Thakurga Bus Terminal in Bangladesh are points where extortion of illegal payments from truck drivers is prevalent; there have also been instances where the Indian labourers halted work to create an artificial scarcity in order to increase their wages. Often such activities are supported by the strong labour union of the region.

- There is no fencing along the India – Nepal border stretching through Raxaul and Sonauli, which makes it prone to smuggling.

- The informal payments along the corridors should be addressed. If these are not addressed the MVA will fall short in achieving its objective of faster cargo movement.

- Agreements like the MVA for effective implementation requires smooth political climate across the countries because tensions at the border can always dampen such initiatives. Hence the need for political coordination.

Social

- It is important to gauge people’s levels of awareness. Level of skills and capacities of people ought to be complemented and for this purpose sharing of information by and among the concerned countries is imperative and there is great potential for cooperation.

- People on the ground are heterogeneous and so the initiative will impact different categories of stakeholders differently. Numerous livelihood opportunities have cropped up at nodes along the corridor but some like labourers and support service providers fear loss or reduction of jobs. Small farmers are operating already through middlemen are unsure of how the MVA will benefit them.

- Women participation is generally low, limited to certain kinds of laborious work and support service providers.

- The Government ought to find alternative jobs, vocational training and information sharing to ensure sustainable livelihood. Truckers of Bhutan are worried about the possible loss of business if trucks from neighbouring countries
enter into their country in large numbers. Opposition parties of Bhutan oppose change in the status quo.

- Security needs to be beefed up to encourage more women participation and Government is to provide technical training to male and female residents.

Policy Recommendations

To address the issues pertaining to delay in cargo movement owing to infrastructural bottlenecks at the border, the stakeholders proposed the following two broad based solutions: Creation of ICPs with all the infrastructural facilities available under one roof; and usage of ICDs as a single point solution where all customs checking would be done. The field survey along the corridors showed that since ICDs are not present in all the corridors, it is important that strategic locations be identified for setting up these facilities. The specific recommendations at the BBIN level are:

- Country-level efforts are necessary to provide the basic hard and soft infrastructure, which further reduces the waiting time and cost.
- Corruption has been found to be prevalent in all the selected corridors in the form of local gunda taxes and bribes, which needs serious attention of policy makers.
- It is difficult for a local person or a layman to understand the benefits associated with the BBIN MVA. Widespread dissemination of information about the MVA is required.
- The livelihood of the involved stakeholders is a major concern that should be dealt with seriously, especially the livelihood of labourers in all the nations and also, the truckers of Bangladesh, Bhutan and Nepal. It will be the responsibility of the concerned Government to relocate/rehabilitate the losers in alternative jobs.
- It is expected that the implementation of the MVA will promote standardisation of trade, harmonisation of procedures and customs rules that will eventually minimise NTBs and thereby reduce the quantum of informal trade.

In addition to the aforementioned general policy suggestions, the study offers the following country specific recommendations:

Bangladesh

- There is imminent need to improve road conditions across the corridors and particularly invest in converting two - lane highways to four – lane ones. Several such stretches have been identified by our study. In this context, one may also include rehabilitation of bridges to enable movement of cargo trucks across corridors.
- There is need of reforms at all levels of soft infrastructure. One has to address issues like unnecessary inspections, irregular payments and lack of coordination among border agencies.
- Since the Bangladesh economy has benefitted from enhancement of regional trade, it is important to consider diversification of products, harmonisation of standards, connecting regional value chains and simplifying trade procedures.
- Capacity building of stakeholders to enhance their proficiency in coping with technological upgrading of trade procedures that must replace convoluted and cumbersome customs procedures that presently clog border clearance systems.

Bhutan

- Rules and regulations need to be clarified and disseminated since there is large scale unawareness about the prospects of the BBIN MVA. The advantages that are likely to accrue from the implementation of the BBIN MVA must be communicated to all relevant stakeholders.
- Farmers in Bhutan stand to benefit from good roads and direct connectivity to the market because the livelihood of several farmers in Bhutan depends on the production and export of apples.
- Given Bhutan’s apprehension about possible damage to environment that may be inflicted by increased mobility of trucks, to and from Bhutan, the political leadership needs to be convinced that improvement of trade consequent upon the implementation of the BBIN MVA will positively impact major stakeholders like traders, farmers, consumers and service providers.
To facilitate movement of people and cargo, Bhutan ought to concentrate on development of road conditions and development of dry ports and airports.

