

# Bridging the East

*Trade and Transport Connectivity  
in the Bay of Bengal Region*





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D-217, Bhaskar Marg, Bani Park, Jaipur 302016, India

Tel: +91.141.2282821, Fax: +91.141.2282485

Email: [cuts@cuts.org](mailto:cuts@cuts.org), Web site: [www.cuts-international.org](http://www.cuts-international.org)

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Unnayan Shamannay



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# Abbreviations

ADB:	Asian Development Bank
ASEAN:	Association of Southeast Asian Nations
BBIN:	Bangladesh, Bhutan, India and Nepal
BIMSTEC:	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BSF:	Border Security Forces
CFT:	Cubic Feet
CHAs:	Customs House Agents
EDIs:	Electronic Data Interchanges
GDP:	Gross Domestic Product
ICD:	Inland Container Depot
ICP:	Integrated Check Post
IMT:	India-Myanmar-Thailand
LCS:	Land Customs Station
LPI:	Logistics Performance Index
MVA:	Motor Vehicles Agreement
NTBs:	Non-Tariff Barriers
RVCs:	Regional Value Chains
SAARC:	South Asian Association for Regional Cooperation
SASEC:	South Asia Sub Regional Economic Cooperation
SEZ:	Special Economic Zone
SSB:	Sashastra Seema Bal



# Contributors

## Taramani Agarwal

Taramani is a Senior Consultant, Deloitte, India. She worked at CUTS International as Senior Programme Officer. She has more than five years of research experience and been working closely on issues related to international trade and regional economic cooperation in South Asia. She holds Master's degree in Actuarial Science from the Amity University. She has also worked with Bureau of Research on Industry and Economic Fundamentals and Deloitte Consultancy.

## Rahul Arora

Rahul is a Policy Analyst at CUTS International. He has a Doctorate in Economics with specialisation in International Trade from Indian Institute of Technology Kanpur, India. His research interests lie in analysing International Trade with particular focus on computable general equilibrium modelling of free trade agreements, regional economic integration, gravity modelling and trade facilitation. He has worked in collaboration with ARTNeT, United Nations Economic and Social Commission for Asia and the Pacific to study trade facilitation measures in RCEP countries and published various research papers and chapters in journals and books of national and international repute.

## Subhanil Banerjee

Subhanil is Assistant Professor, Amity Business School, Chhattisgarh. He worked with CUTS International as a Policy Analyst. He has expertise on undertaking primary and secondary research on issues pertaining to international trade; banking and finance; and women and child development. His recent work includes ongoing debate on bank mergers, cross-border trade and financial flows, impact of strengthening regional and global value chains towards creating livelihood opportunities. Before joining CUTS, he worked with Centre for Children Studies – an UNICEF-sponsored centre.

## Bratindra Bhattacharya

Bratindra is Director of CUTS International and heads CUTS Calcutta Research Centre. He is a widely travelled professional with more than 20 years of experience in the trade development sector. He holds a full-time Master's in Business Management from University of Calcutta. Spending two decades in the quasi-governmental organisations has given him a good understanding of the trade policy framework as also the need of the business community.

## Sumanta Biswas

Sumanta is a Senior Programme Officer at CUTS International and has been associated with it since last 11 years. He has been working in the domains of field research, advocacy, networking and overall project management which has helped him to evolve his capacity in several dimensions of growth. He had undertaken several field research assignments on the issue of regional trade and connectivity, energy, health, etc.

### **Indranil Bose**

Indranil is an Associate Professor at Department of Political Science in St. Xavier's College, Kolkata. A recipient of National Scholarships and the Jubilee Prize, he was awarded an International Fellowship by Rotary International to participate in a Group Study Exchange Programme in Texas, USA in 1995. He has also participated at various national and international seminars and his current research areas include political theory, political economy and international relations.

### **Bipul Chatterjee**

Bipul is Executive Director of CUTS International and heads CUTS Centre for International Trade, Economics & Environment. Prior to joining CUTS International, he worked at several economic policy think tanks in New Delhi, such as National Council for Applied Economic Research, and Institute for Economic Growth. He has more than 20 years of experience on issues related to international trade and development, especially on political economy of trade and economic policy reforms, particularly pro-poor aspects of reforms.

### **Sayandeep Chattpadhyay**

Sayandeep is a Senior Research Associate at the Asian Confluence, an Indian think tank. He has research interests in the area of trade and development, connectivity, regional integration, transboundary water governance and political economy. He is one of the authors of a recent book entitled, 'A Glass Half Full: *The Promise of Regional Trade in South Asia*', published by the World Bank Group. His recent work focuses on physical, institutional and people-to-people connectivity with a major emphasis on political economy and cross-border trade and value chains in the Bay of Bengal region. He worked with CUTS International as a Senior Research Associate; and Institute for Social and Economic Change, Bengaluru. He has done his Masters in Economics from Symbiosis International University.

### **Simanti Das**

Simanti is currently pursuing MBA from Xavier Institute of Management and Entrepreneurship. She worked with CUTS International as a Research Assistant. She completed her Bachelor's in Science in Economics from Symbiosis School of Economics, Pune. She has presented a paper entitled, 'Intra- Regional Agricultural Trade in Alleviating Rural Poverty in South Asia' at the 12<sup>th</sup> South Asian Economics Students' Meet held in Colombo, Sri Lanka.

### **Arnab Ganguly**

Arnab is an Assistant Policy Analyst at CUTS International, with over 11 years of professional experience in the areas of trade facilitation and analysing the impact of various trade policies on grassroots stakeholders. He holds a Master's of Economics, Rabindra Bharati University and Master's of Business Administration (Finance and Marketing) from the University of Calcutta. He has also worked for West Bengal Consultancy Organisation and Confederation of Indian Industry in various capacities. He was also involved in preparing the Export Strategy document for Sikkim. End to end project management, undertaking action research, data analysis and writing research reports/discussion papers are his areas of expertise.

### **Akshat Mishra**

Akshat worked with CUTS International as Senior Research Associate where his areas of work pertain to international trade and sustainable development in the areas of food, water and energy security. He did his M.Sc. in Economics from Symbiosis International University, Pune with a specialisation in Development Studies. He has co-authored a discussion paper entitled, 'Sustainable Development in South Asia: Need for Cooperation in Food-Water-Energy Security' published by

CUTS. Besides, he has written articles and op-eds in some newspapers. He has also completed the Level 1 training on Partnership Brokering from Partnership Brokers Association, Australia.

### **Debolina Mukherjee**

Debolina worked with CUTS International as a Policy Analyst. Previously, she has worked with organisations, such as Indian Council for Research on International Economic Relations and Engineering Export Promotion Council in the field of international trade. She holds a Master's in Economics from University of Calcutta.

### **Prithviraj Nath**

Prithviraj is a Senior Fellow at the Asian Confluence, an Indian think-tank. He has research interests in the areas of regional cooperation, connectivity, trade and development. His recent and current research focuses on physical, institutional and people-to-people connectivity in the Bay of Bengal region and the larger Indo-Pacific, with particular emphasis on political economy of transboundary water governance and cross-border trade and their impact on regional integration parameters and local economic development. He is also engaged as a consultant with the Asian Development Bank working on border infrastructure development for regional connectivity. His other work spans energy governance, renewable energy and sustainable development issues. His earlier engagements include those with CUTS International and the Department of Municipal Affairs, Government of West Bengal. He did his Master's in Business Management after graduating in Economics from University of Calcutta and has published several research papers and articles.

### **Suvayan Neogi**

Suvayan is Consultant, Trade Policy Division, Department of Commerce, Government of India. He worked with CUTS International as Research Associate. He has more than four years of research experiences on trade and development-related issues. Currently, he is pursuing Doctorate in Economics from Symbiosis International University, Pune. He obtained his Master's degree in Agribusiness Economics from Gokhale Institute of Politics and Economics, Pune. He has contributed in a number of studies as a researcher for various institutes, including IIT Kanpur, Calcutta University, among others. His interest areas include regional economic cooperation, trade facilitation, agricultural economics and different developmental issues in India, among others.

### **Sudip Kumar Paul**

Sudip is a Research Associate at CUTS International. He has a MSc Economics from the University of Calcutta. He has more than four years of research experience in social science research, data analysis and has previously worked with Indian Statistical Institute and Jadavpur University, Kolkata. His interest lies in the regional economic integration under the ambit of international trade.

### **Bijaya Roy**

Bijaya is a Research Assistant at CUTS International. She obtained her Bachelor's in Economics from the University of Calcutta and Master's in Economics from the Banaras Hindu University. Her area of interest includes trade facilitation, connectivity, regional integration, inland waterways among others.

### **Sayantan Sengupta**

Sayantan is Manager, Climate Change Program, Earth Day Network. He has more than eight years of working experience in the areas of renewable energy, energy access, sustainability, climate change, regional integration, livelihood creation, poverty alleviation and grassroots development.

He also has experience of working in the areas of facilitating international trade. He is a B.Tech in Electrical Engineering and has a Master's Degree in Energy Management. He worked with CUTS International as an Assistant Policy Analyst.

#### **Aparna Sharma**

Aparna is a Senior Research Associate at CUTS International. She is associated with various projects related to trade, transport and transit facilitation in South Asia and South East Asia. Her other interest areas are economics of innovation and intellectual property rights. She has keen interest in applied econometrics to give empirical content to economic relations. She has also been a Visiting Scholar (TEEP 2018) at Department of Business Administration, National Cheng Kung University, Taiwan. Before joining CUTS, she has worked with Indian Institute of Technology, Indore and Indian Institute of Management, Lucknow.

#### **Prashant Sharma**

Prashant is a Senior Programme Officer at CUTS International. He holds Master's in Diplomacy, Law and Business from Jindal School of International Affairs, O. P. Jindal Global University. His areas of interest include international trade, regional integration, and transport and logistics development. Previously, he was associated with the Taiwan Education Centre Programme in India by the National Tsing Hua University, and has also worked with Help Age India and IBM Global.

#### **Muvafaq Sheeshaikh**

Muvafaq is a Research Associate at CUTS International. His areas of interest include international trade, economic diplomacy in South Asia and Global geopolitics. He was awarded Post Graduate degree in Regulatory Governance from the Tata Institute of Social Sciences, Mumbai.

#### **Sarbjit Singh**

Sarbjit is a Policy Analyst at CUTS International. He is Doctorate in Economics with specialisation in International Trade from Indian Institute of Technology Kanpur, India. His research interest lies in the quantitative analysis of international trade. In particular, he works on gravity modelling, trade facilitation, GTAP models and regional economic integration. He has completed one project in collaboration with ARTNeT, UNESCAP on trade facilitation measures in RCEP countries, co-edited two books and published research papers in various national and international journals.

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- Rajat M. Nag, Former Managing Director General, Asian Development Bank
- Goutam Ghosh, Additional Director, Federation of Indian Chambers of Commerce and Industry, New Delhi, India
- Prabir De, Professor and Senior Fellow, Research & Information System for Developing Countries
- Satish K Reddy, Consultant, Regional Cooperation and Trade Facilitation, Asian Development Bank
- Nazneen Ahmed, Senior Research Fellow, Bangladesh Institute of Development Studies, Bangladesh
- Rajan Sharma, Past President, Nepal Freight Forwarders Association
- Pritam Banerjee, Logistics Sector Specialist, Asian Development Bank
- Binoda Kumar Mishra, Director, Centre for Studies in International Relations and Development
- Anindita Sen Gupta, Additional Directorate General of Foreign Trade, Ministry of Commerce and Industry, Government of India
- Ajitava Raychaudhuri, Professor and Coordinator for Advance Studies, Jadavpur University
- Monoj Kumar Roy, Former Additional Secretary (FTA), Ministry of Commerce, Government of Bangladesh
- L K Rajak, Director (I/C), Inland Waterways Authority of India
- N S Nigam, Managing Director, West Bengal Transport Corporation
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Project Team  
CUTS International

# Preface

**Bipul Chatterjee**  
Executive Director  
CUTS International



An integrated South Asia has remained an aspiration of many down the ages. Several challenges have stood in the way of conversion of physical proximity from a liability to an asset. It is a fact that South Asian countries find it more convenient, and as per a recent World Bank study far more cost-effective, to trade with distant economies (as distant as those in the Latin Americas) than with their neighbours. And yet, this sub-region arguably possesses various economic complementarities which can benefit people of the region at large.

The sub-regional transportation and transit system in the Bay of Bengal Region is marred by several complexities like infrastructure bottlenecks, procedural difficulties and delays, rent-seeking, corruption, governance issues, etc. Reforms in all these areas are necessary to facilitate trade among these countries. An integrated and well-coordinated network across countries in this region will act as a catalyst for developing cross-border value chains and connect these countries with international markets.

The present work has focussed on the trade facilitation hurdles that need to be dealt with for the effective implementation of Bangladesh, Bhutan, India and Nepal (BBIN) Motor Vehicles Agreement (MVA). To that end, the research has attempted to gather relevant details pertaining to trade and transit processes across the countries of the region, first to identify the areas that need to be worked on, and then to formulate a set of recommendations in order to obviate these hindrances.

People of these countries had indulged in cross-border movements down the ages. The border-haats between India and Bangladesh bear testimony to the people-to-people connect that has cemented ties between the two countries. It is widely acknowledged today that countries which are plagued by trust deficit among the people, do not score well on the economic front. The present connectivity drive aspires to restore, and foster, people-to-people connectivity among the region. Initiatives for cementing people-to-people connect while at the same time envisioning improved intra-regional trade and commerce are vital to the rejuvenation of the South Asian region, and the present work endeavours to find out the impact of this combination.

Along with its impacts of trade and investment, improved connectivity would also have its effects on political and social spheres, in terms of benefits as well as costs. The research project seeks to capture ground realities in terms of hopes and dilemmas of all stakeholders engaged in the process of trade. The study also highlights the estimated losses and gains associated with the MVA in terms of various parameters of development: livelihood, poverty and gender.

I thank the Department for International Development, UK for supporting this project and our partners Unnayan Shamannay, Bhutan Media and Communications Institute, Nepal Economic Forum and Myanmar Marketing Research and Development Ltd. 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

## Background

BBIN and Myanmar sub-region comprises Bangladesh, Bhutan, India, Nepal and Myanmar. This sub-region is home to around 1.5 billion people (India constituting about 84.3 per cent) with an estimated combined Gross Domestic Product (GDP at current US\$) of US\$2.576tn and annual average GDP growth rate<sup>1</sup> of 5.5 per cent.<sup>2</sup> These countries share cultural, religious and social-economic similarities bilaterally, multilaterally and regionally. The sub-region also possesses various economic complementarities, which can be utilised for the common benefit of people at large. Keeping in view the unexplored resource endowments and trade potential of BBIN and Myanmar sub-region, trade connectivity is a harbinger for stimulating economic growth, in bringing prosperity and in reducing poverty within and across these countries.

Connectivity initiatives adopted by several regions, including Association of Southeast Asian Nations (ASEAN) have inspired South Asian regional integration, albeit at sub-regional level. The introduction of BBIN MVA in 2015 and India's willingness to stimulate integration with concurring countries on its east is greatly reflected through its engagement with the Bay of Bengal and the Indo-Pacific regions.

This initiative is significant for a number of reasons:

- It will give a major boost to trade of landlocked countries – Bhutan and Nepal. Furthermore, the northeastern region of India will also significantly benefit from the BBIN MVA.
- The initiative will promote containerisation of cargo movement within the region. An integrated road and rail network in the BBIN countries will further facilitate containerisation in South Asia and help reduce trade costs and informal trade.
- Development of regional value chains (RVCs) in South Asia is another significant prospect for the BBIN MVA. The initiative also promises to facilitate the movement of people across borders and can give major fillip to trade in various services, especially tourism in the BBIN countries.
- The MVA also aligns with some of the major initiatives taken by the Asian Development Bank (ADB) under the South Asia Sub-Regional Economic Cooperation (SASEC).

In this context, the present study seeks to capture the impact of implementation of the MVA in respect of livelihood, gender, infrastructure and trade facilitation. The study includes surveys of all the relevant types of stakeholders in the entire supply chain of selected products traded across 10 corridors of BBIN and Myanmar sub-region.

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1 Since the countries have huge variations in their geography, economy, population, and other developmental indices, a mean of their GDP annual growth rates may not be a strong indicator of their progress.

2 Figures for the year 2015 have been extracted from the World Bank database: <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>.

## **Livelihood**

- The study involves a heterogeneous group of stakeholders and the impact of livelihood will vary across and within stakeholder categories. Therefore, it is important to estimate the livelihood opportunities and risks arising out of the MVA along different corridors.
- There is a general lack of awareness among various group of stakeholders mostly those belonging to the lower rungs of the society. Stakeholders involved in the trade, truckers and labourers are found to be mostly unaware of the MVA. The awareness level is also poor among exporters, importers and farmers.
- Truck drivers depend on the magnitude of cargo that is to be transported by road. It is, therefore, reasonable to expect that increase in the volume of trade through a corridor would simultaneously entail greater income opportunities for them.
- The survey found that while travelling through a corridor, the trucks need to stop at a number of points for loading and unloading. A number of livelihood opportunities have sprung up at these locations including labourers and small local vendors. These stakeholders are generally poor with little formal education and limited access to finance and medical facilities. These stakeholders along with others like small and local vendors feel that seamless movement of cargo might mean loss of jobs and livelihood opportunities.
- The impact also varies within a stakeholder category due to different government policies in the BBIN and Myanmar sub-region. For instance, Nepal is allowed to use India as a transit. So in case of export to Bangladesh and import from Bangladesh, Nepali truckers benefit substantially. But if BBIN is implemented, even Bangladeshi trucks can ply through India and this will impact Nepali truckers adversely.
- Further, transportation cost in Nepal is more than that in other BBIN countries owing to high custom duties on vehicles in Nepal. For these reasons, Nepali truckers and transporters are not favourably disposed to the BBIN MVA.
- Farmers are expected to gain from the MVA. For instance, in case of medicinal herbs exported from Nepal the exporters generally source products directly from farmers. These farmers producing medicinal herbs are expected to benefit if the volume of trade increases as a result of better connectivity.
- In case of disparity in incomes within a group of stakeholders, the impact of the MVA may vary. For instance, along the Ayeyarwaddy-Maungdaw Corridor it was found that those who are engaged in the upper tiers of various categories – large-scale fishermen, aggregators, exporters/importers, transporters – are positive about improved prospects with improved connectivity through initiatives, like BBIN MVA. 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.
- Importers and exporters view BBIN MVA with optimism for trade facilitation as this will lessen cost of transportation and open up new markets.
- It is also observed that trade is not the only factor, on which the livelihood of local people depend. Livelihood depends more on the cross-border movement of people through the border points. Where passenger movement is pronounced, development of parking facilities for passenger transit and tourist vehicles will have a positive impact on the earning capabilities of the local shop keepers.
- Livelihood concerns are inextricably linked to issues, such as infrastructure inadequacy and political instability as is found in Myanmar. The major hurdles to their livelihoods include trust issues, banking systems, lack of technological upgradation, poor infrastructure, regional conflict and instability and low investment in the region coupled with governmental indifference to regional development.

Respondents believe that without addressing the above mentioned hurdles first, MVA would not be successful. Political instability may also arise due to loss of jobs for labourers and support service providers where they are represented by strong unions. In such cases, service providers can be given financial support by way of loans and other schemes to help them relocate from one trade hub to another. Customs House Agents (CHAs) will also benefit if they are given access to Inland Container Depots (ICDs) and some role in respect of clearing and forwarding issues. Labour force in one region can also be given alternative sources of employment in the region or relocated elsewhere.

## Gender

Generally speaking women's participation in trade in the South Asian region has been low. Entrenched mindsets do not allow women to be regarded as active agents and women, therefore, find themselves at the bottom of the value chain. Any attempt at trade facilitation should consider inclusive growth of both men and women.

- The female participation varies across BBIN and Myanmar sub-region. For instance, the survey across Lucknow (India) to Kathmandu (Nepal) through Gorakhpur-Sonauli-Bhairahawa Corridor revealed that there was no female participation on Indian side till Sonauli. Whereas, on the corresponding Nepal side, our study team witnessed substantial women participation in farming activities. In case of herb farming, significant participation of females was found as they are employed throughout the process. Of all agricultural activities, ploughing is the only one done by male cultivators.
- The women surveyed along all corridors seem more comfortable with administrative work, perhaps more desk work. Several women have also expressed the view that they prefer working closer to their homes as travelling to distant locations makes it difficult for them to cope up with domestic obligations.
- Among support service providers, the types of business run by females and males are different. Females participate more in traditional restaurant businesses whereas males participate more in truck repairing services and in restaurants, which sell alcohol along with food.
- New opportunities for women in remunerative economic activities are found in Bhutan. However, it also depends on the nature of the work. For example, there are no women truck drivers in Bhutan although there are many light vehicle drivers. Women have taken over the roles of service providers along the highways and near border towns and industries. Several women were seen engaged in administrative, sales and support work to earn and support their families. Most of the handicraft and readymade garments shops have employed 98 per cent of women in their sales departments.
- Considering the present situation, implementation of economic corridors can actually be useful in increasing the number of female custom officials and business persons. However, male candidates will continue to dominate those areas of employment, which are physically more exacting.
- The survey teams also met a few female entrepreneurs and business figures. These females are vocal, with leadership skills. Usually, such female respondents are widows with age over 50 years (with their husbands deceased many years ago, the role of the bread-earner was thrust upon them).

In trying to gauge the *factors that can stimulate women participation*, one realises that the local infrastructure ought to be made more female-sensitive, likewise:

- If BBIN MVA provides infrastructure and better road connectivity along with other necessary facilities in the realm of health and sanitation, the spillover effects of connectivity will go a long way in providing employment opportunities to women.

- If initiatives like BBIN MVA are implemented, then ICDs will be set up at convenient places like Rangpur or Sirajgunj in Bangladesh and that could encourage or invite women participation.
- Long entrenched social ideas and taboos and the corresponding mindsets of the people also need to be changed to enable women to engage in various categories of work related to the trade process.
- Technological progress may be helpful in addressing gender discrimination.
- Ensuring more educational opportunities to marginalised communities may also contribute to the emancipation of the women from the clutches of patriarchy and long established traditions that have kept them confined to household work for ages.
- A greater degree of women participation and involvement can be enlisted by putting in place social safety nets, particularly in port areas and establishing credit facilities to women to enable them to engage as support service providers and staff in and around Land Customs Stations (LCSs).

## Infrastructure

In the context of infrastructural deficiencies across corridors, it was found that delay in truck movement is caused by: (a) Bad 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, which include manual inspection of consignments, intermittent internet and electricity services, lack of well-equipped quarantine and food testing labs, among others. In addition, several factors are seen to conspire and retard implementation of infrastructure projects in the region. These include:

- The land acquisition issue, which 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, encourages rent-seeking behaviour and practices and such entrenched vested interests stand in the way of projects for improved infrastructure.
- Opposition from vendors, labourers and transport lobbies (in existing local markets) who fear loss of livelihood opportunities if integrated infrastructure and transparent systems shape up.

The major infrastructural challenges may be summed up as follows:

- These nations differ in terms of infrastructure (both soft and hard). Among all the member countries, India’s position is somewhat better in terms of infrastructure, but inadequacies are still immense.
- Major infrastructural challenges pertain to parking issues, narrow roads near LCSs, improper water and sanitation facilities at ports.
- Connectivity is hampered by 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 affects the proper functioning of Electronic Data Interchanges (EDIs) and creates massive obstacles for custom officials as well as for other agencies operating at the border points.
- In several places, there was lack of cold storage and adequate warehouse facilities.
- Often because of lack of adequate parking spaces, trucks 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, as they constitute a deterrent to movement of heavy traffic, and also cause trucks to resort to much longer 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.
- The stretch from Imphal to Moreh lacks safety measures viz. reflectors, street lights, road signs, etc. Since it is a predominantly mountainous road, installation of safety measures is imperative to avoid accidents. Further, this stretch lacks proper rest rooms or petrol pumps thus adding to the difficulty of the truckers. Condition of the road is poor and at times aggravated due to absence of any proper debris clearing crew.

The stakeholders proposed two broad-based solutions to address these problems: (a) Creation of ICPs with all the infrastructural facilities available under one roof; or (b) Using ICDs as a single point solution where all customs checking would 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.

## Political Economy

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, as 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.

If BBIN MVA is implemented, then trucks will not stop for unloading and loading, hence there will be no work for labourers. In several corridors, truckers and labourers, who are mostly illiterate, fear that if the BBIN MVA is implemented, the little work that they are getting now will be lost.

The major political and policy-related challenges to the implementation of the BBIN MVA include:

- 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.
- There have been many incidents where the Indian labourers halted the work to create an artificial supply scarcity in order to eventually raise wages. Often such activities are supported by the strong labour unions of the region.
- There is 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 Environment and Forest. In Bhutan, road construction for purposes of trade connectivity may be proposed by one ministry but may not be endorsed by the other.
- The sharing of proper information by the government is also an issue and the merchants claimed the government taxation system is opaque, with the rates unpredictable. The

government needs to have a precise and transparent taxation system, which should be well intimated to all merchants.

- The absence of efficient 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.
- 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, deter the movement of people and cargo across the affected areas.
- There are several localised political issues, in particular corridors that need to be taken into account for smoother implementation of the BBIN MVA. For instance, truckers of Nepal have complained that they are often harassed by Indian Border Security Forces (BSF); Kakarvita and Hetauda in Nepal; Fulbari in India and Bogura, Sirajganj and Thakurga Bus Terminal in Bangladesh. 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 strong labour union of the region.
- Informal payments along the corridors erode the cost competitiveness of the transport companies. These costs are included while determining prices of commodities and hence ultimately borne by end consumers. Indirectly, these illegal practices make the imported goods costlier in the domestic market.
- Before the current regional conflicts, Maungdaw was the main border trade post for Bangladesh-Myanmar trade and the value of trade through this post was greater than that taking place through Sittwe. However, the conflicts in Maungdaw district have largely diminished that value. The attacks on police stations by ARSA on August 25, 2017 led to suspension of trade through Maungdaw.

Such political economy and procedural factors across corridors can be a major deterrent to trade. They are sensitive, hard to map and need individualistic attention for possible reductions.

## Conclusion

The BBIN region harbours 1.6 billion people, that is, one-sixth of global population. Earnest efforts of the regional countries will upgrade connectivity across the region. People of these countries have been involved in seamless cross-border movements down the ages — the present drive aspires to restore and strengthen intra-regional connectivity to enhance trade and ensure benefits for people of the region. The border-*haats* between India and Bangladesh bear testimony to the people-to-people connect that has cemented ties between the two countries. But multiple issues remain to be addressed: lack of infrastructure, lack of coordination mechanisms and complicated and 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 connect these countries with international markets. In a globalised world, where it is not possible for any country to escape from liberalisation, the importance of such initiatives like BBIN MVA can hardly be exaggerated. It will not only promote intra-regional harmony through greater cooperation among the countries of the region, but also address many vital problems that threaten the inhabitants of this region like poverty, malnutrition and unemployment.

# 1. Introduction

The BBIN and Myanmar sub-region comprising Bangladesh, Bhutan, India, Nepal and Myanmar, is home to around 1.5 billion people (India constituting about 84.3 per cent) with an estimated combined GDP (at current US\$) of US\$2.58tn and an annual average GDP growth rate<sup>1</sup> of 5.5 per cent.<sup>2</sup> These countries share cultural, religious and social-economic similarities bilaterally, multilaterally and regionally. Northeast Indian states share cultural similarities with Bhutan, Myanmar and Nepal whereas West Bengal and Bangladesh have deep cultural and socio-economic linkages.

Apart from sharing a rich cultural heritage, colonial past and huge heterogeneous resource endowments, this sub-region arguably possesses various economic complementarities, which can benefit people of the region at large. Given the unexplored resource endowments and trade potential of BBIN and Myanmar sub-region, enhanced trade connectivity will act as a harbinger of economic growth and usher in 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 development discourse (ESCAP, 2014). This discourse has evolved and broadened over the years and is no longer limited to the physical network of infrastructural dimensions. 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).

The ASEAN has developed a comprehensive master plan on connectivity in consistency with its vision of being bonded together in dynamic development, bringing peace, stability and prosperity in a community of caring societies. The renewed version of ASEAN connectivity, 2025 Plan envisages further advancement of regional integration efforts by providing sustainable infrastructure, digital innovation, seamless logistics, regulatory excellence and people mobility (ASEAN, 2016).

Such connectivity initiatives have inspired South Asian regional integration, albeit at sub-regional level. Efforts at South Asian integration through improved connectivity has lingered for years without much result due to political differences among countries. Nonetheless, the need for expediting integration is felt and sustained at multiple levels within the sub-region. India’s willingness to stimulate integration with concurring countries to its east is reflected through its engagement with the Bay of Bengal and the Indo-Pacific regions. The introduction of BBIN MVA in 2015 is a pointer to that trend.

1 Since the countries have huge variations in their geography, economy, population, and other developmental indices, a mean of their GDP annual growth rates may not be a strong indicator of their progress.

2 Figures for the Year 2015 have been extracted from World Bank database: <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>.

Multilateral banks, United Nations (UN) and other international organisations are providing financial assistance, technical cooperation and inter-governmental facilitation to develop trade and transport corridors, people-to-people connectivity, digital connectivity, power grids and energy corridors between BBIN and Myanmar to further integrate the region with the greater East Asian community.

Table 1.1 portrays rail, road and port projects of a sub-regional nature that are being undertaken in India, Bangladesh, Bhutan, Nepal and Myanmar to enhance cross-border connectivity linkages. However, the timely implementation of these projects has remained a challenge due to complex political and economic realities. For example, the up-gradation of LCS into an ICP at Raxaul-Birgunj Corridor along the Indo-Nepal border, which is also part of Asian Highway 42, has surpassed many completion deadlines and is yet to be functional. Similarly, Kaladan Multi-Modal Transit Transport Project that aspires to provide seamless Indo-Myanmar connectivity through river, road and port infrastructure commenced in 2008, but is yet to be complete.

These projects are of particular importance for the development of the northeast region of India and connectivity with Nepal, Bhutan and Myanmar. Therefore, timely completion of the infrastructure connectivity projects is vital and to ensure that robust financial mechanisms ought to be complemented by active political and administrative engagement.

**Table 1.1: BBIN and Myanmar Connectivity Initiatives for Surface Transport**

From/To	Bangladesh	Bhutan	Nepal	Myanmar
India	<ul style="list-style-type: none"> <li>• Inland Container Port at Ashuganj, Bangladesh</li> <li>• Widening of Ashuganj-Akhaura Road in Bangladesh (will provide connectivity to Tripura)</li> <li>• Akhaura-Agartala Rail Link</li> <li>• Inclusion of additional routes in Protocol on Inland Water Transit and Trade (PIWTT)</li> <li>• Bridge over river Feni (at Sabroom, Tripura)</li> <li>• Upgradation of infrastructure at Sutarkandi LCS to ICP (Assam)</li> <li>• Border <i>haats</i> at Balat and Kalaichar on the Meghalaya border</li> <li>• ICP at Dawki (Dawki-Tamabil)</li> <li>• LCSs at Dalu, Borsora, Ghasuapara</li> <li>• ICP at Kawarpuchchiah/ Demagiri-Thegamukh LCS</li> <li>• Use of Chittagong and Mongla ports in Bangladesh for Indian cargo</li> <li>• Development of ICP at Akhaura (near Agartala), Tripura</li> </ul>	<ul style="list-style-type: none"> <li>• Upgrading the East-West Highway</li> </ul>	<ul style="list-style-type: none"> <li>• Jayanagar-Bijalpur-Bardibas Rail Link Project</li> <li>• Jobgani-Biratnagar Rail Link</li> <li>• Nepalgunj-Nepalgunj Road Rail Link</li> <li>• Kakarbitta-New Jalpaiguri Rail Link</li> <li>• Bhairawaha-Nautanwa Rail Link</li> <li>• Establishment of Integrated Check Posts at Raxaul-Birgunj, Sunauli-Bhairhawa, Jobgani-Biratnagar, and Nepalgunj Road-Nepalgunj</li> </ul>	<ul style="list-style-type: none"> <li>• Kaladan Multi-Modal Transit Transport Project</li> <li>• Status of Land Custom Stations at Zorinpui, Mizoram</li> <li>• Repair/upgradation of 71 bridges on Tamu-Kalewa-Kalemyo Friendship Road in Myanmar</li> <li>• Trilateral Highway for connectivity from Moreh to India to Mae Sot in Thailand via Myanmar</li> <li>• Upgradation of Kalewa-Yargyi Road Segment – Assistance to Myanmar</li> <li>• Rhi-Tiddim Road in Myanmar (Zokhawthar – Rih to Kalemyo via Tiddim</li> <li>• Asian Highway Network Connectivity</li> <li>• Bus service between Imphal and Mandalay (Myanmar)</li> <li>• Development of ICP at Moreh (Manipur) by Department of Border Management</li> <li>• Border haat at Pangbau Pass, Arunachal Pradesh</li> </ul>

Source: Information compiled from the foreign missions of BBIN and Myanmar countries

The recent financial clearance from India to complete Imphal-Moreh Road Infrastructure Investment project to upgrade the road infrastructure is a case in point. This will serve both the India-Myanmar-Thailand (IMT) Corridor and the transnational Asian Highway-2. This will also help in facilitating harmonisation of transport rules and regulations. The IMT- MVA is more of an integrated initiative, in terms of infrastructure development and also in the development of enabling rules and protocols. But this negotiation is getting delayed due to political issues in Myanmar and Thailand. Nonetheless, such a co-ordinated approach both on infrastructure development and regulatory harmonisation fronts would be vital for the timely success of connectivity projects in the BBIN and Myanmar sub-region.

## Salient Features of BBIN MVA

The framework of BBIN MVA is aligned with the basic features of South Asian Association for Regional Cooperation (SAARC) MVA. It consists of 17 articles and 63 sub articles including four forms of permits for both passenger and goods traffic with various regulations, directions, restrictions and limitations and three annexures (Karim and Hasan, 2015; BBIN MVA,<sup>3</sup> 2015). A list of all these articles is given in Table 1.2.

**Table 1.2: List of BBIN MVA Articles**

Article	Particulars
Article I	Definitions
Article II	Vehicles
Article III	Permit
Article IV	Documents required
Article V	Passport and visa
Article VI	Restrictions
Article VII	Fees and charges
Article VIII	Road signs and signals: compliance with traffic laws
Article IX	Force majeure
Article X	Right to inspect and search
Article XI	Insurance
Article XII	Business facilitation
Article XIII	Consultations
Article XIV	Applicability of local laws
Article XV	Dispute settlement, entry and withdrawal
Article XVI	Entry into force, amendments and review mechanism
Article XVII	Depository

*Source: Information collected from BBIN MVA, 2015, Government of India*

<sup>3</sup> Please refer the BBIN MVA (2015) document for more details. <http://morth.nic.in/showfile.asp?lid=1715>

In the above list, Article VII, VIII and XI are particularly significant as they highlight regulations about fees and charges; the road signs and signals and compliance with traffic laws; and arrangements of insurance respectively. The agreement states that the contracting parties (BBIN countries) will allow the movement of their registered vehicles in the territories of other member countries. It includes cargo vehicles (such as trucks, trailers, containerised cargos) for both inter-country as well as third country, and passenger vehicles for both hired or public or personal vehicles. According to Article II, only authorised operator(s) will be allowed to regulate all regular passenger/cargo transportation (MVA, 2015).

Article III specifies that a permit will be required by all contracting parties to ply through the territory of the other party. The permit will be issued after the verification of all required documents like registration certificate, fitness certificate, insurance policy, pollution under control certificate, driving licence, passport, internationally recognised travel documents, passenger list, etc. to move among BBIN countries. There will be separate permits for different categories such as: (a) Permit for regular passenger transportation, (b) Permit for regular cargo transportation, (c) Permit for personal vehicles, and (d) Permit for non-regular passenger vehicles. The detailed list of required documents is mentioned in Article IV. Article III also states that a tracking system will be installed in all motor vehicles and containers plying to another territory within two years of the signing of the agreement on the basis of mutual consent of the contracting parties (BBIN MVA, 2015).

As per Article VI, the vehicles registered in one of the member countries and operating under this agreement is not permitted to transport goods and local passengers within the territory of other contracting party (ies). The routes are also specified for the vehicles transporting passengers and goods. Further, traffic is restricted to land ports/dry ports and LCSs/routes, which are listed in the agreement (BBIN MVA, 2015).

Article VII deals with rules regarding fees and charges to be levied on one contracting party only for issuance of permit for the vehicle at the entry point of another contracting party. It specifies the rules about the applicable rates, currency and type of fees and charges. This article also has a proposal to form a custom subgroup with participation from all member countries. This subgroup is supposed to frame the required customs and other procedures and safeguards for entry and exit of vehicles. Article VIII of the agreement states the traffic laws of the country, in which the vehicle is plying and also has a provision of international road signs and signals along the prescribed routes. Article XI contains information about the compulsory insurance of regular passenger and cargo vehicles as well as the non-regular passenger vehicles (BBIN MVA, 2015).

### Other Important Clauses of BBIN MVA

- To overcome the language barrier during cross border transportation, there is 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 vehicles in the territory of another partner country is permitted only in cases of accident or break down.
- Overstay is not allowed in any partner country unless there is an unavoidable circumstance, also one has to notify the situation to the concerned authority for the period required for overstay.
- 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, an existing country may exit the agreement at any time.

Source: Karim and Hasan, 2015; BBIN MVA, 2015

## Significance of BBIN MVA

### Importance of Regional Connectivity for the BBIN and Myanmar sub-region

The BBIN MVA initiative will give a major boost to the landlocked countries like Bhutan and Nepal. It is imperative for these countries to have 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 in reducing their trade costs and promoting growth. The programme identified the importance of the role played by regional transport agreements in promoting trade connectivity (UNCTAD, 2007; World Bank, 2014). The BBIN MVA will make it possible for the aforementioned countries to access ports in India and Bangladesh for intra-regional and extra-regional trade.

Furthermore, the northeastern region of India will also benefit from the BBIN MVA. Areas in Nepal, Bhutan and northeastern parts of India have an unfriendly geographical terrain and consequently poor connectivity has always undermined the economic potential of the region. In this regard, the BBIN MVA agreement will reduce the distance between the landlocked regions in the subcontinent and the Kolkata port by about a 1,000 kilometres. For example, the regions of Nepal, Bhutan and India can access Bangladesh's Ashugunj port. Chittagong and Mongla ports can also be accessed from Kolkata and northeastern states (Pal, 2016). This has the prospect of unlocking tremendous business opportunities and economic value chains in the region.

### Standardisation and Formalisation of Trade

An added benefit of the BBIN MVA is that it will promote containerised cargo movement within the region. One of the biggest advantages of containerised trade is multi-modal.<sup>4</sup> Therefore, an integrated road and rail network in the BBIN countries will further facilitate containerisation in South Asia and be helpful to reduce trade costs. Estimates suggest that while formal intra-SAARC trade is around US\$28-30 bn per year, informal trade among these countries can be as high as US\$25bn (RIS, 2015).

Nisha Taneja (2001) identifies high levels of Non-Tariff Barriers (NTBs) 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.

### Economic and Developmental Significance

BBIN and Myanmar sub-region have varying degrees of comparative advantage in production, arising out of differences in the means of production — skill and knowledge, capital and labour flows, wider institutional structures, within which regions are embedded, etc. (Coe, Hess, Yeung, Dicken, & Henderson, 2004). This comparative advantage of different countries in respect of various inputs/skills will create segments of value chain in the production process. Therefore, RVCs will improve the overall production efficiency, lower the production costs and improve the market access. In this context, development of regional value chains in South Asia is another significant prospect of the BBIN MVA. Participation in regional production networks will allow the BBIN countries to substantially benefit from scale of production and market networks.

The BBIN initiative also promises to facilitate the movement of people across borders. This has positive implications for both business and trade as it can lead to improved people-to-people

<sup>4</sup> Multi-modal transport is transportation of goods by different means of transport through air, sea and land via trucks, rail, ships, barges, etc.

connect. Most importantly, the initiative can give a major fillip to trade in various services, especially tourism in the BBIN region. One major advantage of the BBIN region is that the countries share similar demographic and cultural traits. The potential for religious, cultural, adventure and eco-tourism in Nepal, Bhutan and India is immense.

## Integration with Larger Developmental Agenda

Furthermore, it is very important to note that the BBIN MVA aligns very 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 access ports in India and Bangladesh. These will 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 is given below:

- (i) **SAARC Highway Corridor 2:** Kathmandu – Birgunj (Nepal) – Raxaul – Kolkata/Haldia (India). This corridor, with a total length of 1,323 kms, will give access Kathmandu to ports in Haldia and Kolkata.
- (ii) **SAARC Highway Corridor 4:** Kathmandu – Kakarvitta (Nepal) – Panitanki – Phulbari (India) - Banglabandham – Mongla or Chittagong (Bangladesh): The length of this corridor is 1,394 kilometres. 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 kms 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 kms. This stretch will provide seamless connectivity between Bhutan and ports in Dhaka and Kolkata. This corridor provides a choice of selecting ports depending on convenience cost involved in port handling charges.
- (v) **SAARC Highway Corridor 6:** Agartala (India) – Akhaura – Chittagong (Bangladesh). Though, this is small stretch (227 kms) but it will provide access on part of India's northeastern region to Chittagong port in Bangladesh.
- (vi) **SAARC Highway Corridor 8:** Thimphu – Phuentsholing (Bhutan) – Jaigon – Chengrabandha (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 Bhutan access to five ports in the BBIN sub region.
- (vii) **SAARC Highway Corridor 10:** Kathmandu – Bhairahawa (Nepal) – Sunauli – Lucknow (663 kms). This 663 kms stretch will connect Kathmandu through Bhairahawa to India, from where it can access other roads, rail and sea ports.

## **Strategic and Diplomatic Significance**

The broad outlook of the BBIN MVA can be seen as a first step towards a wider integration process, acting as a gateway to Southeast and East Asia. India is, at present, 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). Implementation of these agreements will ensure improved integration of the BBIN sub-region with the booming ASEAN market. This is of vital economic and strategic importance for India as she has already signed a number of FTAs with ASEAN countries. Furthermore, the ADB has ambitious plans for trans-Asia road and rail networks, and the BBIN initiative coupled with the India-Myanmar-Thailand agreement can fit well into the plan (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 is slated to connect the continents of Europe and Africa with Asia. The Belt and Road initiative 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.

## 2. Research Methodology and Implementation Plan

Better connectivity among the nations reduces impediments to the movement of goods services, investment and passengers, among others. Keeping this in mind, the present work has focussed upon trade facilitation hurdles that need to be dealt with for the effective implementation of BBIN MVA by including Myanmar too in the domain. This region includes two landlocked nations (Nepal and Bhutan) that are totally dependent upon their neighbouring nations for their trade through sea routes. Improved connectivity through MVA will ease trade for landlocked as well as for other nations of the region. But trade is not the only thing that is going to be affected by this Agreement because there will be political and social benefits and costs too when this agreement comes into force. Given this backdrop, the present work has tried to capture all these economic, social and political aspects, which are relevant for the implementation of the BBIN and Myanmar MVA.