Since perishable food products constitute a major export item for Bhutan, proper cold storage facilities must be ensured at border points.

Among soft infrastructural hurdles, the most conspicuous is manual inspection, which is a time consuming activity, considerably delaying truck movement.

India

- Since the entire trade process in India is male dominated, women participation ought to be encouraged and factors that will be conducive to more women participation must be put in place – infrastructural facilities at the border, security along the corridors, etc.
- Labourers often do not have associations of their own. These could be encouraged to give labourers greater security of livelihood and ensure for them better living standards.
- Social security like insurance schemes, extension of credit facilities to set up new businesses could be provided to major stakeholders of the trade process like labourers, transporters, support service providers, etc. Such credit will enable labourers and service providers to relocate themselves in the event of redrawal of ICPs/LCS.
- Government should seriously consider rehabilitation of losers (labourers, support service providers etc.) in the event of seamless connectivity across corridors that could render several check points at border crossings redundant.
- Infrastructure facilities like warehouses, cold storage facilities, quarantine facilities, yards, restrooms, eating joints, parking spaces, etc. must be ensured by the Government at all nodal points if optimum mileage is to be derived once the MVA is operationalised.
- Although truckers have their associations, these become helpless spectators if truckers face problems or meet accidents in other states. These associations need to prop up their strength and inter-state (within India) linkages.
- Large farmers can take advantage of governmental support as they have access to timely information and have an established network with transport services. Farmers need associations and government protection in order to secure their interests.
- The Government must consider capacity building workshops for officials stationed at border points (LCS/ICP) for many of them have expressed inability to cope with new documentation procedures after the introduction of GST.
- The Government needs to address political unrest and insurgency problems in conflict prone areas for the sake of smooth flow of cargo and people across the corridors.
- Personnel should be deployed to prevent cargo theft in the relevant corridors for problems of pilferage that have been pointed out by truckers from other countries like Nepal and Bhutan. At the same time, unnecessary physical inspection of goods should be done away with and the responsible personnel can be deployed to perform more productive tasks.
- Since Indian truckers face the hindrance of linguistic incompatibility, transport companies in India can think of imparting a workable knowledge of Nepalese to certain truck drivers who can be reserved for driving trucks to Nepal.

Nepal

- At several LCS, stakeholders have complained of inadequate parking space, which leads to congestion because trucks are compelled to park on the roadway. Such issues pertaining to hard infrastructure need to be addressed urgently.
- Adequacy of personnel to handle operations at border points will reduce waiting time for trucks.
- The problem of excessive documentation has been highlighted by relevant stakeholders (in Birgunj, for example) and this needs to be addressed in order to reduce clearing time of cargo.
- Several stretches of corridors running through Nepal need to be revamped since they have been damaged by landslides. Unless this is done, these stretches will remain unsuitable for heavy traffic and accident prone.
- There is need for infrastructural improvement and technological upgrading at several LCS/
ICP at border points in order to ensure compatibility of operations in respect of trade procedures and formalities with the other side of the border. As an example, one can cite the case of Raxaul ICP (Indian side) and Birgunj ICP (Nepal side).

- Better connectivity can facilitate an expanding market for Nepalese farmers growing herbal plants, because many of these herbs are in high demand in other countries.

The BBIN region harbours 1.6 billion people, that is, 1/6th of the global population. Earnest efforts of the regional countries will upgrade connectivity across the region. Though many efforts in this direction have been made in the past, but issues remain to be addressed to catapult the region to a high growth trajectory. This includes: lack of infrastructure, lack of coordination mechanisms and complicated & convoluted customs procedures, excessive documentation, informal trade, informal payments and widespread unawareness among major stakeholders.