In this project, our endeavour is to capture the views of all stakeholders regarding questions related to the objectives of the study. Since it is difficult to gather the viewpoints of each and every relevant stakeholder, the study is based on purposive sampling taking care that it representing more or less the whole population (of relevant categories of stakeholders). The data collection process is divided into five stages: 1) Defining the target population; 2) Connections among the different types of stakeholders; 3) Choice of sampling technique; 4) Determination of sample size; and 5) Data collection. A brief explanation of these steps follows:

### Defining the Target Population

The target population is defined on the basis of the study's objectives. The target population includes those subjects (respondents) who possess the information sought by the researcher or who can provide insights relevant to the study. The target population should be defined in terms of elements (respondents), extent (defining geographical boundaries) and time (period under consideration). The target population for our project is defined as follows:

#### Eleven types of respondents

For our project, the population consists of all the relevant stakeholders related to the trade process across the selected corridors. As per the objectives of the study, we have divided all members of our population (stakeholders) into 11 sub-groups and the purpose is to draw appropriate samples (number of respondents) from each group to record their responses using structured questionnaires. These sub-groups include:

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

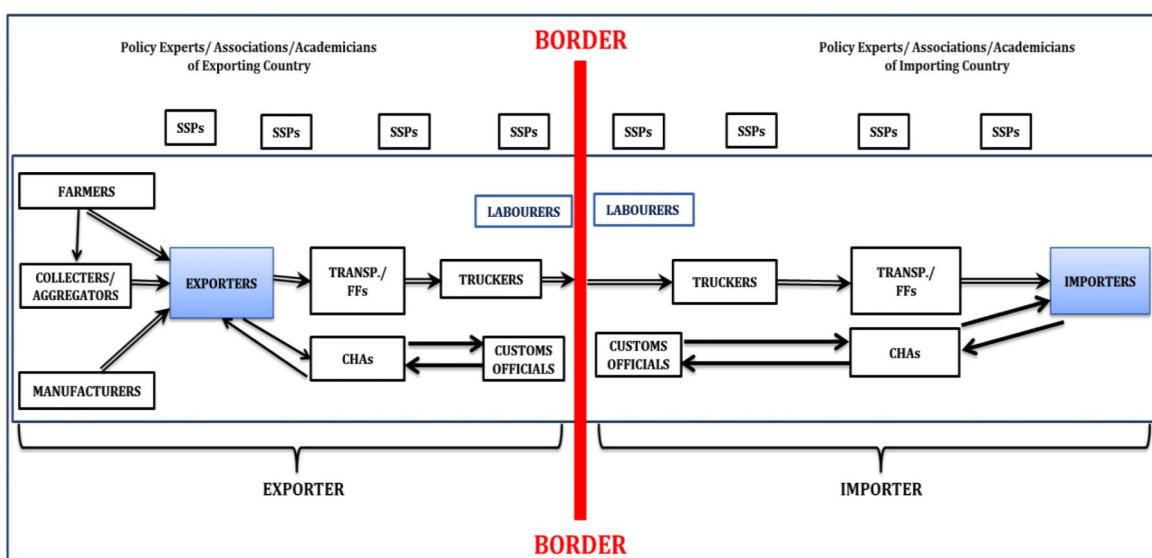
- b) **Exporter/Importer:** A person who is exporting/importing the product through a corridor.
- c) **Customs House Agent:** A person who is involved in completing all the formalities (paper work) involved in trade business on behalf of the exporter/importer.
- d) **Transporter/Freight Forwarder:** 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) **Trucker:** Trucker is the driver who drives the truck containing the related trade product 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 services provided to the actors of the trade process on their way through the corridor. The respondents can be owners of tea stalls, food stations, petrol pumps, 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 the export and import business.
- i) **Policy expert/Association/Academician:** A person who is involved in the policy-making process.
- j) **Aggregator:** An individual who collects a particular good for international trade.
- k) **Fisher and Collector:** A person involved in fishing and/or collecting activities.

## Connections among Different Types of Stakeholders

Figure 2.1 represents the connections among the selected categories of respondents. Moving left to right, there are two countries; one is exporter and other is importer, and these two are separated by the international border. In our sample categories there are 11 types of respondents and this figure indicates the connections among them. The figure assumes a case of two countries, wherein, one country is exporting one product to other country (importer), and the linkages and roles of the various participants in the trade process.

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

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



### **Exporting side**

A product for export can originate from farmers or collectors/aggregators or manufacturers. All these parties can export directly to the markets of other nations but in the present case we are assuming that the product is moving through an exporter which is corroborated by our field level survey too. This exporter will contact CHAs (for the processing of export-related documents) and transporters to move the goods from the point of origin to the point (through trucks or other vehicles) where it can be loaded onto 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 till the exchange point. At the exchange point there will be labourers who will unload the good from the carrying vehicle.

### **Importing side**

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

## **Choice of Sampling Technique**

The important question is 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. In our project, we choose to follow non-probability sampling wherein the sample elements are drawn on the basis of their relevance to the study.

Under this type of sampling there are different techniques available, most common among them are: a) Convenience sampling; b) Judgmental sampling; c) Quota sampling; and d) Snowball sampling. Table 2.1 provides the information regarding the type of sampling techniques used for each category of respondents. For farmers and labourers, quota sampling was used in collaboration with judgemental sampling. For exporters/importers and support service providers, the quota sampling has been aligned with the convenience sampling. The sample size of CHAs, transporters/freight forwarders, custom officials, policymakers/experts and fishermen and collectors has been drawn with the help of convenience sampling. For the rest of the categories of respondents, truckers and aggregators, judgemental sampling has been used with the help of snowball sampling.

## **Determination of Sample Size: Corridors, Products and Respondents**

Sample size refers to the number of elements to be included in the study. In the present case, there are three types of things that need to be addressed: corridors, products and respondents. All these are explained below:

### **Selection of corridors**

The present study has identified 10 corridors, through which most of trade is taking place among BBIN and Myanmar sub-region (see Table 2.2).

**Table 2.1: Type of Sampling Methods for Each Type of Respondent**

S.N.	Respondent Type	Sampling Method
1.	Farmers	Quota with Judgmental Sampling
2.	Exporters/Importers	Quota with Convenience Sampling
3.	Custom House Agent	Convenience Sampling
4.	Transporters/ Freight Forwarders	Convenience Sampling
5.	Truckers	Judgmental Sampling Also follow Snowball sampling wherein one can track the second trucker using the referral of first trucker.
6.	Support Service Providers	Quota with Convenience Sampling
7.	Labourers	Quota with Judgmental Sampling
8.	Custom Officials	Convenience Sampling
9.	Policymakers/Experts	Convenience Sampling
10.	Aggregators	Judgmental Sampling Also follow Snowballing sampling wherein one can track the second aggregator using the referral of first one.
11.	Fishers and Collectors	Convenience Sampling

**Table 2.2: Names of the Selected Corridors**

Sr. No.	Corridor	Exporter	In-Transit	Importer
A.	Kathmandu – Kakarvitta – Panitanki – Phulbari – Dhaka – Chittagong	Nepal	India	Bangladesh
B.	Thimphu – Phuntsholing – Jaigaon – Changrabandha – Burimari – Dhaka	Bhutan	India	Bangladesh
C.	Lucknow – Gorakhpur – Sonauli – Bhairawa – Kathmandu	India	—	Nepal
D.	Kolkata – Raxaul – Birgunj – Kathmandu	India	—	Nepal
E.	Jaigaon – Gelephu - Samdrup Jongkhar – Guwahati – Dawki – Tamabil – Dhaka	Bhutan	India	Bangladesh
F.	Kolkata – Petrapole – Benapole – Dhaka	India	—	Bangladesh
G.	Phulbari – Banglabandha – Rangpur – Dhaka – Chittagong	India	—	Bangladesh
H.	Agartala – Akhaura – Comilla – Chittaganj	India	—	Bangladesh
I.	Monipur – Moreh – Tamu – Kalay – Monwa – Mandalay – Nay Pyi Taw-Yangon – Myawaddy – Sittwe	India	—	Myanmar
J.	Dhaka – Chittagong – Teknaf	Bangladesh	—	Myanmar

Out of these 10 selected corridors, there are three corridors in which India is in-transit country, connecting Nepal, Bhutan and Bangladesh with each other. In rest of the corridors, India trades directly with Bhutan, Nepal, Bangladesh and Myanmar.

### Selection of products

Moving row-wise, Table 2.3 indicates the exports of one particular country to other countries of the BBIN and Myanmar sub-region.

Table 2.3: Names of the Selected Products					
Imports >> Exports	Bangladesh	Bhutan	India	Nepal	Myanmar
<b>Bangladesh</b>	—	Ready-made garment	Raw Jute & Processed Food Items	Fruit Juice-Based Drinks	RMG
<b>Bhutan</b>	Apple	—	Ferrosilicon	Gypsum	—
<b>India</b>	Raw Cotton & Fruits	Par-boiled Rice	—	Pharmaceutical products & Par-boiled Rice	Chickpeas
<b>Nepal</b>	Herbal Plants	Statues/ Handicrafts	Herbal Plants	—	—
<b>Myanmar</b>	Fish	—	Areca Nut	—	—

### Selection of respondents' sample

As we have 10 selected corridors, 11 types of respondents and also, the names of products that are moving through the selected corridors, the next task was to finalise the sample size for each category of respondents which is given in Table 2.4. In this Table, rows represent the corridors and columns represent the types of stakeholders with their corresponding numbers in each corridor. The total sample size of this study (including all respondents) is 1,347 (1,297 plus 50 policy makers). Column total shows that the highest sample size has been for farmers (420) followed by SSPs (230), labourers (230) and others.

## Data Collection

In the final step, structured questionnaires have been made and tested during the pilot survey. Thereafter, research teams visited to the relevant nodes of the corridors to collect quantitative as well as qualitative information. An analysis of all data and information gathered is offered in subsequent sections.

**Table 2.4: Corridor-wise Sample Size of Respondents**

Corridors/Types of Respondents	Farmers	Exporters	Importers	CHA	Transporters /FFs	Truckers	SSPs	Labourers	Customs Officials	Aggregators	Fishers & Collectors	Total
Kathmandu – Kakarvitta – Panitanki - Phulbari – Dhaka – Chittagong	30	8	8	6	6	6	30	30	4	5	—	133
Thimphu – Phuntsholing – Jaigaon – Changrabandha – Burimari – Dhaka	30	8	8	6	6	6	30	30	4	—	—	128
Lucknow – Gorakhpur – Sonauli – Bhairawa – Kathmandu	60	12	8	6	6	9	20	20	2	5	—	148
Kolkata – Raxaul – Birgunj – Kathmandu	60	12	12	6	6	9	20	20	2	5	—	152
Jaigaon – Gelephu - Samdrup Jongkhar – Guwahati – Dawki – Tamabil – Dhaka	30	8	8	6	6	6	30	30	6	—	—	130
Kolkata – Petrapole – Benapole – Dhaka	60	8	8	6	6	6	20	20	2	—	—	136
Phulbari – Banglabandha – Rangpur – Dhaka – Chittagong	60	12	12	6	6	9	20	20	2	—	—	147
Agartala – Akhaura – Comilla – Chittaganj	30	8	8	6	6	6	20	20	2	—	—	106
Monipur – Moreh – Tamu – Kalay – Monwa – Mandalay – Nay Pyi Taw-Yangon - Myawaddy - Sittwe	60	8	8	6	6	6	20	20	2	—	—	136
Dhaka – Chittagong – Teknaf	—	8	8	6	6	6	20	20	2	—	5	81
<b>Total</b>	<b>420</b>	<b>92</b>	<b>88</b>	<b>60</b>	<b>60</b>	<b>69</b>	<b>230</b>	<b>230</b>	<b>28</b>	<b>15</b>	<b>5</b>	<b>1297</b>

**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 five countries, therefore, number of policy experts, in total, will be fifty (50).

### 3. Major Findings

#### Livelihood

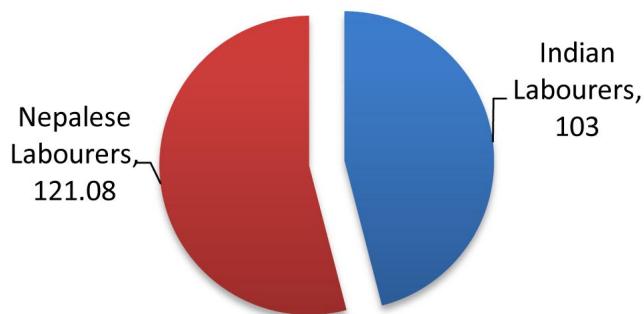
South Asia is one of the least integrated regions in the world. Intra-regional trade could increase immensely with the removal of barriers that frustrate trade in the region. But, boosting trade will be of little significance if it fails to address poverty concerns of the people of the region. Any attempt at strengthening connectivity across a region must necessarily address the twin objectives of trade facilitation and poverty reduction. Besides, people on the ground do not constitute a homogenous category and different segments are likely to be affected differently. 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. The whole idea behind enhancing connectivity across the BBIN region will be largely vacuous, unless people at the local levels are included in the loop of development.

One has, therefore, to estimate the risks that are likely to emerge once the MVA is operational, because while gainers are likely to push the initiative ahead, the losers will create obstacles in the path of the effective implementation of the agreement.

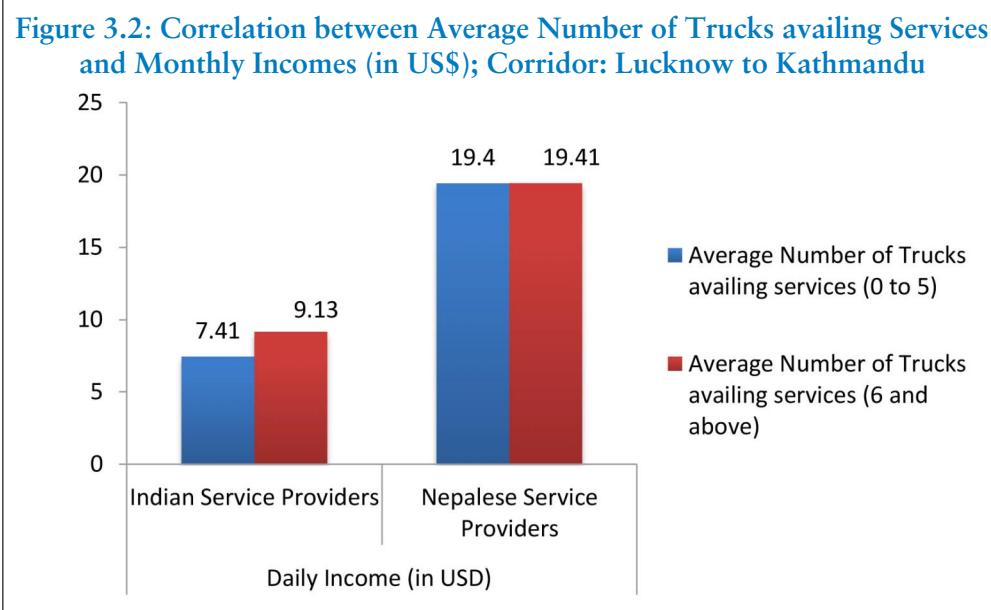
A survey of the corridor stretching from Lucknow (India) to Kathmandu (Nepal) through Gorakhpur – Sonauli – Bhairahawa sought to discern livelihood patterns at the cross border points and other important nodes. The labourers involved in loading and unloading cargo at nodal points across the stretch earned an income of ₹5,000-8,000 per month by putting in approximately 8-10 hours of labour per day. Most of them have neither bank accounts nor any social security like life or health insurance. They do not have any association or union and therefore, are in no position to bargain with the trading companies for their improved wages. Given that they are also illiterate, one wonders how they will be absorbed if better connectivity leads to reduction of nodal points in the process of transportation of cargo. The Indian labourers informed that transporters do not allow them to form any organisation of their own like a union and in fact threaten to sack them. These labourers fear loss of their livelihood opportunities in the event of seamless movement of traffic.

There are also support service providers at these nodal points like *dhabawalas*, car mechanics and tea sellers/stall owners. The owners of *dhabas* at Sonauli earn ₹800-1,000 on an average per day but the number of trucks stopping by is an important variant. Most of these support service providers, both owners and workers, are local residents and have no formal education. They do not have any idea about the BBIN MVA and they

**Figure 3.1: Monthly Wage for Labourers (in US\$)  
Corridor: Lucknow to Kathmandu**

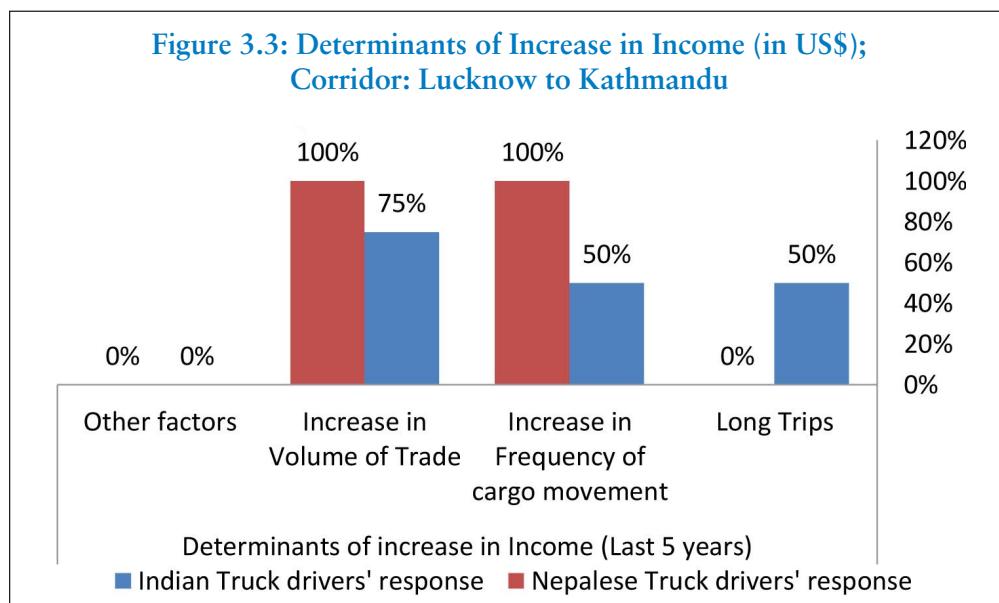


complain that the local governments do very little to improve their plight by way of ensuring better road and infrastructural facilities.



Truck drivers depend for their livelihood on the magnitude of cargo that is needed to be transported by road. It is, therefore, reasonable to expect that increase in the volume of trade through a corridor would entail greater scope of livelihood opportunities for them. Increase in trade is likely to impact positively the livelihoods of labourers, support service providers and truckers. But if BBIN MVA is implemented, then trucks will not need to stop for loading and unloading at the number of points they do and that would mean less income.

Our research team also tried to gauge livelihood concerns at important nodal points along the corridor stretching from **Kathmandu (Nepal)** to **Banglabandha (Bangladesh)** through **Kakarvitta – Panitanki – Fulbari**. Some of the important products travelling through this corridor include herbs and herbal products, which are exported by Nepal to India and pharmaceuticals and par-boiled rice, which are exported by India to Nepal. Some of the major nodal points falling in the Nepalese portion of the corridor include Hetauda, Narayanghat, Itahari and Birtamod.



The truckers and labourers expressed apprehension about loss of livelihood opportunities in the event of seamless movement of cargo across countries. This is compounded by the fact that people working as labourers and truckers in this region are generally poor with little formal education and limited access to finance. Labourers participate in loading and unloading of goods on both sides of the border, Kakarvitta on the Nepal side and Panitanki on the Indian side. These labourers have no unions or organisations of their own.

Although, such unions did exist in the past, at present in place of labour union, one finds an acting head, known as '*sardarji*', who distributes the total earnings from loading/unloading activities to the labourers. The labourers informed that they looked upon this source of livelihood as permanent. They are generally assured work for six months in a year and their wage rate varies between ₹400-500 per day during peak seasons, but comes down to as low as ₹50-60 at other times. The average family expenditure varies between ₹6,000 to 7,000 per month. Majority of the respondents live in *kachcha* rented house and few have their own houses. They are not covered by any health insurance. The payment of wage varies on the basis of type of goods. They are paid higher wages when they handle heavy merchandise. On an average, respondents have two to three children and all are school going.

For Nepal-Bangladesh trade, India serves as a transit country. At present, Bangladeshi truckers are unloading their goods at Changrabanda and Nepalese truckers load these goods from there and deliver it at Kathmandu or any designated place through India. This is due to the fact that only Nepal is allowed to use India as a transit country and Nepalese trucks can ply through it as per the Indo-Nepal bilateral treaty. So in case of exports/imports to/from Bangladesh, Nepalese truckers are hugely benefitted. But if BBIN is implemented, even Bangladeshi trucks will ply through India and this will affect Nepalese truckers adversely. Further transportation cost in Nepal is more than that in other BBIN countries owing to high customs duties on vehicles in Nepal. For these reasons, Nepalese truckers and transporters are apprehensive that BBIN MVA once implemented, might depress their earnings adversely. Nepal's transport associations are negatively disposed to the BBIN MVA.

Besides, Nepalese truckers complain about the differential rules and standards between two countries, across which vehicles have to ply. For instance, Nepal truckers often have to pay bribes at various stops in Nepal, which is not faced by Indian truckers. Again, in Nepal, 10-wheeler Nepalese trucks are not allowed to ply, whereas this restriction does not apply on Indian trucks plying through Nepal. Nepalese truckers, therefore, demand harmonisation of traffic rules between India and Nepal. This demand is dovetailed with advocacy for the Nepalese government to reduce vehicular customs duties. In the absence of these provisions, increase in the volume of trade between the two countries holds no promise of lucrative livelihood opportunities for the truckers in Nepal.

This apprehension is also shared by some other stakeholders like small and local vendors, especially those running road-side tea shops. They feel that seamless movement of traffic means less halting points and therefore, less business. In the event of loss of jobs, they can only hope that the government will provide them with vocational trainings and skills so as to absorb them in alternative professions.

Given that the present cost of hiring trucks is three times higher in Nepal as compared to India, associations of labourers and truckers remain apprehensive that inflow of foreign competitors as a result of initiatives like BBIN MVA could substantially diminish the earnings of transporters, truckers and labourers in Nepal. A particular association of truckers also informed that Nepalese trucks travelling into India face the difficulty of communication. Nepalese drivers, unable to understand Bihari, Hindi or Bengali, often become easy targets of Indian police and local goons, who practically fleece them. Nepalese truckers, therefore, worry about their personal safety in view of the public lynching that is rampant across South Asia.

Our research team interviewed support service providers along the road that connects Panitanki to Kakarvitta by Mechi Bridge. Those stakeholders were targeted, who were operating approximately within 500 metres of the Panitanki LCS. Most of these respondents included marginal shop owners selling tea, confectionary items, coconut water and cooked meals. The average monthly income of these shopkeepers varies between ₹300-400 per day. Most of the customers, who buy products from these shops, are transit passengers and tourists from India and Nepal. Only a few truck drivers use their services and generally purchase tea and cigarettes.

The labourers interviewed at the Fulbari LCS provided loading and unloading services for transit goods between Bangladesh and Nepal and also some export/import goods between Bangladesh and India. These labourers are locally based and employed on a permanent basis, averaging five to eight hours work in a day during peak seasons and earning about ₹300-500 per day. Managing household income becomes difficult for them during the off-season, when they get to labour just about five hours a day, which fetches them an average daily income of ₹50-100. Since trading activities in this area are seasonal, concentrated mainly around the months of January and February, more labour recruitment happens during these months. It is the *sardar*, who gets to negotiate with the trucker regarding payments for the labourers and the amount increases on an average by 10 per cent, every third year.

### **Impact of Commerce and Business on Livelihood**

From the field survey, it has been observed that trade is not the only factor, on which the livelihood of local people depend but it also depends on the cross border movement of people through the border points. This factor is significant in only three LCSs out of total six (border points between India and Bhutan). At such points, development of parking facilities for passenger transit and tourist vehicles will have a positive impact on the earning capabilities of the local shopkeepers. In the remaining three LCSs, the livelihood is directly dependent upon the volume of trade. At Fulbari, one Bangladeshi company, PRAN, has acquired rented warehouses and the labourers are mostly involved in the loading-unloading of the transit and export/import cargo from the Bangladeshi, Indian and/or Nepalese trucks to the warehouse.

At the Panitanki-Kakarvitta (India-Nepal) cross border point, the livelihood of labourers and support service providers are dependent more on trade. In 2017, mainly in January and February, the labourers were happy with the increased earnings due to increased volume of trade from Bangladesh to Nepal (for processed food items). But with seamless movement of trucks, the livelihoods of these people will get adversely impacted. The labourers at Kakarvitta ICP (Nepal) informed that initially they used to work for the entire day, but now they get work on a rotation basis. When CUTS team went to survey them, it was observed all of them were playing cards. Every day workers are called by their names and allotted work.

Since the livelihood of shopkeepers is mostly dependent on tourist and transit passenger vehicles, lack of car parking in Panitanki, poor road conditions and underdeveloped infrastructure on the Indian side stand in the way of higher profits for the vendors. Another concern of vendors is lack of permanent assets to sustain their livelihood. Most of the vendors have makeshift shops and during night they take recourse to battery operated lamps or LPG lamps. They expressed the need for permanent concrete structures equipped with proper electricity and water facilities, to house their shops. They are at present living in a hand-to-mouth situation.

The labourers at Fulbari LCS were upset about the decision of PRAN Company to shift its warehouse from near Fulbari LCS to a location further down, which was inaccessible to the concerned labour class. As a result, these labourers have presently stopped loading and unloading cargo for PRAN, the company. Moreover, since this job is physically straining, most of the labourers suffer from some kind of orthopaedic illness. Access to hospital and free medical treatment is a

limiting factor. Since these people have no insurance policy or medical benefits, a major illness of bread-winner can make the situation extremely difficult for the family.

At the Daranga LCS, shopkeepers were upset about the decision of constructing four lane roads near the border. They are worried about their livelihood because they have to relocate their shops.

Nepalese farmers and agriculture labourers (herbs and pharmaceutical plants) opined that they will benefit if Nepal is able to step up its exports of valuable agricultural products. The average monthly income of the Nepalese farmers across this corridor is US\$310. A direct linkage between farmers and exporters will assure the former of a more assured market *vis-à-vis* price. But, the farmers fear that better connectivity could result in cheaper agricultural products from neighbouring countries which could directly hamper the livelihood of Nepalese farmers.

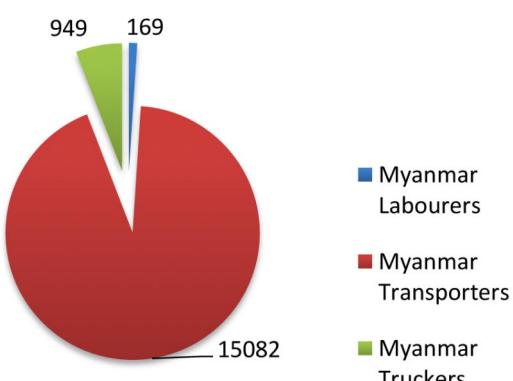
CUTS research team learnt that export of some medicinal herbs (in the likes of *Chirata*) from Nepal is duty free; it incentivises traders to export it but they require permission from the Forest Department to export. Unfortunately, importers (Indian) have to pay customs duty to import them. The cultivators are eligible to cultivate on community forest (local communities are allowed to take care of a part of the forest) and given the geographical advantage, they cultivate different kinds of herbs and export them not only to India and Bangladesh but also to other countries. For medicinal herbs, the exporters generally procure these herbs directly from farmers. These farmers producing medicinal herbs are expected to benefit if the volume of trade increases. In fact, business in medicinal herbs is a vital source of livelihood for varied and large section of citizens in Nepal.

Prices of these medicinal herbs differ and so do the returns on them. For example, farmers generally sell lemon grass at NCR 15,000-16,000 per kg. Camellia is another expensive herb which earns high return but unfortunately its yield is low. A farmer stated that his net income is NCR 45,000-56,000 per year per hectare. Around 30-35 workers work under him. The majority of the labourers involved in cultivation of these herbal plants are female as it is difficult to find male labourers. The labourers work for eight hours in two shifts (four hours in the morning and four hours in the evening).

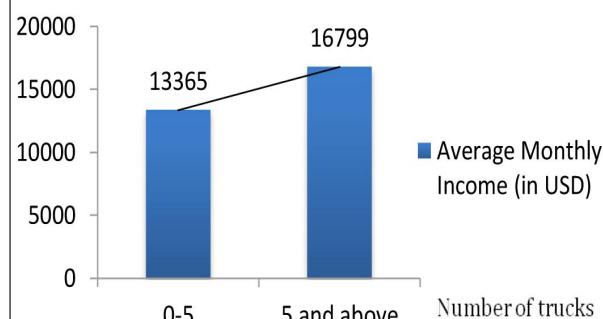
Even though the government may offer less, they sell most of their produce to the government to build a cordial bonding with the government. They believe that at times of any difficulty the government will help them, which they would not receive otherwise.

Importers and exporters believe that BBIN MVA will lessen the cost of transportation. The exporters are delighted for BBIN MVA as it can open doors to new markets in the days to come. Importers are also eager, for such initiatives would reduce cost of imports and ultimately benefit the end consumers in Nepal.

**Figure 3.4: Monthly Income (in US\$)  
Corridor: Ayeyarwaddy-Maungdaw**



**Figure 3.5: Myanmar Transporters  
Corridor: Ayeyarwaddy-Maungdaw**



The research team sought to capture livelihood concerns of stakeholders at the border crossing points and at other nodes along the **Ayeyarwaddy-Maungdaw** corridor. The important nodal points include Bogale, Pyapon, Yangon, Sittwe and Maungdaw. There is a stark difference among the average incomes of different stakeholder categories. Even in the same category of stakeholders there is pronounced financial gap. Most fish traders in Pyapon are large scale fishermen, almost 10 times larger in scale compared to fishermen in Bogale. Most fishermen in Pyapon live near the urban area, whereas most fishermen in Bogale are small scale and live in fishing villages. The average income of labourers is Myanmar Kyat 1 - 2 lakh, whereas that of truckers is Myanmar Kyat 5 – 8 lakh and of transporters is Myanmar Kyat 50 – 100 lakh, depending on the number of trucks they own.

It is generally seen that those who are engaged in the upper tiers of various categories – large-scale fishermen, aggregators, exporters/importers, transporters – are optimistic about improved prospects with improved connectivity. 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 impact them significantly.

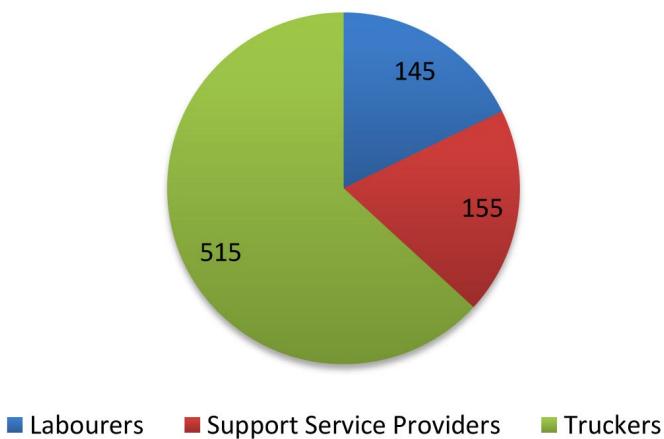
In general, due to low volume of trade with Bangladesh, most stakeholder categories in Myanmar struggle to have a stable income. Rakhine state is one of the least developed regions in the country and one that has been persistently neglected by successive governments. Different stakeholders converge on the fact that conditions for improved trade has worsened due to continuing political instability in the Rakhine region. The major hurdles faced by stakeholders in enhancing their livelihoods include trust issues, banking systems, lack of technological upgradation, poor infrastructure, regional conflict and instability and low investment in the region coupled with governmental indifference to regional development.

Apprehensions about loss of livelihood could also be discerned amongst various stakeholders like labourers, truckers and support service providers across the **Thimpu – Dhaka Corridor**, which includes **Jaigaon, Siliguri, Changrabandha, Burimari and Rangpur**. The Bhutanese people consider the Phuentsholing – Jaigaon corridor to be the life line of Bhutan with the world outside. Phuentshilong functions as the main gateway to Bhutan and most of the products are imported or exported through Phuentsholing. Commodities traded with any other place have to pass through India to reach Bhutan. Phuentsholing being a border town is the centre point for trading where businesses compete for markets on both sides. In order to ensure a thriving trade with India, both sides have to be properly linked to facilitate smooth flow of trade with other countries. Livelihood concerns of people living on one side of the border are echoed by people engaged in similar activities on the other side. If one side is affected by political problems then trade on the other side is also affected adversely.

The livelihoods of certain stakeholders like truckers, labourers and support service providers in Phuentsholing are directly dependent on the volume of trade. More goods mean need for more labour to load or unload them. However, the support service providers complain that they are often not paid on time, get low wages for heavy work, which remain unnoticed. Labourers and truckers express apprehension that if seamless movement of cargo is facilitated by the BBIN MVA, then it might lead to loss of income for labourers and truckers at nodal points like Phuentsholing. However, the support service providers are not as apprehensive because Phuentsholing is also an important tourist hub having steady flow of customers round the year.

When the survey across Thimpu – Dhaka Corridor was carried out, the labourers at Burimari land port were busy crushing stones and unloading them from trucks. Labourers who are engaged in the work of unloading fruit at the importers' warehouses were not available at the time of survey. Since Burimari is a terminal point, all these stakeholders, from labourers to truck drivers to support service providers seemed optimistic about any scheme for expansion of the volume of trade.

**Figure 3.6: Average Monthly Wage (in US\$)  
Burimari (Bangladesh) Corridor: Thimphu-Dhaka**



around BDT 1 lakh per month from each of his trucks. Expansion of trade is likely to boost the extent of engagement for each of these categories. While for the service providers, like tea stall owners and for the labourers, it will mean increase in physical work, for those engaged in scrutinising paper work as in customs houses, it will mean having to deal with more hours of desk work. This will call for more man power at all levels and therefore initiatives like BBIN MVA are welcomed by all these categories of stakeholders.

However, there are also areas of improvement, which are indicated by these stakeholders. It is seen that most categories of these stakeholders have no associations to support them during times of crisis. They do not have facilities like social security despite the fact that the mainstay of their livelihood is their own labour. Those running small businesses like eating houses or tea stalls complain that they do not have facilities like interest free loans, with the help of which they may be able to expand their businesses in the future. Labourers also complain that since most recruitment happen on an *ad hoc* basis, they have no security of jobs.

In the event of relocation of LCS, some will be ready to migrate and should be offered the necessary incentives and rewards. But for those, who are unable to do so may need to be rehabilitated in agricultural or other jobs. Support service providers and *ad hoc* labourers express concern about environmental pollution that may occur in the event of reconstruction

At Burimari land port, our team interviewed customs officers, importers, transport agencies, CHAs, truckers, labourers, support service providers, importers and exporters. All these stakeholders are involved in the trade process but the nature of their involvement differs.

For example, the average monthly income of labourers, support service providers and truckers vary from BDT 10-12 thousand, BDT 11-13 thousand and BDT 35-45 thousand respectively. On the other hand, an owner of a transport agency earns

### Gainers and Losers

Alhaz Rafikul Islam Prodhan, owner of Selina Traders was one of our respondents amongst the transporters. We met him at Burimari bazaar and sought his opinion on the BBIN MVA initiative. While welcoming this agreement, he felt it would provide advantage to some and disadvantage to others. For instance, a truck from an import dominant 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 will be the losers. If Bangladeshi importers use Bangladeshi trucks to import goods then transport agencies of this country will support the agreement. He proposed this aspect should be included in the agreement or any other policy clause will be there to keep Bangladeshi transport agencies alive. Moreover, he said Indian trucks carry 10-15 tonnes of goods more than Bangladeshi trucks do, as Bangladeshi roads and highways are not suitable for carrying such heavy amounts of goods. He emphasised mutual benefit as a vital component of any transnational initiative like BBIN-MVA.

of roads and highways. In fact, there is already environmental pollution, with which the labourers engaged in crushing stones have to deal with. Without addressing such environmental concerns, initiatives like BBIN MVA can never ensure livelihood opportunities of various stakeholders on a sustained basis.

The survey across the corridor stretching from Dhaka to Jaigaon through Tamabil-Dawki-Guwahati-Samdrup Jongkhar-Gelephu traversed several segments in the Bangladesh portion from Tamabil zero point to Sylhet, Sylhet to Habibgunj, Habibgunj to Ashugunj and Ashugunj to Jatrabari, Dhaka. Across this portion, the research team identified several stakeholders whose livelihoods were directly dependent on trade across the border – truckers, labourers, support service providers and transport agencies. The average monthly incomes (in BDT) of various categories of stakeholders are highlighted in the Table 3.1:

**Table 3.1: Average Monthly Income (in BDT) of Various Stakeholders in Bangladesh; Corridor Dhaka to Jaigaon**

Corridor Stretch	Transport Agencies	Labourers	Truckers	Support Service Providers
Tamabil to Sylhet	30,000	20000	15,000	4,000-20,000
Sylhet to Habiganj (Jagadishpur, Madhabpur Upazila)	-	-	15,000	6,000-15,000
Habiganj to Ashuganj	-	-	15,000	4,500-30,000
Ashuganj to Jatrabari	-	-	15,000	-

Indeed, the livelihood of all these stakeholders is inextricably linked up with the entire process of trade. The labourers derive their income from loading and unloading of goods at the relevant LCS. The transport agencies derive their earning by arranging transportation for the importers and exporters. The CHAs work on behalf of the exporters and the importers. In the event of seamless movement of cargo, labourers remain apprehensive that they will not be required to load and unload goods at transit points and that might mean loss of jobs for them. They, therefore, harp on trans-shipment instead of transit.

The transporter agencies are weary that once the BBIN MVA is operational, although trucks will be allowed to enter other countries, they will have to return empty for a longer stretch of roadway and that would not be economically viable for the transport company. In the event of relocation of LCSs, all support service providers are also apt to be inconvenienced, if not adversely affected altogether. This is because they will either need to relocate themselves or find alternative sources of employment. However, if the general volume of trade expands as a result of initiatives like BBIN MVA, then the support service providers are also likely to benefit because they will get to cater to a larger body of customers.

With the implementation of the BBIN MVA, if containerised cargo moves across countries from one ICD to another, then the demand for manpower at the border points is likely to diminish and all existing CHAs operating across the borders and assisting customs officials will experience loss of work. Finally, livelihood is linked up with issues of safety and security. For instance, roads which are unsuitable for heavy traffic or are narrow tend to be accident prone. These issues need to be addressed along with other issues of financial security of labourers, truckers, farmers and support service providers like social security systems and availability of interest free credit.

The survey across the corridor stretch from Kolkata-Dhaka through Bongaon-Petrapole-Benapole-Jessore-Khulna-Dhaka identifies several stakeholders such as labourers, support service providers, customs officials, C&F agents, transporter agency or commission agents, truck drivers, exporters/importer, aggregators, farmers and policy experts/academicians. Labourers on the

Bangladesh side are at the bottom of the various income groups compared to support service providers, truckers and farmers, due to poor wage rate, which is approximately BDT 180-220 per day. In contrast, support service providers are in a favourable position due to high level of trading that goes on through this port. However, income of the truckers is not as expected, because of unsatisfactory distribution of earnings by the owners of transport agencies.

**Table 3.2: Average Monthly Income (in BDT) of Various Stakeholders in Bangladesh; Corridor Kolkata-Dhaka via Petrapol-Benapole**

Stakeholders in Bangladesh (Benapole to Dhaka)	Average Income range/ month (BDT)
Truckers	10,000-15,000
Support Service Providers	40,000-45,000
Labourers	5,000-7,500
Farmers and Collectors	20,000-25,000

Certain types of livelihoods are directly linked with trade and connectivity at port points. Labourers are engaged in the loading and unloading of goods onto trucks at Benapole border point. Their income depends entirely on the goods coming in from India (Bongaon and Petrapole side). Whereas support service providers like hotel staff, small tea shops, gasoline pump stations, truck repairing outlets, etc. are all in business due to the activities of Benapole LCS. In addition, truck drivers and CHA are involved in the trade process but their flexibility in terms of relocating themselves is greater than that of labourers and support service providers. In case of farmers and aggregators, it was noticed that they are linked with the supply chain of goods but not directly with the trade process as such.

Labourers, support service providers, CHAs and transport commission agents are not in a position to enhance their livelihood on account of stiff competition within each category and over-crowding in each type of profession. In addition, the local competition for the above-mentioned professions is much higher at the Benapole LCS as compared to other LCSs because the volume of goods that flow to Bangladesh from India through Petrapole-Benapole border is far greater than that what flows through other land stations.

BBIN MVA is expected to facilitate the trade process by reducing extra time consumed by existing trade processes. But labourers would not get the engagement in loading and unloading, if goods are not required to be trans-shipped to importing trucks, while the support service providers will have to suffer if people's activities narrow down. Transport agencies will be affected adversely by transit facilities. However, the truck drivers can manage local trips and try to make up for their losses. On the other hand, the importers will receive products on time and quality of products can be maintained particularly for perishable goods. Transhipment requirement entails extra cost for importers, which will get reduced by transit facilities.

The emerging concerns will be loss of jobs for labourers and support service providers. In that eventuality, labour unions at Benapole are likely to call strikes, which may further ignite political disturbances. In addition, transport agencies will try to create pressure on the government by calling strikes and suspending work all over Bangladesh. Such political disturbances and the consequent instability are understandably detrimental to any prospect of connectivity and improved trade between nations. However, some ameliorative measures can be contemplated to address these apprehensions. Support service providers can be given financial support by way of loans and other schemes to help them relocate from one trade hub to another. CHAs will also benefit if they are given access to ICDs and some role in respect of clearing and forwarding issues. Labour

force in one region can also be given alternative sources of employment in the region or relocated elsewhere.

The corridor that stretches from **Myawaddy** (Kayin State), **Myanmar** to **Tamu** (Sagaing Region), India is well known for carrying areca nuts from Myanmar to India. An overview of the livelihood and related aspects (average income for each stakeholder categories, access to finance/banking, insurance, etc.) along the corridor, at important nodes, reveal that the access to finance/banking and insurance at grassroots level (areca nut farmers, labourers, truckers) is limited. Only a few of the interviewed stakeholders have formal bank account and almost none of them have any kind of insurance. There is a stark difference between average incomes among different stakeholder categories. The average monthly income of labourer is ₹1-2 lakh, whereas truckers earn ₹5-8 lakh and transporters ₹50-100 lakh (depending on the number of trucks owned) in local currency. At the grassroot levels (labours, farmers, truckers), they need to have enough earning on a day-to-day basis to support their families and they mostly do not see their livelihood as dependent on trade. In contrast, exporters/importers, transporters, CHAs (mostly at the border crossing points) feel trade is a vital determinant of their livelihood.

The impact of trade is most intense on exporters/importers, while for those at the grassroots levels the impact is subtle. For instance, the frequent shutdown of the border gate in Tamu and restrictions imposed on Myanmar's products by the Indian government have direct impact on those exporters/importers in Tamu. Areca nut exporters suffer from decline in trade as a result of the Indian government's imposition of 40 per cent tax on areca nut imported to India from Myanmar. Moreover, when there are huge consignments of areca nut flowing from Thailand through Myawaddy to Tamu, the exporters who are sourcing areca nuts from Myeik & Dawei in Thanintharyi region face difficulty.

*Livelihood concerns are inextricably linked to issues like infrastructure inadequacy and political instability*

The lack of trust and timely payment in trade are the main hurdles faced in border trade. The Burmese merchants suffer loss as payments from Indian merchants on exported products are hard to receive. Sometimes, they wait for months to receive payment from those merchants. The sharing of proper information from the government is also an issue and the merchants claimed that the government taxation system is opaque, with the rates unpredictable. The government needs to have a precise and transparent taxation system, which should be well informed to all merchants. The various insurgents from India near the border are also hindering trade, demanding shares from the India merchants, which in turn hurt the trade with Myanmar. The ability of regional associations to influence the government is limited and there is a weak response by the government to increase trade so far. The road transport to Tamu is also a hurdle. Most merchants from Monywa and Manadalay do not trade with India through border as logistical cost to transport goods to Tamu is much higher than that to Yangon. There are no cold storage facilities, proper warehouses, and proper truck stations, no formal trade zone in Tamu to facilitate a systematic cross-border trade. On the other end, the border trade with Thailand via Myawaddy has hurdles.