Reforms in all these areas are necessary to facilitate trade among the countries. An integrated and well-coordinated network across countries in this region will act as a catalyst for developing cross-border value chains and will connect these countries with international markets. In a globalised world, where it is not possible for any country to escape liberalisation, the importance of such initiatives like BBIN MVA can hardly be exaggerated. Planned improvements are under way and there is no room for pessimism.
References


ESCAP (2014). *Regional Connectivity for Shared Prosperity*. Bangkok: UNESCAP.


1 World Development Indicators (WDI) 2016, World Bank

2 Multi-modal transport is transportation of goods by different means of transport through Air, Sea and Land via trucks, rail, ships, barges etc.

3 Article X deals with cross border coordination: parties shall coordinate working hours and working days of the adjacent LCSs authorised for entry and exit of vehicles and shall ensure the proper coordination among the authorities and agencies responsible for border controls and processes.

4 Article V deals with the installation of an electronic tracking system: a monitoring platform with appropriate software and hardware for efficient tracking of vehicles should be established within two years from the date of signing of the Agreement.


6 Information collected from Ministry of Road Transport and Highways, Government of India

7 Joint Land Transport Facilitation Committee (JLTFC) – an institutional body set by contracting parties to monitor the implementation of the Agreement and to prepare the protocols for the Agreement.

8 CUTS Survey, 2016 under the study titled Benefits of the TIR Convention for the implementation of the BBIN Motor Vehicles Agreement.

9 Multi-modal transport is transportation of goods by different means of transport through Air, Sea and Land via trucks, rail, ships, barges etc.


11 http://www.thedailystar.net/business/ease-challenges-export-india-sanem-1304875

12 http://www.livemint.com/Politics/ol0E49p8V9WqXpXJUXBqFPL/India-to-redraw-BBIN-connectivity-project-as-Bhutan-opt-out.html

13 The draft of Nepal’s new constitution was circulated in September, 2015. But, the Madhesis and Tharus, indigenous tribal groups of Nepal’s Terai region, protested that the constitution had battered their political representation in the democratic politics, divided their territory - in hilly and Terai region and also carved out federal units, which would deprive them of self-rule. They also alleged that the new constitution institutionalised discriminatory citizenship provisions. The Nepalese government suppressed this protest by force. After this incident, the Madhesi parties changed their plan of protest against their government. They decided to shift their protest to the border and blocked supplies, and sought to generate pressure on Kathmandu. India is one of the major trading partners of Nepal. When the Indian government stopped this trade, Nepal suffered on account of shortage of supply of these goods.

14 Hard infrastructure includes those physical facilities that are necessary for the successful implementation of any policy. It mainly includes roads, electricity & communication facilities.

15 Soft infrastructure includes the institutions enforcing the mandatory rules and regulations for the protection of social and economic standards. The rules and regulations include the measures imposed by countries to ensure the safety of their citizens. Broadly, it includes policy, procedural, legal and regulatory frameworks of the country.

16 Also covers the stretch of corridor G (Fulbari-Chittagong).
About the Project

Lack of connectivity and integration has long been accepted as one of the biggest contributors to the sub-optimal performance of trade and economic growth among the countries of South Asia. The governments of all the involved nations are making efforts to tap this unexplored trade and economic potentials. The BBIN MVA, a Framework Agreement signed by Bangladesh, Bhutan, India and Nepal in 2015, is a landmark in this direction to reap such potentials by facilitating seamless connectivity for cargo and passenger vehicles among these countries.

The study aims to facilitate trade and transit among the four countries, viz. Bangladesh, Bhutan, India and Nepal by identifying the hurdles on the way for the successful implementation of the BBIN MVA through evidence-based advocacy, facilitative dialogues, and capacity building. Among others, the study highlights various infrastructural, political economy and livelihood related issues that should be dealt with priority to make the environment conducive for this agreement to come into force.

For more information, please follow: http://www.cuts-international.org/bbinmva/

CUTS International

Established in 1983, CUTS International (Consumer Unity & Trust Society) is a non-governmental organisation, engaged in consumer sovereignty in the framework of social justice and economic equality and environmental balance, within and across borders. More information about the organisation and its centres can be accessed here: http://www.cuts-international.org.