Currently, Thailand is developing No.2 Bridge, which is likely to open in 2018, with the plan to truck its products directly to Yangon's Thilawa Special Economic Zone (SEZ). The plan is opposed by local traders as it would yield loss for the local transporters, and businesses in Myawaddy. The illegal trade remains pervasive with ethnic armed groups in Kayin State. Areca nut farmers have no direct connection with exporters of areca nuts. Instead they are only linked with particular aggregators as they are liable to repay debts taken in advance from those aggregators. The farmers also complained that they face reduction of areca nut prices in October, November, and December (when areca nut farming is at its peak). Moreover, the tax levied by the Indian government on the Indian importers of areca nut (40 per cent tax) has further reduced the profit margins associated with the farming of areca nuts.

### *Livelihood concerns and connectivity initiatives like BBIN MVA: Apprehensions and suggestions*

Opinions on the MVA are generally very limited as none of the respondents is aware of the initiative. Most of the respondents believe without addressing the hurdles first, the MVA would not be welcomed. The government must have a stable and transparent taxation system for local merchants. The government should also engage in dialogue with India for preventing monetary losses incurred by Myanmar merchants. Local transporters and exporters/importers express concerns that if MVA is initiated, their businesses would face stagnation (similarly, Thailand's plan to truck its products to Yangon confronted protests in Myawaddy). Areca nut farmers suggested that even if the MVA agreement comes into force, there will be no difference for them as they mostly sell their products to Yangon (not directly to Tamu). There are local traders and

transporters in Tamu, who have concern that if trade and connectivity increases, they would be left behind. The direct connectivity between India and the central state of Myanmar could tarnish the regional transporters and traders.

#### **Livelihood and location peculiarities**

Speaking about development through trade, one trader from Tamu offered a suggestion on how the gains of the local traders could be ensured. She suggested that the government could make a fair division of gains between those traders in the region/state and the traders in the centre. She proposed that the government should follow a quota system for ensuring involvement of local traders in border-trade activities. For example, in export of areca nuts, locally grown areca nuts from Thanintharyi region as well as foreign Nuts imported from Thailand via Myawaddy are exported to India via Tamu. Here, non-local traders (not from Tamu) are acquiring foreign nuts through Myawaddy, whereas local traders (from Tamu) are sourcing nuts from Thanintharyi region. When large consignments of nuts come from Myawaddy, it hinders those local exporters who acquire domestic nuts from Thanintharyi. In view of this, there should be a quota system protecting the local traders in export of areca nuts.

the people in the Agartala region is not entirely dependent on trade because of the rather low quantum of import and almost negligible export. During the field work in Bangladesh, research team interacted with several stakeholders like support service provider and truckers. It is difficult to find labourers around Akhaura land port because of the absence of import from India. In fact the number of labourers is around nine to 12, engaged in fish shipment from one truck to another. These labourers also work in agricultural land due to insufficient earnings from port-related jobs. Similar is the plight of the support service providers. A few tea-stalls and restaurants including a vehicle mechanic store are located here, but the condition is dilapidated.

The research team interviewed those labourers at Agartala border, who were involved in loading-unloading at the border points (mainly in ICP) of the corridor. It was found that this occupation

was dominated entirely by male workers. They earn approximately ₹8,000-10,000 per month. But, the total income varies with the number of trucks coming in from Bangladesh. They are mainly local residents staying within 4-5 kms of the Agartala ICP. They use bicycle to come to work every day. On an average, they work for 9-10 hours a day. They have 13 groups, which includes seven members in each group. Most of the labourers interviewed have bank accounts. None of them possess any life or health insurance. Most of them are without any formal, even primary education.

They do not have any association or union because a few traders or companies hold monopolies and labourers cannot bargain for higher wages. They work group-wise. Some labourers have been working there since 12-15 years and some others for 4-5 years. They mentioned that although infrastructure has improved over the years, trade (import) has declined, and all this has impacted their livelihood adversely. It is unlikely that initiatives like BBIN MVA will generate an increase in volume of trade unless such initiatives are complemented by a rise in demand for particular products in the region.

At Akhaura land port on the Bangladesh side, customs officer, CHAs, truckers, labourers, support service providers (e.g. tea stall and restaurant owner, mechanic, etc.) and exporters were interviewed. Compared to support service providers (average income: ₹12,000-15,000/month) and truckers (average income: ₹15,000-18,000/month), labourers (average income: ₹4,000-5,000/month) lag behind due to lack of work, and dearth of other jobs. In general, all the stakeholders' livelihood activities declined with stoppage of import at this port. However, on the Bangladesh side, the research team observed a different category of truck drivers (part-time drivers) who wait in the port area and help the main truck drivers to cross the border. In general, low volume of trade accounts for the low involvement of the various stakeholders.

Unlike other LCSs, Akhaura reveals a case of declining volume of trade resulting in loss of job opportunities. Labourers are left wanting for work while support service providers experienced a dearth of customers. Their difficulties are aggravated by the fact that they have no access to capital, nor any supportive organisation or association that can bail them out during times of crisis. There is the added apprehension that their vulnerability can get accentuated if BBIN MVA means removal of the existing nodal points to facilitate seamless movement of customs and forwarding agents and exporters and importers, also believe that the positives of improved

### Presence or Absence of Trade Impacts Livelihood

Rubel Mia, a vehicle engine repairer and part-time driver, is one of our respondents as support service provider. He used to cross the border on Bangladeshi trucks. He informed that around six to seven years ago this was a busy port with heavy vehicular traffic. He made good business those days and earned much. After closure of the import process and construction of rail communication inside eastern-India this port lost its previous lustre. Only some modest export from Bangladesh keeps it alive. That is why a large number of labourers lost their jobs and some of them like him took to part-time engagements.

### Impact of Governmental Policies on Livelihood

Md Edon Mia is a fish exporter and a CHA, was one of the initial importer in Akhaura LCS in 1993. Now he is the president of importers-exporters association (although at present there is no import). Like him, other fish exporters are facing several problems due to barriers imposed by both Bangladeshi and Indian governments. He exports fish under a merchant group to avail 5 per cent subsidy on tax (instead of 10 per cent) as a small investor. On the other hand, Indian rules and regulations are considered to be rather stiff and therefore, detrimental to trade.

connectivity will flow only in a situation of revived exports and import. But in any case, additional jobs (agricultural and others) will need to be created to help the generally poor residents of the region to run their households.

## Gender

Trade facilitation is supposed to benefit all stakeholders in a globalised world. The importance of initiatives like the BBIN MVA can hardly be exaggerated in the context of South Asia, where regional trade lags behind other fora like EU and ASEAN. In order to transform this aspiration into an achievement, one has to overcome several obstacles like mobilisation of necessary financial resources, instituting regional funding arrangements, preparation and adoption of protocols, ensuring coordination of stakeholder alignments with national plans.

What is, however, important to stress is that in ensuring all this and more, one has to ensure that trade facilitation should contribute to socio-economic development of both men and women. Generally speaking women's participation in trade in the South Asian region has been low. In transportation alone, one assumes that the drivers are male. Entrenched mindsets do not allow women to be regarded as active agents and women, therefore, often find themselves at the bottom of the value chains. From national level statistics, it was gathered that female participation is three times less than the male force (The male participation in the year 2016 is 81.4 per cent and female participation is 28.5 per cent). Any attempt at trade facilitation, therefore, needs to consider inclusive growth of both men and women.

The survey across **Lucknow (India) to Kathmandu (Nepal) through Gorakhpur-Sonauli-Bhairahawa corridor** revealed that female participation was practically nil. There was only one lady participant from Sashastra Seema Bal (SSB), working as security guard at the border check-post at Sonauli. But female participants were conspicuous by their absence among freight forwarders, transporters or even computer operators at stations. One could identify several hindrances like insecurity, remoteness of the locations and lack of proper health and sanitation facilities. The majority of the population in this corridor belongs to the Brahmins and the Rajputs, who revealed that their patriarchal social structure did not permit women to get engaged in outdoor employment.

In the course of conversation with CHAs, the research team learnt that women, who are educated and live in cities, are never sent by their families to work in remote areas like Sonauli and Gorakhpur. These areas are considered unsafe by the local people for they become quite deserted and isolated after sundown and therefore, insecure for movement of women. The lack of proper facilities and work environment are also not conducive for women participation in these places. For instance, neither are there proper hospitals at the border area, nor adequate medical facilities; evidently there is a dearth of sanitation facilities at the workstations and there are no separate toilets for men and women.

On the corresponding Nepalese side, the study team witnessed substantial female participation among one category of stakeholders: farmers. In case of herb farming, significant participation of females was found. Of all agricultural activities, only ploughing is done by male cultivators. However, apart from farming, the participation of female candidates in other domains is almost entirely absent.

The research team did not come across female truckers or labourers. Likewise, there is no female CHA and customs official. Beside few common and administrative staffs most of the employees in chambers are also male. Considering the present situation, implementation of economic corridor can actually be useful in increasing the female customs officials and business persons. However, male candidates will continue to dominate those areas of employment, which are physically more exacting as in case of driving trucks or in loading and unloading of heavy cargo.

**Table 3.3: Female Participation in the Nepalese Part of the Corridor:  
Kolkata-Kathmandu (through Bhairawa-Sonauli)**

Stakeholders	Active female participants	As an administrative staff	Women's perception
Truckers	None	None	Not interested as the job is physically strenuous
Labourers	None	None	
Transporters	None	Yes	
Freight forwarders	None	Yes	They are content with the administrative job
Farmers	Yes	NA	Substantial female participation
Custom officers	None	Yes	
CHA	None	Yes	They are content with the administrative job and don't like to work in front office as nature of job requires interaction with a wide range of people
Business person	Yes	Yes	They find it comfortable to engage in small businesses like tea shops and restaurants
Chamber of Commerce	Yes	Yes	The president of the Federation of Nepalese Chamber of Commerce and Industries is female

As mentioned above, participation of women is higher in herb farming. Female participation is discerned in a wide range of activities from sowing to harvesting. However, during survey it was found that there was minimal participation of women in trading activities. The reform should start from the top level. In Nepal, trade related policies are drafted by *Ministry of Trade and Commerce* and the department is heavily dominated by male candidates. Clear provisions should be made for encouraging and accommodating female participants in the discourse. Trade-related issues involve mental and physical challenges and women of Nepal generally do not find comfortable in dealing with these issues.

Furthermore, women in Nepal are generally shy and do not like to participate in such discussions. However, lately the participation of females in trade related activities is picking up. For instance, the President of the Federation of Nepalese Chambers of Commerce and Industry is female. Encouragingly, around 33 per cent of Members of Parliament in Nepal are females. So, any trade related bill endorsed by Parliament has due consent of female members.

On the whole, interviews with few of the women employed at the custom offices and Chamber of Commerce indicate that this sector is male dominated and women find it difficult to cope up with the work environment. The women are comfortable working more in administrative or desk jobs. Discussion and interviews indicate that most of the women are comfortable working closer to their homes that enable them to cope with family obligations as well.

If the MVA provides infrastructure and better road connectivity along with other necessary facilities in the realm of health and sanitation, the spill over effects of connectivity will go a long way in providing employment opportunities to women.

Examining the involvement of women among various stakeholders in relation to trade connectivity across the corridor that stretches from **Kathmandu (Nepal) to Banglabandha (Bangladesh) through Kakarvitta-Panitanki-Fulbari**, it was found that there were no female participants in the category of truckers, transporters and labourers. This could be because these

jobs are physically more exacting and therefore, unsuitable and unattractive to women. The team also did not find any female CHA or customs official. Perhaps, the work involved in these official positions required the incumbent to work in the front office and to deal with a wide range of people. As a profession, this perhaps is not attractive to women in South Asia. The team did come across a few males and women participants among the administrative staff in the customs houses.

Interviews with few of these women suggest that the sector is male dominated and women find it difficult to cope up with present work environment. The women seem more comfortable with engagements that require administrative work, perhaps more desk work and less interaction with diverse categories of people in the realm of trade.

Several women have also expressed the view that they prefer working closer to their homes as travelling to distant locations across corridors makes it difficult for them to cope up with domestic or household obligations. However, the current stakeholders in these categories believe that with implementation of an initiative like BBIN MVA, there will be greater scope for maintaining records and computing data, which will involve more deskwork and in turn provide more opportunities for opening up these positions to women.

However, when it comes to the category of farmers as stakeholders, the team found a pronounced female participation, particularly in respect of herb farming. Women participate in a range of activities beginning with sowing the seeds and culminating in the harvesting of herbs. However, since the team did not come across involvement of women in labour-intensive farm work like ploughing the field or cultivation of other crops, it was inferred that herb farming requires delicate handling, which is more compatible with feminine hands. The team also came across participation and involvement of women in small businesses like tea shops, food stations and restaurants.

The stakeholders surveyed by research team in the corridor stretching from **Kolkata to Kathmandu via Raxaul and Birgunj** included truckers, labourers, support service providers, CHA, transporters and customs officials. There was no female trucker in any of the corridors in the entire BBIN region. What is also significant is that women are almost non-existent even in the category of support service providers in this particular corridor stretch.

The CHAs from both Nepal and India informed that this sector has always been male-dominated. Though there is no formal prohibition on female recruitment but owing to safety concerns and traditional norms of a male dominated society, there was no eagerness on the part of employers to employ female workers. These stakeholders are of the opinion that they have to mainly deal with truckers, who usually remain drunken, causing security concern for female employees. Then again there are certain jobs like those of labourers (requiring loading/unloading of heavy cargo), which demand physical strength, and so women in general do not get drawn to such activities. Few respondents also cited socio-cultural inhibitions, which help to explain the low participation of women across this corridor.

While tracking the connectivity of the corridor that runs through the **Ayeyarwady region (Bogale) to Rakhine state (Maungdaw) in Myanmar**, and which is the route for **Myanmar-Bangladesh trade** in respect of fish and readymade garments, our research team sought to capture the gender implications of the trade. The study revealed that participation of women is rather low. From the grassroots all the way to the top, males are dominant. This could partly be explained by the very nature of the livelihood surveyed.

For example, in the category of the labourers, females are conspicuous by their absence for they are unable to carry heavy loads. Employers are also more willing to hire male labourers/employees due to the general perception that females are weak and therefore unsuitable compared to males who appear to be more productive, tough and therefore suitable in all kinds of jobs, both skilled and unskilled.

In the entire process of trade, the ratio of men workers is much higher compared to females, for men are generally considered to be able to adapt themselves to different work conditions and timings more readily than women. Female workers are mostly employed for clerical work and as waiters and cooks in organisations like restaurants, which provide support services. On the whole, the involvement of women in jobs both at the ground (fishing, loading and unloading) and at the upper levels (support service businesses, export/import and transportation) is limited. In most fishing villages, the male folk by and large consider that women are not cut out for fishing for fishermen have to bear the heavy tide and wind, and loading and unloading the catch is much too labourious for the women folk to cope with. However, the research team did capture some females participating in loading and unloading of fish boxes at the Shwe Min Gan jetty in Sittwe. These female labourers hailed from local villages near the jetty and are not hired on a permanent basis. They are recruited on the basis of work available at the jetty and are paid at par with the male labourers.

Besides, one notices that there is generally a scarcity of jobs in the underdeveloped Rakhine region, and both males and females make a scramble for whatever work is locally available in order to support their families. Often, exclusive dependence on the husband's income is insufficient for sustaining the family and hence female participation in such jobs is, to some extent explicable, in terms of the poor socio-economic condition of the region. With respect to support service providers, one notices that men and women generally participate in different types of businesses. Females are more prominent in the traditional restaurant business near jetties and truck stations whereas males participate more in truck repairing services and restaurants, which sell alcohol along with food.

The study of the gender implications of trade across **Myawaddy (Myanmar) to Tamu (India) region** revealed that the participation of women in surveyed livelihoods is low. Part of the reason of low female participation is concerned with the nature of surveyed livelihoods.

During interviews, it was found that male respondents are more open and confident in responding, whereas the level of confidence of female respondents is low. The degree of knowledge that male respondents demonstrate is, on average, higher than that shown by females. Employers are more willing to hire male employees due to the perception that females are weak and not suitable for all types of jobs. Although some females are evolving as entrepreneurs, the dominance of males is still pronounced.

In the category of labour, participation of women in trade-related processes along the corridor is limited. There are labour offices in Tamu and Myawaddy, where the majority of labourers are men. The use of women workers is very limited as employers pointed that men are more versatile and able to work under different conditions. Female workers are mostly employed for clerical works.

Generally, the involvement of women in the jobs both at the ground and top levels are rather limited. Regarding loading/unloading, most of the labourers are men, and it is rare to find women in all nodes along the corridor. Among support service providers, the types of business run by females and males are different. Females participate more in traditional restaurant business whereas males participate more in truck repairing and services in restaurants, which sell alcohol together with food.

Although participation by women is lower than men, during the survey, the team met a few female entrepreneurs and business figures. These females are vocal with leadership skills. For example, the Focus Group Discussion in Tamu was led by well-known female business figures in that city. That group discussion was also attended by female participants who are operating shops near the border gates. Usually, such female respondents are widows with age over 50 years (with their husbands deceased many years ago, they became breadwinners of the family).

The research team sought to capture the gender aspect of trade connectivity in respect of the Thimphu-Dhaka corridor via Jaigaon, Siliguri, Changrabandha, Burimari and Rangpur. Gender discrimination is not a big issue in Bhutan. Bhutanese women have always enjoyed equal rights. Trading has also opened opportunities for women to be engaged in economic activity. However, it also depends on the nature of the work. For example, there are no female truck drivers in Bhutan although there are many light vehicle drivers. Women have taken over the roles of service providers along the highways and nearby bordering towns and industries. Several women were seen engaged in administrative work, sales and support staff to earn and support their families. For instance, most of the handicraft and readymade garments shops employ 98 per cent women in their sales departments.

It is a matter of regret that the team did not find any female worker at any level among stakeholders including government officers. The team encountered an exceptional case of a female entrepreneur as one of the owners of a restaurant near the Burimari LCS. She also runs the palace. The case is considered exceptional because female workers, even from government bodies, do not want to go to remote locations like Burimari.

Second, one does not find suitable residential accommodations for women in such remote areas. Third, traditional sources of employment like stone crushing are clearly unsuitable for women labourers. There are other factors also like poor sanitation facilities and irrational social perceptions about women workers. Women from outside do not feel comfortable in the work environment of areas like Burimari. While trying to gauge the stimulants for women participation,

one realises the need for female sensitive local infrastructure.

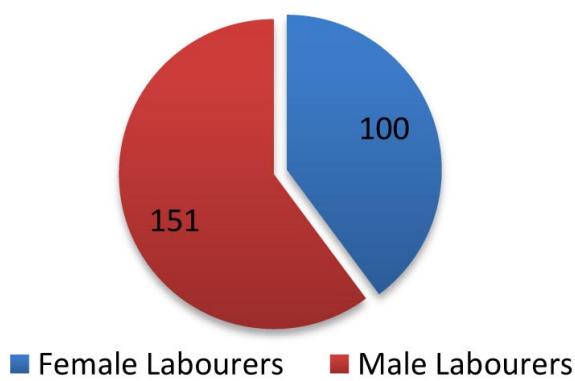
If initiatives like BBIN MVA are implemented, then ICDs will be set up at convenient places like Rangpur or Sirajgunj in Bangladesh and that could encourage or invite women participation. Long entrenched social ideas and taboos and the corresponding mindsets of the people also need to change to enable women to engage in various categories of work related to the trade process. Technological progress may be helpful

### Low Level of Female Participation Possible Reasons

The survey team had one group discussion with two male and six female labourers in Myawaddy. There are about 300 permanent labourers (organised by the government) in Myawaddy and only five of them are females. The discussion suggested that females are no longer working as labourers as the job needs much physical effort. Most females who are working as labourers are widows or single or those whose spouses are unhealthy and therefore unable to generate income for the family. Their life situations and conditions compel them to become labourers.

Male labourers led the discussion and female labourers were mostly silent. It is to be noted that not just gender, education also impacts articulation and confidence. The male participants of the discussion had formal education until grade 11, whereas female participants had only grade 5 and less. There is a possibility that education plays a role here. Otherwise, the gender story does not vary with geographical or ethnic factors.

**Figure 3.7: Average Monthly Wage (in US\$) for Bhutanese Labourers; Corridor: Thimphu-Dhaka**



in addressing gender discrimination. Ensuring more educational opportunities to marginalised communities may also contribute to the emancipation of women from the clutches of patriarchy and long established traditions.

The survey across the corridor stretching from Dhaka to Jaigaon through Tamabil- Dawki-Guwahati-Samdrup Jongkhar-Gelephu traversed several segments in the Bangladesh portion. The study team discerned that

men are the dominant workforce related to export and import. Besides export and import, there are some other stakeholders who are the indirect beneficiaries of the trade process. Women are working basically in the restaurant business as cooks and kitchen helpers. Also, there are some local stone importers who are crushing the imported boulders near the port. They (the importers) have employed both men and women in the crushing activities. The women are working as stone carriers to the crushing machine. If the trade through this corridor increases, it will increase the employment opportunities of women. But the concern is that if it is transit rather than transhipment, the stone crushing will move to the importers' factory. This will be a threat to the female labourers.

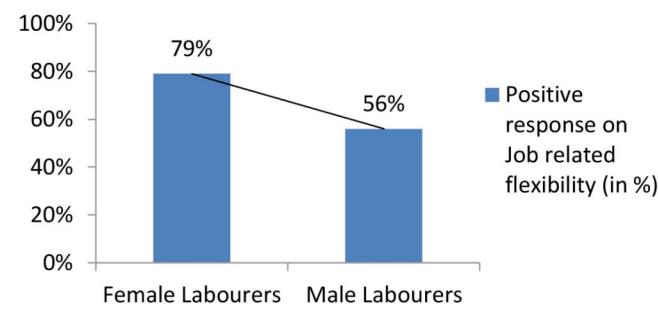
During visit, it was found that about 600 stone crushing machines were operating near the port. Approximately 1,950 female labourers are working in the stone crushing sector. The wage rate though poor, is equal for male and female labourers. Everybody gets BDT 2 for every CFT (Cubic Feet) of stone (note: 21 CFT = 1 Metric Tonne). Women are only engaged in stone crushing imported from India. The group has no access to the opportunities available at the port. The labour force at the port is constituted predominantly by male members.

There are no separate benefits for the female labourers. But, special benefits are required for the labourers of this sector. There are no medical benefits and security mechanisms. The labourers work here on a daily basis and it is basically informal employment. In the absence of facilities to complement the needs of women workers, enhancing participation of women in trade related activities may be difficult.

The survey across **Agartala to Dhaka via Akhaura** revealed negligible participation and involvement of women in the process of trade. In fact, the team did not find any female worker even among the various stakeholders including the government officials. Just as Burimari and Banglabandha LCSs are located in remote areas where even government officials are reluctant to travel the Akhaura LCS on the Bangladesh side, as is also situated in a remote area, which is not suitable for female employees on account of a dearth of adequate residential and other facilities. Even male labourers and support service providers find it difficult to manage in such places. Poor health and sanitation facilities are major obstacles, which deter women participation in particular.

Besides, the traditional system of unloading goods is unsuitable for women and as a result of all this, outsiders do not feel attracted to take up work at Akhaura. Some of the local female residents inform that not only are they inhibited by social obstacles, they are also not drawn to labourious work like fish-loading. Clearly, there is a dearth of options when it comes to jobs suitable for women across this corridor. However, in Agartala ICP, the Immigration Department has some female employees working as clerks. There are two makeshift eating joints outside the

**Figure 3.8: Bhutanese Labourers' Response on Job related Flexibility Corridor: Thimpu-Dhaka**



Agartala ICP run by women, but owing to absence of export and restriction on the truckers from Bangladesh that forbid them from travelling beyond the ICP; their business has not really picked up.

Given these inhibiting factors, it appears that if female participation in the trade process is to be boosted, the local infrastructure ought to be made more sensitive to needs of women. If initiatives like BBIN MVA result in the establishment of ICDs at convenient locations like Comilla, a greater degree of women participation will be forthcoming. Technological progress may also dilute gender discrimination. Besides, both government and private sector organisations can offer educational opportunities, vocational training and skill development programmes with a view to build capacity of potential women workers. Such initiatives could be expected to contribute to women empowerment in peripheral corridor areas to a discernible extent.

As in other places, the corridor stretching from **Kolkata to Dhaka via Bongaon- Petrapole- Benapole- Jessore- Khulna** revealed a rather depressing picture when it comes to women participation in the process of trade. In all the categories of employment at the Benapole LCS, the research team could not fail to notice the fact of male dominance. Even scope for female employment as labourers, support service providers or clearing and forwarding agents is limited owing to the prevalence of entrenched traditions that continue to sustain patriarchal ethos and the consequent public-private divide when it comes to women. At two points along this corridor – Magura and Benapole, two groups of jute farmers were interviewed and not a single women member was available. Moreover, port areas tend to be more congested places than elsewhere and the work environment is unfriendly and unsuitable for women participation.

Although women participation in the trade process is rather limited, the research team did encounter female officials at the Benapole customs houses. This again is in contrast to the Petrapole Customs House, where women participation was conspicuous by its absence. The two female officials at the Benapole LCS working as customs inspectors receive remunerations and other benefits at par with their male counterparts. But they resent travel from the customs house to port checking points and they found this kind of movement in public to be at odds with the ethos of a male-dominated society where women are encouraged to remain indoors.

However, the team did come across an indirect linkage between women participation and the trade process. Raw cotton and cotton yarn, imported by Bangladesh from India, mostly through the Petrapole-Benapole LCS sustain a robust industry in Bangladesh manufacturing ready-made garments. This industry employs an impressive proportion, over 80 per cent, of female workers. Indirect involvement of women in the trade process is also evident in the Benapole and Jessore areas, where a large number of women are directly involved in the agricultural and horticultural activities. A greater degree of female participation and involvement can be enlisted by putting in place social safety nets, particularly in port areas and establishing credit facilities to women to enable them to engage as support service providers and staff in and around LCS locations.

## Infrastructure

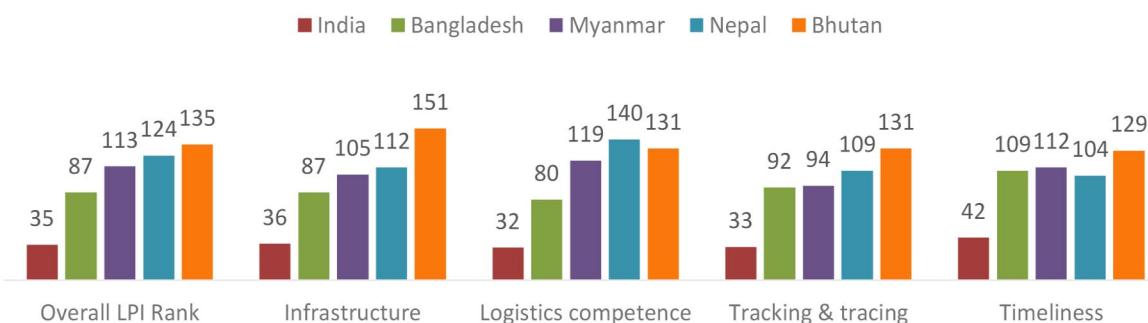
Trade among South Asian countries has been happening since ages. However, with changing times, volume and composition of trade has changed coupled with changes in diplomatic relations. This, in turn, has called for various quality checks, physical inspections, protocols, etc. some of which requires infrastructural support – both hard and soft. Hard infrastructure refers to three broad areas – transport (roadways), electricity and telecommunication. Soft infrastructure refers to broadly the policy, procedural, legal and regulatory framework of the countries. Infrastructure is one of the essential components when it comes to strengthening cross-border trade among countries. Infrastructure plays an important role in lowering trade costs, especially for the land-locked countries, which could ultimately lead to increase in consumer welfare. In addition,

appropriate infrastructure facilities can also take care of cross-border security concerns (viz. scanning shipments, tracking consignments, etc.). This section deals mainly with the hard infrastructure.

Attempts to address infrastructure bottlenecks and enhance regional ties have met with challenges primarily because of disagreements between countries of the region. This is one of the reasons why the SAARC Motor Vehicles Bill could not see light of the day. A recent development has been formation of the BBIN sub-group signing of MVA by the member countries. While Bhutan has adopted the policy of *wait and watch*, Cabinets in countries in this regional sub-group have ratified the same.

Overall objective of the MVA is to facilitate greater people-to-people connect by promoting easy movement of cargo and passenger vehicles among countries in the regional sub-group. The regional sub-group is also aiming to increase its ties with Myanmar, which are expected to yield a number of strategic benefits including access to markets in the ASEAN. While the MVA is a welcome step, effective implementation of the same is challenging and requires both augmentation and creation of infrastructural facilities.

**Figure 3.9: How the BBIN and Myanmar Countries Rank in the Logistics Performance Index and its Components?**



Source: <https://lpi.worldbank.org/international/scorecard>

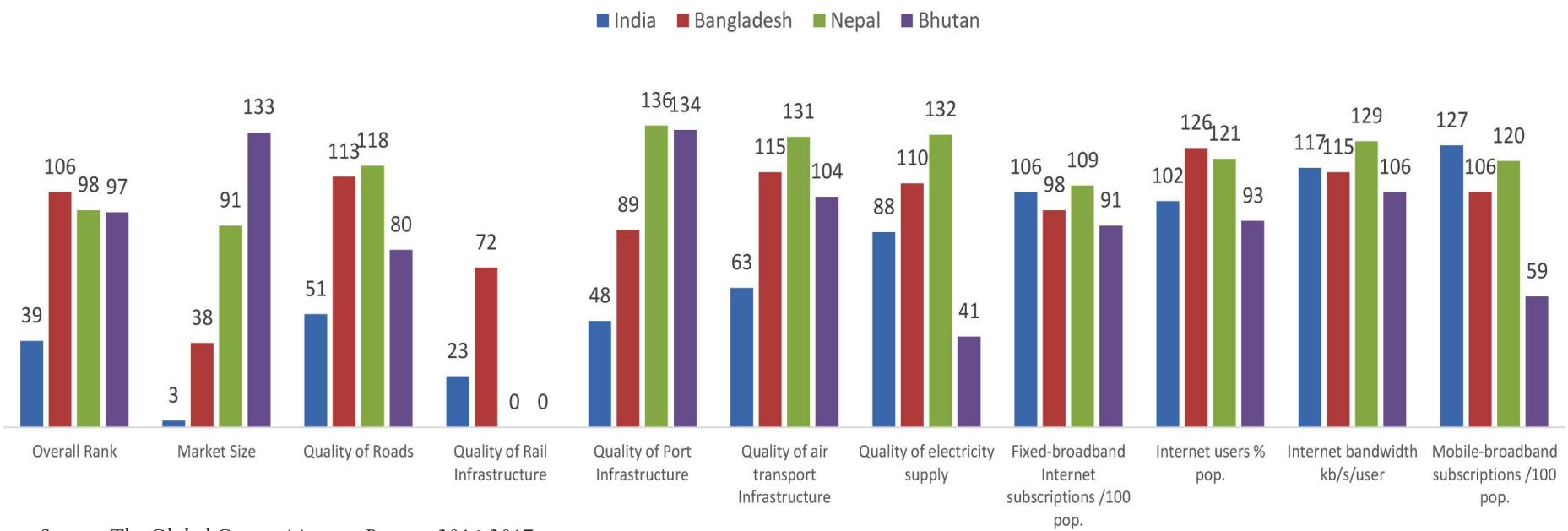
Differences in infrastructural facilities among the BBIN and Myanmar sub-region are reflected in the differences in the Logistics Performance Index<sup>1</sup> (LPI) for these countries (Figure 3.9). Nepal and Bhutan being landlocked countries their overall LPI ranks are 135 and 124 respectively. Further, since both Nepal and Bhutan are mountainous countries with their roads often blocked by landslides, hence trade and transport-related infrastructure (viz. roads, ports, information technology, etc.) and logistical competence levels are poor in the group of BBIN and Myanmar sub-region.

A better understanding about the quality of available infrastructure among the countries in the BBIN region may be obtained from the ranking of individual countries in the Global Competitiveness Report.<sup>2</sup> A closer analysis of the rankings, represented in Figure 3.10, reveal that while India's overall rank is higher than others, but Bhutan is a better performer in areas of quality of electricity and Internet services. Both LPI and the Global Competitiveness Report underline the existing infrastructure deficits in the areas of availability of quality roads, port infrastructure, rail infrastructure and air transport infrastructure. Even if India be considered as the best performer in the BBIN region, in the global context India still has a long way to go to improve its Competitiveness Ranking.

1 Total number of countries covered under the study was 160.

2 Total number of countries covered under the study was 138 and Myanmar was not covered under the study.

**Figure 3.10: Ranking of Countries on Select Infrastructure Related Indicators**



Source: *The Global Competitiveness Report, 2016-2017*

It is imperative that the infrastructure deficits should be addressed to facilitate effective implementation of the MVA and enhancing connectivity with Myanmar. This section aims at putting forward major findings on select infrastructure deficits as gathered from the field survey in the selected corridors.

### ***Infrastructure required for Facilitating Better Cargo Movement along the BBIN Corridors***

The hard infrastructure covered under this study can be broadly segregated into three categories, although all three with share overlap.

#### ***Physical Transport***

This encompasses the various aspects of the physical routes that make up the corridors. This includes roadways, bridges, culverts, railway lines and waterways. There is a significant level of disparity between the capacity and quality of roads in the BBIN and Myanmar sub-region both within and across countries. Capacity involves the ability of a piece of infrastructure to accommodate loaded trucks. Roads that do not have the capacity to support trucks weighing 20 tonnes and above can significantly hamper trade as the larger trucks are not able to ply these routes without incurring significant damage to the vehicles or the tyres. At the same time there are many ageing bridges, which need significant work to be upgraded to support larger vehicles.

Railway lines that cross borders are an extremely cost-efficient mode of transport for both goods and people. However, the biggest issue with integrating the region's railway networks is a mismatch between the railway gauges used by the different BBIN and Myanmar sub-region.

Lastly, waterways are fast emerging as the new pillar of connectivity in the BBIN and Myanmar sub-region and South Asia as they will make use of the region's crisscrossing water bodies to transport goods along historical river arteries at efficient costs.

#### ***Border Support***

At each border crossing point is a LCS or an ICP. These are buildings that house customs officials and are the primary points through which all inspection and verification of documents and cargo pertaining to cross-border trade and migration is processed. An LCS is normally a single structure, which houses the customs officials, and some scanning equipment. In addition to security establishments it may be situated near:

- Warehouses
- Cargo cranes
- Passenger terminals
- Weigh bridges
- Plant quarantines
- Animal quarantines
- Testing laboratories
- Cold storages
- Money exchange counters
- Central Drugs Standard Control Organisation Office
- Food Safety and Standards Authority of India Office
- Parking yards

An ICP is a large yard that houses all these facilities in one secure area that is designated for cross-border trade. Both ICPs and LCSs should also ideally have functional EDI systems, reliable telecommunications, water and electricity.

### *Trade Support*

The third layer of infrastructure that contributes to connectivity in the BBIN and Myanmar sub-region is supporting infrastructure along the corridor. Supporting trucks and truck drivers allows for costs to remain low while avoiding the rise of any unforeseen cost for the exporter enabling trade in the region. Parking yards need to be provided to allow for a safe place for trucks to stop. These may be a part of designated truck stops, which could include workshops, washrooms, access to clean drinking water. These could further be developed to include medical facilities and basic amenity shops.

Although trade may still be able to take place without these, it is unlikely to be efficient and is bound to lead to negative externalities. For example, without adequate parking, many trucks simply halt on roads causing congestion, bottlenecks and also leading to accidents.

An extension of this concept would be an ICD. These are dry ports equipped for handling any temporary storage of containerised cargo as well as empty containers. This means that hinterland customers can receive port services more conveniently closer to their premises. A common user facility with public authority status equipped with fixed installations and offering services for handling and temporary storage of import/export cargo is imperative. Empty containers carried under customs control and with customs and other agencies competent to clear goods for home use, warehousing, temporary admissions and storage for onward transit and outright export are important. Their primary purpose is to allow the benefits of containerisation to be realised on the inland transport leg of international cargo movements.

### *Major Infrastructural Issues: Voices from the Ground*

Availability of good quality roads both along selected corridors as well as at the border crossings; and availability of proper restrooms and availability of clean water at the major hubs were considered by stakeholders as key infrastructural issues that need to be addressed urgently (Figure 3.11). Regarding border infrastructure – stakeholders have pointed out the need for better parking facilities (open yards), need for setting up more cold storages coupled with improvement in the quality of existing warehouses, availability of internet and power backup facilities, setting up weighbridges and setting up quarantine facilities along with strengthening the capacities of existing ones.

**Figure 3.11: Areas of Improvement in Infrastructure: Priority Level - HIGH**

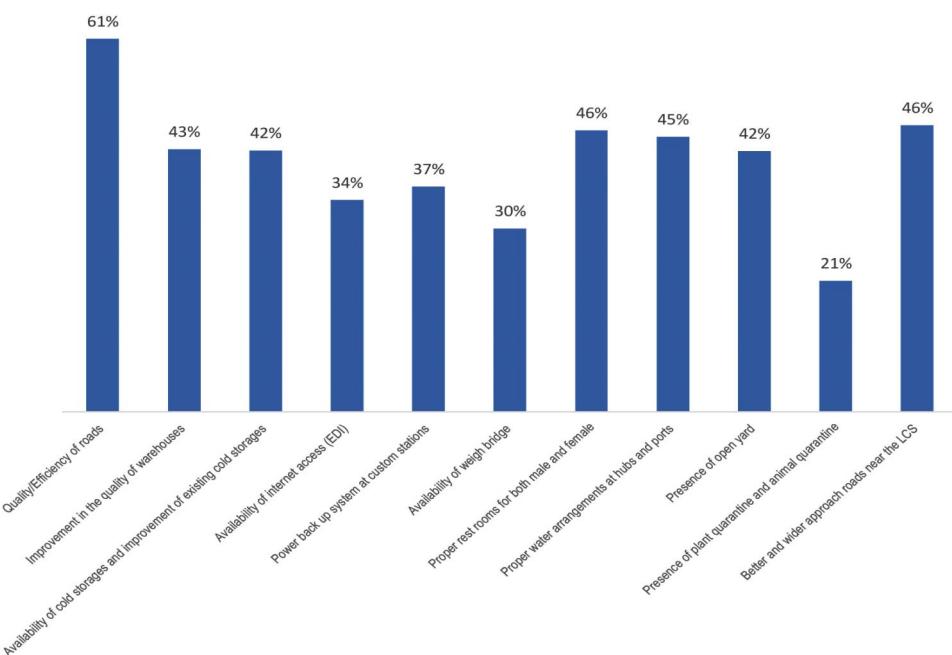
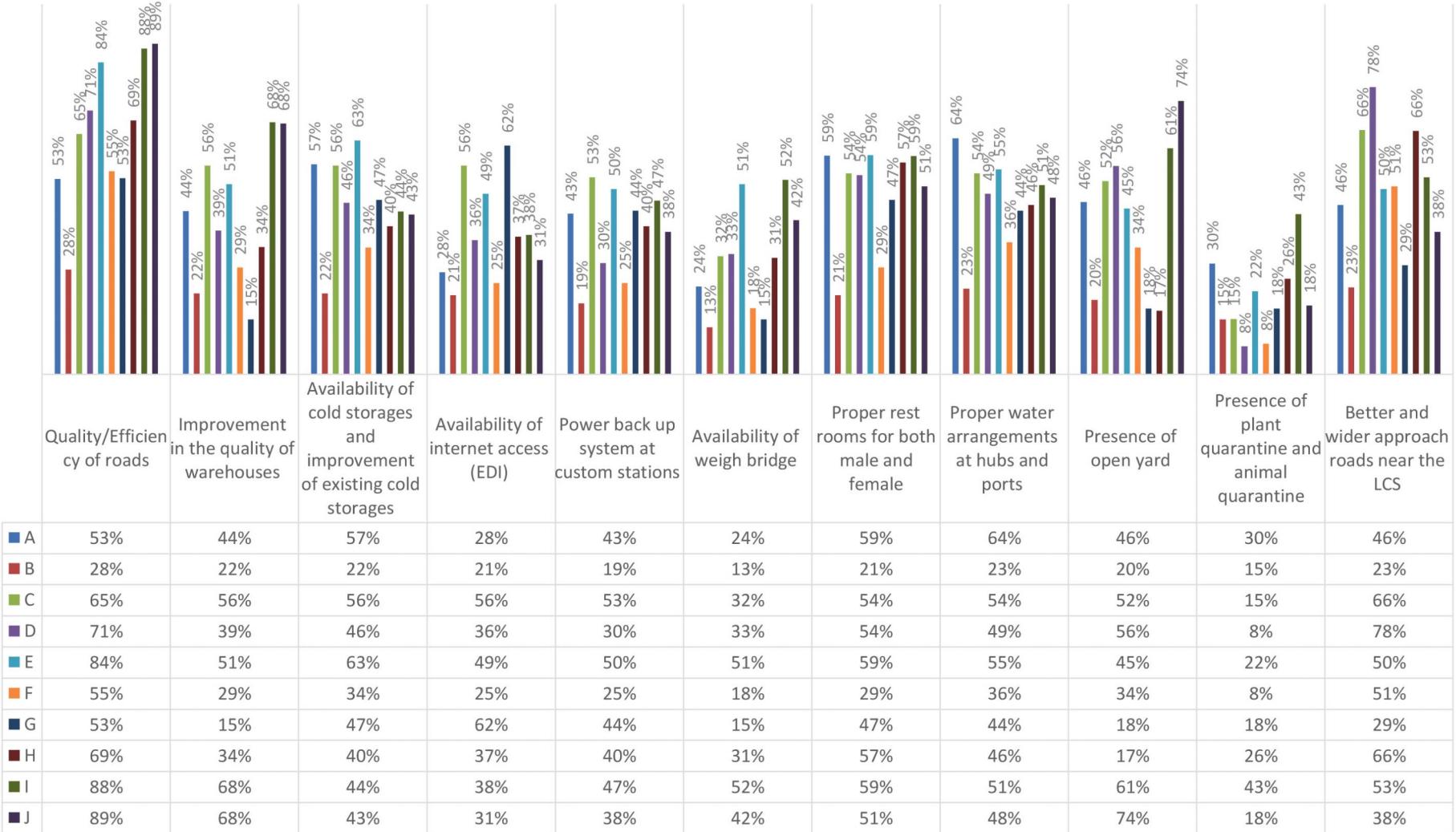


Figure 3.12: Corridor-wise Perception on Areas of Improvement in Infrastructure: Priority Level - HIGH



While Figure 3.11 give an overall idea of the *high priority* issues across all the corridors studied, a more micro-level corridor wise representation of the issues has been offered in Figure 3.12. The corridor-wise understanding of the issues is imperative to better understanding of the doables in terms of infrastructural upgrading of the corridors.

### Corridor A: Kathmandu-Kakarvitta-Panitanki-Phulbari-Banglabandha-Dhaka-Chittagong



This Corridor is one of the corridors, through which trade takes place between India and Nepal; India and Bangladesh; and Bangladesh and Nepal with India as the transit nations. There are four LCSs on this stretch namely – Kakarvitta (on the Nepalese side), Panitanki (on the Indian side), Phulbari (on the Indian side) and Banglabandha (on the Bangladeshi side).

#### *Infrastructure Issues: At the Border*

Except for Kakarvitta all the other three LCS suffer from the following *at the border* infrastructural deficiencies:

- Poor condition of approach roads especially between Phulbari and Banglabandha leading to congestion;
- Manual inspection of consignments are carried out since scanners are not in place;
- Non-availability of warehouses and cold storages that can handle large consignments, non-availability of open yards or parking place;
- EDI system is still not fully operational;
- Non-availability of power backup systems;
- Shortage of water; and
- Non-availability of rest rooms for men and women.

The plant quarantine facilities at Phulbari and Panitanki need to be strengthened to reduce waiting time of cargo. There is no plant quarantine facility at Phulbari. However, there is a plant quarantine office at Panitanki but owing to infrastructural limitation samples are sent either to Siliguri or to Kolkata for testing. Since a lot of fruit juice and fruit drinks enter India through Phulbari, it is imperative that a Food Testing Laboratory is to be established at this LCS to save two to three days that are required to obtain the clearance certificate from Kolkata.

Truckers at Phulbari also complained of poor quality of food and accommodation facilities. This problem becomes particularly acute for trucks entering Bangladesh, as assistant truckers or helpers have to remain on the Indian side.

## *Infrastructure Issues: Off the Border*

### A) Kakarvitta to Kathmandu

The distance between Kathmandu and Kakarbhitta is approximately 618 kms. Major nodes along this Corridor are Birtamore, Itahari, Biratnagar and Kathmandu. This Corridor consists of a two lane highway with capacity of 15-20 tonnes. Some parts of the corridor pass through forest and mountainous road and are difficult to travel during monsoon. 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.

### B) Banglabandha to Chittagong via Dhaka

The distance between Banglabandha and Dhaka is approximately 470 kms. Major nodes along this corridor are Panchgarh, Rangpur, Bogura, and Dhaka. The overall road condition along this entire stretch is poor. Between Panchgarh and Rangpur, there are narrow bridges, which lead to congestion along the route.

## Corridor B: Thimpu-Phuentsholing-Jaigaon-Changrabandha-Burimari-Dhaka



The 665 km, Thimpu-Phuentsholing-Jaigaon-Changrabandha-Burimari-Dhaka Corridor was considered as the lifeline of trade for Bhutan. Bulk of the trade between India-Bhutan and Bhutan-Bangladesh (with India as a transit country) takes place through this Corridor. There are four LCS along this Corridor namely – Phuentsholing, Jaigaon, Changrabandha and Burimari. All the four LCS suffer from various infrastructural deficits.

## *Infrastructure Issues: At the Border*

Major infrastructural issues at Jaigaon, Changrabandha and Burimari are as follows:

- None of these LCS have quarantine facilities;
- The condition of approach roads are poor and worsens during the monsoon;
- Manual inspection of consignments is carried out since scanners are not in place;
- Warehouses and cold storages are a necessity since a number of perishable commodities are transported through this corridor;
- EDI facility is not functional;
- Electricity is a major concern for the Jaigaon LCS; and
- Separate restrooms for men and women are missing in all these LCS.

One of the principal issues with the Jaigaon LCS is that it is located at a distance of 2 km away from the border. This requires a detour of the trucks, which is time consuming.

An initiative has been taken to build an ICP in 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 issues by connecting India directly with Pasakha in Bhutan, which is an industrial area and also, the main source of Ferrosilicon and Gypsum.

### ***Infrastructure Issues: Off the Border***

#### **A) Thimpu-Phuentsholing**

Thimphu to Phuentsholing highway is around 180 kms, which takes approximately six hours for a truck to cover. However, during monsoon, landslides often create major hurdles for transportation. The problem becomes more acute for perishable products.

#### **B) Changrabandha-Burimari-Dhaka**

Road infrastructure from Burimari to Rangpur, which stretches for about 134 kms is poor. After Rangpur towards Bogra highways, the road condition is good but there are about four small bridges and culverts. As per stakeholder feedback, neither the roads nor the bridges are capable of handling heavy cargo movement. During field survey, the bridge over Korotowa River (under Mahasthan Gor Upazila) was found to be broken, thereby leading to traffic congestion. Truck drivers reported that owing to bad road conditions the wear and tear of the trucks increase and the truck drivers need more resting time. Rangpur and Bogra are the two places where the drivers stop to rest and also to repair their trucks.

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



This 650 km long corridor connects Lucknow with Kathmandu via Gorakhpur, Sonauli and Bhairahawa. This is one of the corridors, through which India-Nepal trade takes place. This Corridor holds special significance. As informed by the CHAs and truck drivers in the Raxaul-Birgunj border, owing to the blockade at Raxaul-Birgunj border due to *Madeshi* problem during 2015-16, bulk of the trade was diverted to the Sonauli-Bhairahawa Corridor. This route has two LCS – Sonauli (on the Indian Side) and Bhairahawa (on the Nepalese side).

### ***Infrastructure Issues: At the Border***

Major infrastructural issues at Sonauli-Bhairawa LCS are as follows:

- The approach roads to the LCS are in poor conditions;
- Non-availability of parking facility is a major issue at the LCS. There is no bay area alongside the road, where trucks can be parked and the road space is, therefore, encroached upon by trucks for parking and this makes the available road clearly inadequate for passing vehicles;
- The LCS at Sonauli, situated on the road connecting India to Nepal is housed in a building that is dilapidated, small and congested with inadequate sitting or even standing space and inadequate sanitation facilities with only one common toilet, whose condition was deplorable; and
- The Sonauli LCS is remotely located and this manifests in dearth of available labourers and support service providers near the border.

Although construction of an ICP at Sonauli has been announced, but till now the requisite land has also not been acquired and customs officials remain apprehensive that by the time the proposal materialises, perhaps a decade will pass, which is sufficient time for inflicting irreparable damage to the health of all those officials who have to live amidst all the dust and pollution caused by the heavy traffic between India and Nepal.

### ***Infrastructure Issues: Off the Border***

#### **A) Lucknow-Sonauli**

The Gorakhpur-Sonauli stretch is a two-lane road. Owing to non-availability of parking facilities, about half of the stretch remains occupied by stationary trucks leading to congestion. This has led to many accidents in the past as informed by a Senior Officer at the Nuatanwa police station.

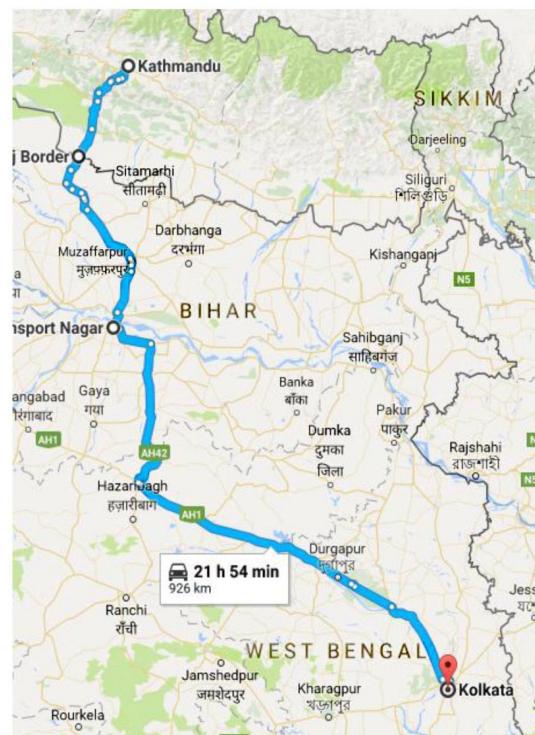
#### **B) Bhairawa-Kathmandu**

The distance between Kathmandu and Bhairawa is approximately 200 kms. This road corridor consists of a two-lane highway with capacity for 15-20 tonnes. The stretch goes through Narayanghat, which is a major trade hub in the route. The highway was considered unsuitable for carrying heavy cargo by the truck drivers and other stakeholders. Further, the Narayanghat-Mungling stretch often remains closed due to landslides.

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

This is one of the busiest corridors, through which trade between India and Nepal takes place. The entire corridor stretch is approximately 926 kms. There are two LCSs on this stretch namely – Raxaul (on the India side) and Birgunj (on the Nepalese side). The two sides are connected by a two lane bridge, which remains congested for most part of the day.

During 2015-16 there was political unrest at this border surrounding the *Madeshi* issue, which led to temporary suspension of trade. This led to diversion of trade from Raxaul to Sonauli. However, presently, the border is operating well.



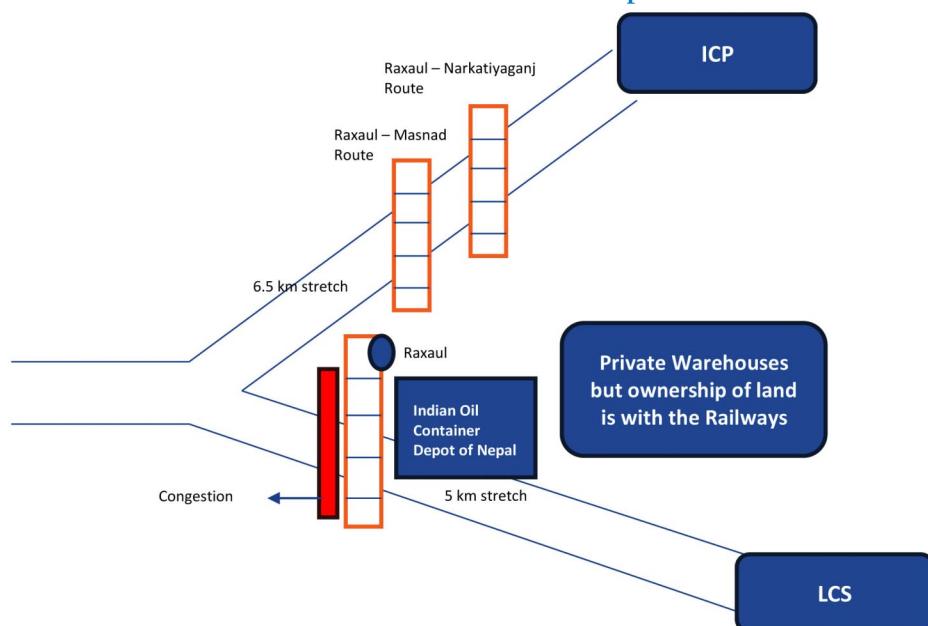
### **Infrastructure Issues: At the Border**

- The approach roads on both Raxaul and Birgunj sides are in a dilapidated condition. On the Raxaul side the stretch from Lakshmpur to Raxaul LCS is so dangerous that loaded trucks often meet with accidents. Similarly, the road connecting Birgunj LCS till Birgunj town is poor. As pointed out earlier the bridge that connects Raxaul and Birgunj LCS is two-lane and overcrowded with both passenger and cargo traffic. During field survey, it took 1 hour to cross the bridge at 17:00 hours in the evening;
- Availability of restrooms is a major issue on the Raxaul side. Restrooms are available on the Birgunj side but these are not in good condition;
- While Raxaul LCS has a weighbridge but the counterpart of that is not functional at Birgunj.
- Manual inspection of consignments is carried out both at Raxaul and Birgunj since scanners are not in place due to space constraint;
- Raxaul side has a number of private warehouses, but the same are missing on Birgunj side. As a result, trucks with consignments had to wait at the Birgunj parking lot till the Nepali importer unloads the same. The problem aggravates during monsoon and winter seasons; and
- There are plant quarantine offices on both sides of the LCS but the labs are not equipped for advanced testing. On the Indian side, samples are sent to Patna for clearance, which takes two-three days. On the Birgunj side, the samples are sent to Kathmandu, which again takes two days at least for clearance. However, as confirmed by clearance officials on both sides of the border if in the visual inspection, the consignments are found to be free from any fungal or bacterial infestation, they are cleared and only a limited number of cases are referred to Patna/Kathmandu for advanced testing.

There are two major reasons why congestion happens at the approach road to Raxaul. Firstly, there is railway crossing at Raxaul, which remains closed for at least 18 hours a day (in short intervals); and secondly, there is an Indian (Nepal) Oil Depot adjacent to the railway crossing where at least 200 oil tankers plying from Birgunj stop for refilling and supplying petrol to various parts in Nepal. According to the President of the CHA, the issue has been raised in the past at various political forums but no solution has been provided till date.

An ICP has been established at Raxaul with all the required infrastructural facilities, but since the Nepal side of the ICP is still not complete, people are not being able to use the same.

**The Raxaul Stretch fro Lakshmpur**



### **Box 3.1: The Case of the ICP at Raxaul**

#### **The Route**

The route to Raxaul border gets bifurcated at Lakshmipur. There are two stretches:

**Stretch A:** 6.5 km long going to the ICP; and

**Stretch B:** 5 km long going to the Raxaul LCS

On stretch A, there are two rail crossings but the trucks are hardly stopped for 5 minutes on this route during rail crossovers. On stretch B, there is one rail crossing that remains closed for almost 18 hours a day. Further there is an Indian Oil Depot and the trucks are held up whenever the tankers enter or exit the depot before and after refilling.

Even though Raxaul- Birgunj ICP is functional on the Indian side for about a year, hardly 20-30 trucks are going through this ICP to receive customs clearance (only if CHA direct those trucks). The reasons are as follows:

- The government offices are still on Stretch B and they have not shifted to Stretch A;
- If a truck has to go to the ICP for the necessary clearances, it will have to travel 18 kms ( $6.5+6.5+5$  kms) whereas if it sticks to Stretch B, it has to travel only 5 kms;
- Stretch A does not have any dhaba/accommodation facilities. So, in case a truck does not get parking at the ICP it will be difficult for it to spend the night on the road. Given that there are incidents of theft along the stretch, the truck drivers prefer to stay away from this stretch.

#### **C.corrupt Practices**

There is a small police outpost at the Laskmipur intersection. Often the police officials at the outpost divert the trucks to Stretch A if they do not pay ₹500.

### **Infrastructure Issues: Off the Border**

#### **A) Kolkata to Raxaul**

The road stretch from Kolkata to Patna and Patna to Raxaul is in good condition with majority of the stretch 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*.

At Patna, there is an issue with the Mahatma Gandhi Setu (NH-19) situated on the Ganges in Patna (Bihar). A length of 5.5 km, it is an important link between north and south of Bihar. It used to be an important link with Nepal as well. However, presently the bridge is under renovation and more than six wheeler trucks are not allowed to ply across this bridge. As a result, eight or more wheeler trucks either take the Begusarai route to reach Raxaul or unload at Transport Nagar in Patna. Consignments unloaded at Transport Nagar are then loaded on to six wheeler trucks and sent to Nepal via Raxaul. In either case, cost of the consignment goes up leading to higher prices for the consumers.

#### **B) Birgunj – Kathmandu**

The distance between Birgunj and Kathmandu is approximately 275 kms. This road stretch consists of a two-lane highway with capacity for 15-20 tonnes. 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. There is a dearth of parking space at Hetauda, which sometimes results in congestion at that point.

The road from Kathmandu to Mugling is deplorable and poses challenge for the easy movement of the trucks. The bumpy narrow roads with steep turns on the hillside often result in congestion

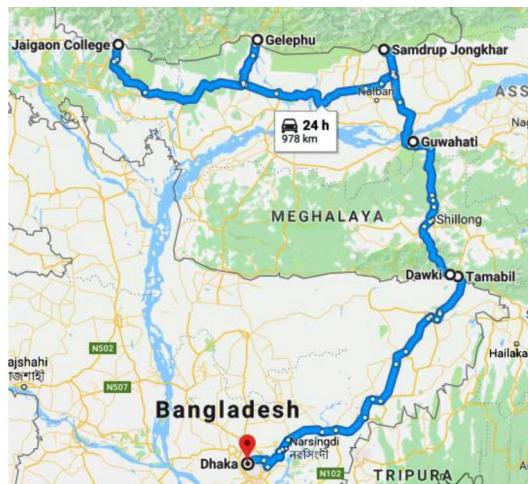
and accidents. In the hilly areas (like Chure Hills) the roads are connected with many bridges and they are little wider than a single lane.

The road from Mugling to Naranghat in Nepal encounters frequent landslides especially in the monsoons, thus disabling trucks from delivering consignments on time. Moreover, highway authorities often fail to handle the post-landslide scenarios. The alternate route from Hetauda to Kathmandu via Daman-Naubise has sharp turns making it difficult for large trucks to navigate.

#### **Corridor E: Jaigaon-Gelephu-Samdrup Jhonkar-Guwahati-Dawki-Tamabil- Dhaka**

This 978 km stretch has eight LCSs: Jaigaon (Indian side) and Phuentsholing (Bhutanese side); Dadgiri (Indian side) and Gelephu (Bhutanese side); Daranga (Indian side) and Samdrup Jongkhar (Bhutanese side); and Dawki (Indian side) and Tamabil (Bangladeshi side). The information pertaining to Jaigaon LCS has been discussed earlier. The Dawki-Tamabil LCS point is used for trade between Bhutan and Bangladesh.

Among all these corridors, only limited trade happens through the Daranga-Samdrupjongkhar LCS, which is in fact limited to boulders and gypsum.



#### **Infrastructure Issues: At the Border**

The LCS on this route suffers from the following infrastructural issues *at the border*:

- The conditions of the approach roads are very poor for all the LCS along this corridor on the Indian side and Tamabil on the Bangladeshi side;
- Manual inspection of consignments is carried out since scanners are not in place;
- Non-availability of warehouses and cold storages that can handle large and/or perishable consignments;
- Unavailability of open yards or parking place;
- EDI system is still not fully operational;
- Non-availability of power backup systems and intermittent Internet connectivity;
- Shortage of water;
- Non-availability of restrooms for men and women;
- The Dadgiri LCS is operating in a rented building and needs to be improved immediately. 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. This LCS has poor level of infrastructure in terms of building, sitting/standing space and work stations, etc. There were no good sanitation facilities; and the common toilet was also in a bad condition. The whole building of the LCS was small and congested. There is also an urgent need to shift the Daranga LCS nearer to the Indo-Bhutan border;
- Plant quarantine facility is absent in all the land ports, which means more time required for export/import;
- Unavailability of good quality electricity is a major issue along this corridor. None of the LCS on the India and Bangladesh has any power backup system;
- Presently there are no CHAs at Daranga, or Dawki LCS, which make it difficult for the officials to manage all the procedural work related to export-import; and
- The Daranga LCS is not able to handle the trade of perishable products due to lack of required infrastructure.

### **Box 3.2: The Case of Heining River Bridge at Panishala**

The shortest distance between Shilong and Dwaki is 80 kms. But, trucks carrying boulders going towards Tamabil do not take that route owing to poor road condition and capacity restriction of Heining River Bridge at Panishala. Trucks carrying over six tonnes are not allowed to ply over this bridge. These trucks then take the alternative route, which is about 140 km. This leads to an increase in the logistical cost.

In general, big trucks unload goods near the bridge and exporters use small vehicles (Tata 407) to transfer goods from there till the India-Bangladesh border. As a result, the exporters fail to enjoy economies of scale.

Thus, while there is a potential for exporting boulders from Shillong on a larger scale, it would not be economical for the exporters to export through Dawki unless the capacity of this bridge is enhanced.

#### ***Infrastructure Issues: Off the Border***

##### **A) Jaigaon-Dawki**

Except for the quality of roads, there are no major infrastructural concerns along this stretch.

##### **B) Tamabil-Dhaka**

Out of the 300 km stretch on this part of the Corridor, the 36 kms stretch between Habiganj to Ashuganj and the 85.9 kms 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.

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

This is the most important Corridor for the trade between India and Bangladesh. The entire Corridor stretch is approximately 321 kms. There are two LCSs on this stretch namely – Petrapole (on the Indian side), and Benapole (on the Bangladeshi side).



#### ***Infrastructure Issues: At the Border***

- Lack of adequate parking facility and warehouse facilities are two of the major issues at this India-Bangladesh border. On the Petrapole side, owing to inadequate parking place at central warehouse parking, many private parking places have emerged. Owners of these private parking places charge both high and sometime illegitimate amounts from the truckers. Often these private parking spaces get fully occupied thus truckers' park their truck beside the road, leading to congestion;
- On the Benapole side as well the picture is more or less similar. Security of consignment is an issue and warehouses can play an important role in this regard. However, warehouse facilities on either side of the border are inadequate. The private warehouses on the Petrapole side do not have proper gates; and
- Intermittent internet connectivity both at Petrapole as well as at 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 system. In this regard, it is important to note that while EDI has been introduced on the Petrapole side, the same is not operational on the Benapole side.

### **Box 3.3: The Case with Kalitola Parking at Petrapole**

Kalitola Parking is a municipal parking space at Bongaon where the trucks carrying export items from India to Bangladesh park their trucks in case they do not get adequate parking space at the central warehouse parking. The central warehouse has a capacity of 1,400 and Kalitola parking has a capacity of about 700 trucks. There is an unwritten rule for every trucker to park his truck at Kalitola parking; even though there might not be sufficient space to park the truck. Entry to the central parking is based on the serial number given to the truckers at the time of entry to the Kalitola parking. Authorities operating this parking are influential. Even the trucks carrying special goods (perishable ones), which are not supposed to wait, but even for them, it is mandatory to pay parking fee for 10 days otherwise the trucks will not be allowed to pass.

#### ***Infrastructure Issues: Off the Border***

##### **A) Kolkata-Petrapole**

The approach roads to Barasat and Bongaon despite being in good conditions are still two-lane roads. Back in 2013, the government tried four laning NH 35 connecting Barasat and Bongaon in North 24 Parganas. But the plan was not executed due to land acquisition-related problems. Stakeholders are apprehensive that if trade volume rises it could lead to traffic congestion along this route.

##### **B) Benapole-Dhaka**

Road infrastructure from Benapole to Jessore is very poor, which covers about 38 kms. In between these two points, there are two bridges and three culverts. After crossing Jessore towards the Faridpur highway, the road condition improves but there are about five small bridges and culverts. The road infrastructure is not suitable for Indian trucks (above 20 tonnes capacitated trucks).

The road from Paturia to Dhaka is zigzag. The two bridges (one over Dhaleshwari River and the other over Amin Bazar) falling in this route are not in good condition.

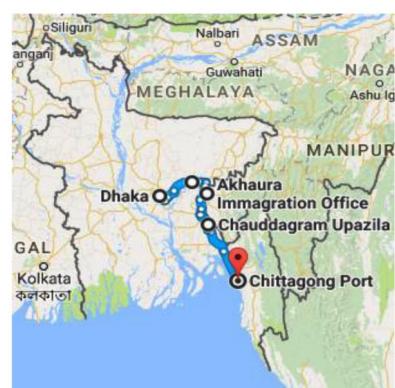
The bridge over Chittra River (towards Jessore to Magura highway) is broken. In addition, the roads became weak due to pressure of heavy cargo movements during rainy season.

#### **Corridor G: Phulbari-Banglabandha-Rangpur-Dhaka-Chittagong**

The issues have already been covered under Corridor A, hence, are not mentioned here.

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

This Corridor connects the eastern part of India to Dhaka or Chittagong Port. Agartala (India) and Akhaura (Bangladesh) are the two LCSs between these points. In Bangladesh, this stretch covers about 131 kms, 224 kms, 54 kms towards Dhaka, Chittagong port and Bangladesh-India trans-shipment river port in Ashuganj respectively. The volume of trade that takes place through Agartala-Akhaura is very limited. Owing to certain port restrictions on the Bangladeshi side, volume of trade through this port is low. However, volume of export through this port is gradually increasing.



### ***Infrastructure Issues: At the Border***

Agartala has a fully operational ICP and is well equipped to handle export-import consignments. Further it is the only ICP in India that runs on solar power. The Akhaura LCS on the Bangladesh side is housed in a semi-*pucca* building but equipped with facilities like warehouse, open stack yard, trans-shipment yard, weigh bridge (100 MT), and standby power generator. Quality of approach roads is the major issue at the Agartala-Akhaura point. Other than this, the EDI system is still not operational in either of the Agartala-Akhaura LCS. The approach roads on both sides of the border are narrow and during field visit trucks were found held up owing to construction work. Some truck drivers have mentioned that there is no canteen at the Agartala ICP.

### ***Infrastructure Issues: Off the Border***

#### ***Akhaura-Dhaka-Chittagong***

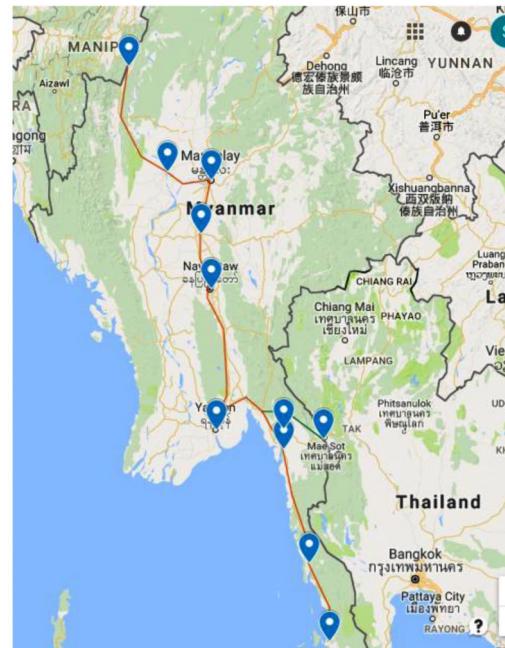
Roads along Dhaka to Brahmanbaria are good enough for transporting goods. Nevertheless, roads from Brahmanbaria to Akhaura LCS are rather poor. Road infrastructure from Akhaura to Ashuganj is poor, which covers about 52.9 km. In between these two points, there are three major bridges over Kurulia canal, Titas River and Kata canal. The road is not equipped to handle heavy cargo and requires frequent repairing, which again leads to congestion and further delays in delivery of cargo. Owing to the poor condition of roads, the wear and tear of the trucks escalates and truck drivers prefer stopping at Ashuganj either to rest or to repair the tyres. After Ashuganj (Brahmanbaria) towards Dhaka, a stretch of 91.2 km on Dhaka-Sylhet highway is in good condition.

#### ***Corridor I: Myawaddy- Hpa An- Yangon- Meiktila- Mandalay-Monywa- Tamu- Moreh- Manipur***

This is the sole land-based trade corridor between India and Myanmar. The entire corridor stretch is approximately 1,768 kms. The trade route of Myanmar with India stretches either from Myeik (Thainintharyi Region) or Myawaddy (Kayin state) and ends in Imphal via Tamu (Saing Region). There are two LCSs on this stretch namely – Moreh (on the India side) and Tamu (on the Myanmar side). This border is one of the most volatile borders in India that faces frequent shut down due to insurgency on the Indian side.

### ***Infrastructure Issues: At the Border***

- Both the LCS at Moreh and Tamu face similar problems with intermittent supply of electricity and Internet facilities. Mobile connectivity is also poor at the Moreh-Tamu border;
- Plant quarantine facility is not available at Moreh. As a result, samples are sent to Imphal for testing and the truck carrying the consignments have to wait for a week to get clearance;
- There are no warehouses or cold storage at or near the border point.
- The weighbridge at Moreh is non-functional; and
- Owing to absence of scanners, security personnel check the consignments manually, which often lead to damage of goods. Thus, upgrading security infrastructure will save time and prevent damage of goods.



There has been a proposal to set up an ICP at Moreh that is expected to address the *at the border* infrastructural deficits on the Indian side.

## *Infrastructure Issues: Off the Border*

### A) Imphal- Moreh

The stretch from Imphal to Moreh lacks safety measures viz. reflectors, street lights, signage, etc. Since it is a predominantly mountainous road, installation of safety measures is must to avoid accidents. Further, this stretch lacks proper rest rooms or petrol pumps thus adding to the difficulty of the truckers. Condition of the road is poor and at times it is aggravated due to absence of any proper debris clearing crew.

### B) Tamu (Sagaing Region) – Myeik (Thanintharyi Region)/ Myawaddy (Kayin State)

Overall, the major portion of the road along the corridor stretch is in good condition. From Monywa, there are three roadways to Tamu: (1) Monywa-Yagyi-Kalaywa-Kalay-Tamu (208 miles), (2) Monywa-Gangaw-Kalay-Tamu (300 miles), and (3) Maharmying Road (258 miles). Among these three roads, only Monywa-Gangaw-Kalay-Tamu Road (the longest one) is usable in all seasons. The other two roads face problems due to landslides during the rainy season. The Government of India is planning to fund the project for upgrading the Yagyi-Kalawa section (80 miles) in Monywa-Yagyi-Kalaywa-Kalay-Tamu road. There are 71 bridges to be upgraded between Tamu-Kalewa-Kale as the current bridges are too narrow for two vehicles to pass simultaneously.

As most villages farming areca nut are located on the islands near Myeik, road access is impossible for them. Further, electricity shortage is another issue as it is not connected to the national grid and businesses have to ensure their own power generators.

At Dawei, the capital of Thanintharyi Region, the construction of Dawei Deep Sea Port and SEZ is underway. However, the project met with objection from local residents who fear that the project would lead to serious environmental damage and loss of lands.

Hpa-An and its surrounding area with lush green geographical landscapes, are ideal tourist locations and attractive to foreign travellers. But, the city still needs tourism promotion by developing infrastructure, crucial for compelling international visitors. Furthermore, the city is skirted by Thanlwin River, but no critical port is available to use it as a waterway.

Yangon is the trade and economic capital of the country. The major crisis over there is the availability of electricity.

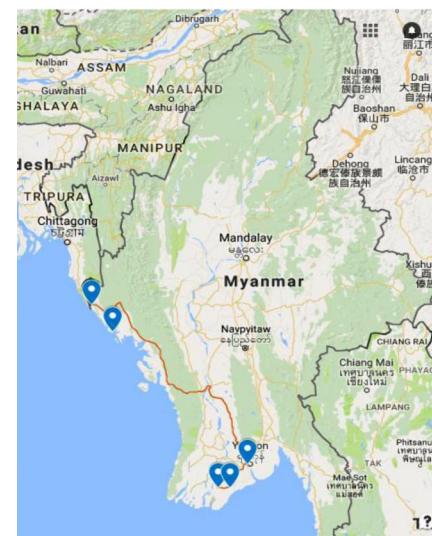
Meiktila has an industrial zone, but it is underdeveloped and further renovation is needed.

The traders from Mandalay proposed that there should be a communication centre with India in Mandalay for contacts and information enquiries pertaining to border trade.

## **Corridor J: Bogalay-Pyarpon-Yangon-Sittwe-Maungdaw-Teknaf-Chittagong-Dhaka**

This Corridor is one of the trade routes between Bangladesh and Myanmar. The trade route starts from Bogale (Ayeyarwaddy region) and ends at Sittwe (Rakhine state). The stretch from Maungdaw to Dhaka via Teknaf could not be covered owing to the ongoing Rohingya issue. While it was not possible to be present physically at Maungdaw, some telephone interviews were conducted with Customs and Border Trade Officials and photos of roads and ports were obtained from truckers.

For export, the corridor for trade between Bangladesh-Myanmar starts from Ayeyarwaddy region where the fishes exported to Bangladesh are hauled. The fishes caught in Ayeyarwaddy are transported by trucks to Yangon. The fishes from Yangon are transported either to Sittwe or to Maungdaw of Rakhine state (both by road and water) for export to Bangladesh through Teknaf.



For import products, the corridor stretch starts from Maungdaw or Sittwe to Yangon. The readymade garments are imported either through Maungdaw or through Sittwe, which are then transported to Yangon via road. There are wholesalers of Bangladeshi T-shirts in Yangon. From there, T-shirts are distributed to buyers throughout the country (wholesalers said there are no buyers from specific locations).

#### ***Key Infrastructural Issues***

Access to roads, old bridges that are unable to handle heavy cargo, access to electricity, unavailability of good fishing ports, access to electricity, unavailability of warehouses and cold storages are some of the infrastructural issues plaguing the corridor.

Bogale is the city located in the delta region of Ayeyarwaddy (4 hours away from Yangon). The condition of the road from Yangon to Bogale is mediocre. Although Bogale is the delta city, there are no proper ports for fishers and fishing boats, and no proper warehouses. Fishermen around Bogale live in fishing villages which have no road access to Bogale city.

Pyapon is a bigger city where large-scale fishermen reside. There are also no proper ports, truck stations and warehouses in Pyapon and the quality of road is moderate.

Sittwe is the capital of Rakhine state, which has a border trade port. But Rakhine is one of the least developed regions in the country. The quality of road from Yangon to Sittwe is mediocre with the road passing through mountainous areas. The road is two lane but two trucks coming face to face often need to slow down while passing. “Shwe Min Gan” jetty is the main trading port for trading with Bangladesh. The warehouses, access road to port are in a sorry state. Trucks have to queue outside the port because of lack of adequate parking space. While Maungdaw is an alternative port to Sittwe, it is subject to conflicts and the area is politically unstable. To visit Maungdaw, river transport must be availed for ferrying trucks from Sittwe’s “Yae Chan Pyin” port to “A Ngu Maw Port” across Mayu River. This is followed by a road trip to Maungdaw through Buthitaung and Rathedaung. From Maungdaw to Teknaf there is no bridge to cross the “Naf River”. Currently border trade in Maungdaw has been shut down due to security reasons.

## **Connectivity and Trade Facilitation**

South Asia has never really been able to emerge as a trade hub of the world. The countries under consideration of the region (Bangladesh, Bhutan, India, Myanmar and Nepal) shared only 2.31 per cent of the total trade volume of the world trade in the year 2015. More importantly, the intra-regional trade of the region is only 1.45 per cent of the total trade volume of the region’s trade with the rest of the world for the same year. Paucity of better connectivity and corridor wise efficiency among the concerned countries is an important reason for poor intra-regional trade.

#### **Movement of Cargos across Corridors: Facts and Figures**

When it comes to cargo movement across the corridors, apart from road condition, other factors such as presence of multiple regulatory bodies and security personnel across the corridors, multiple toll tax collection centre, sanitary and phyto-sanitary NTB-related inspection, sample collection and testing, cargo inspection, loading and unloading, waiting in a queue lead to delay. Such delays are often inevitable for security, health and sanitation reasons and can be remedied by putting in place the required infrastructure. In this section we have considered corridor wise cost of cargo movement as reported by the truckers both in terms of time (opportunity costs) and money (financial costs) to enable a corridor wise comparison of the issue.

**Table 3.4: Preliminary Time Cost-Distance**

Corridor Name	Total time (Minutes)/km	Total Cost (US\$)/km
Kathmandu-Kakarvitta-Panitanki-Phulbari-Dhaka-Chittagong	1.86	0.12
Thimpu-Phuentsholing-Jaigaon-Changrabandha-Burimari-Dhaka	2.18	3.80
Lucknow-Gorakhpur-Sonauli-Bhairawa-Kathmandu	2.5	0.04
Kolkata-Raxaul-Birgunj-Kathmandu	2.11	0.21
Jaigaon-Gelephu-Samdrup Jongkar-Guwahati-Dawki-Tamabil-Dhaka	2.4	1.40
Kolkata-Petrapole-Benapole-Dhaka	19.64	6.15
Phulbari-Banglabandha-Rangpur-Dhaka-Chittagong	2.00	6.98
Agartala-Akhaura-Comilla-Chittagong	4.62	3.42
Myawaddy-Hpa-An-Yangon-Meiktila-Mandalay-Monywa-Tamu-Moreh-Manipur	1.46	0.10

It is apparent from the Table 3.4 that in terms of time taken per kilometre, the Kolkata-Petrapole-Benapole-Dhaka corridor is most inefficient, the delay caused mainly by higher waiting time at the ICP, long queue of trucks owing to the narrow NH 35 and congested road to Dhaka through Jessore. On the other hand, the Phulbari-Chittagong Corridor is most cost inefficient. For such disparity among corridors regarding time and cost of cargo carriage there are several infrastructural factors as have been explained in the previous section. Here, the focus is on political economy and procedural factors that are hindering the trade connectivity.

#### ***Political Economy and Procedural Factors Impeding Connectivity across the Corridors***

In general, the political economy and procedural factors across the corridors are rent seeking behaviour of public officials, cargo theft, law and order problems in and around the LCSs and ICPs, insurgency problem along specific stretches of the corridors, local political influence, presence of pressure groups, over-activeness of security forces, lack of speed or facilities of Internet, lack or no presence of EDI, multi-window goods clearance system leading to more time for inward or outward goods clearance, lack of manpower leading to shortage of labourers, etc. In the following section the above-mentioned impediments to trade that are of political economy and procedural in nature have been analysed specific to the corridors.

#### **A. Kathmandu-Kakarvitta-Panitanki-Phulbari-Dhaka-Chittagong**

The invasive behaviour and over-activeness of the security personnel on the Indian side towards drivers of the neighbouring countries have also been highlighted by the truckers of Nepal. They have complained that they are often harassed by Indian security forces without proper reasons. Recurrent rent seeking activities on behalf of the public officials has also been reported. This is particularly rampant in Panchgarh-Rangpur-Bogra-Dhaka stretch of the corridor. The truckers comply with these to avoid unnecessary interference and interrogation. On one occasion, Nepalese trucks were not allowed to move for hours on ground of movement of VIP officials.

Moreover, the support service providers in both the countries, India and Nepal, pay an informal token amount for conducting business on a monthly basis. Customs officials in Nepal mentioned the unnecessary political interference as a hindrance to trade facilitation. The transporters'

associations are extremely powerful in Nepal and almost run a parallel economy. They have a strong reservation against the two-way movement of cargo, for they associate inflow of foreign trucks with erosion of indigenous business and unemployment.

Moreover, the truckers complained that the labourers in Phulbari refuse to work unless paid a premium over their regular wages. There have been many occasions when the Indian labourers halted the work to create an artificial supply scarcity that may eventually help to raise their wages. Often such activities are supported by the strong labour union of the region.

There is low level of coordination between the border management agencies, which primarily includes lack of communication and lack of data exchange. This leads to delay in clearance of inward and outward goods and also higher waiting time at the borders. The customs clearance is also delayed and that is due to 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 Nepalese side feels that the trade related process is cumbersome, which delays the entire process of trade. The customs house at Bangladesh (Banglabandha to Panchgarh) suffers from severe electricity shortage, no Internet facility and shortage of manpower, leading to procedural hindrances to trade.

#### **B. Thimpu-Phuentsholing-Jaigaon-Changrabandha-Burimari-Dhaka**

The major geo-political bottleneck to cross border trade for this corridor is the distant location of the LCS, which is situated almost two kilometres away from the border. Corrupt practises (along the corridor bribery is a common source of discontent among the stakeholders), political and security issues are also discerned.

Shortage of manual labour on the Bhutan side is a major problem leading to procedural delays when it comes to trade across the concerned corridor. To overcome this problem at Phuntsholing, labourers are hired from the Indian side but in the evening when they return to their homes, loading and unloading of cargoes come to a halt and cannot resume until the next morning. Further, absence of power back up, animal and plant quarantine facilities at Jaigaon are adding to the procedural delays in trade along this corridor.

#### **C. Lucknow-Gorakhpur-Sunauli-Bhairawa-Kathmandu**

The remoteness of Sunauli acts as an impediment to economic activities in the region. Lack of fencing along the border pertaining to the corridor has led to rampant smuggling. Police personnel from the border area of the concerned corridor have reported 15-20 smuggling cases every month. The truckers travelling along the corridor have reported high levels of corruption. The support service providers have to pay irregular token amount to local goons to run their business. There is also cargo theft, as reported by the truckers. In line with the other corridors in Nepal, this Corridor also faces political interference and presence of pressure groups such as transporters' associations which often distorts trade connectivity. The truckers and freight forwarders on the Indian side face security issues in Nepal. The Indian truckers also face truck damages in Nepal and any damage repairing in Nepal costs much higher than in India. The Nepalese transporter needs to deposit NPR 130,000 in the Indian embassy in case a Nepalese truck intends to travel more than 7 kilometres inside the Indian border. An amount of NPR 100,000 is refundable in three months and that means a significant locking period of the concerned fund – a fact represented by Nepalese transporters.

Truckers are asked for several documents and the customs clearance for a single truck takes no less than 20 minutes and that culminates in a substantial time loss considering the total number of trucks in queue. Low level of coordination among the border management agencies owing to lack of communication and data exchange is also another procedural problem that is hindering trade connectivity along the corridor.

#### **D. Kolkata-Raxaul-Birgunj-Kathmandu**

Informal money collection from the truckers has become a standard practice. This exercise is more evident in West Bengal, typically 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 the surveillance officers and other officers. Denial of such payment results in detention of the truck and often manhandling of the cargo, thus truckers prefer to pay in order to avoid unnecessary conflicts. Being a member of any truckers' association has never helped in this regard for this corridor. At Laxmipur, the approach road to Raxaul takes two turns, one goes to the non-functional ICP 6.5 kms away and another goes to the Raxaul LCS 5 kms away. In case the trucker does not pay the police ₹500 at Laxmipur, the truck is sent to the non-functional ICP so that it has to cover an up and down distance of 13 kms before it may start for the Raxaul LCS only 5 kms away from Laxmipur. There is no proper *dhaba* in and around the non-functional ICP and the road condition is very poor. To avoid this hassle, drivers comply to the demand of the police at Laxmipur.

Following the India-Nepal transit treaty of 1960, Indian trucks can enter and travel along select routes in Nepal to reach select destinations and vice versa. However, since insurance done in India is seldom honoured in Nepal and vice versa; seldom do the truckers of one country visit the other country. Indian truckers also face linguistic problems in Nepal (road signs are in Nepalese) and they have to hire a guide at around ₹1,200 per day. This adds to further costs and narrows the profit margin for the truckers.

#### **E. Jaigaon-Gelephu-Samdrup Jongkar-Guwahati-Dawki-Tamabil-Dhaka**

All the Bhutanese trucks have to pay ₹50 each to an organisation named Dauli Khama to cross the Dawki border. If they do not pay that sum then they are not allowed to cross the border. There have been cases when non-Khasi drivers were harassed, beaten and their trucks were even set on fire by the Khasi people. The over-activeness of BSF has been cited as a hindrance to trade; they often forget their role is restricted to security and not to unnecessarily harass the truck drivers. Trade across Dawki-Tamabil comes to a halt everyday during the daily meeting of BSF and BGB personnel. The custom official has expressed his discontent regarding this issue. The truckers have reported informal toll collection along this corridor, mainly on the Bhutan side. One of the Indian truckers at Daranga LCS (Indo-Bhutan border) informed us that they (truckers who are transporting goods from India to Bhutan) have to pay ₹1,500-1,800 on the way (within India) towards "Dadagiri Tax" (did not reveal much information about that). It can be assumed that this is some kind of forced exaction.

Dawki does not have EDI and this leads to time consuming manual billing. The extremely poor electricity condition (the survey team confirmed that there has been no electricity at the time of their visit for the past four days) at the Dawki LCS, further adds to procedural delay.

#### **F. Kolkata-Petrapole-Benapole-Dhaka**

The congestion problem at Petrapole could have been solved if the Indian government would have stuck to its plan of making NH 35 four-lane as envisaged back in 2013. But that never happened owing to land acquisition issues. Recently, Jute Commission of India has imposed some restriction on import of raw jute to protect domestic jute farmers. In addition, Government of India has imposed high anti-dumping duty on export of raw jute from Bangladesh to India. These are also acting as trade deterrents through this Corridor. Truck owner's association, CHA association and labour union at the Bangladesh side are very powerful and if motivated properly can play an important role in facilitating trade through this corridor. At Petrapole, the local municipality charges for 10 days to each trucker for parking; this has caused some angst among the truckers.

The procedural delay in clearance at customs both in Petrapole and Benapole is owing to the high number of trucks.

#### **G. Phulbari-Banglabandha-Rangpur-Dhaka-Chittagong**

In this particular Corridor, stakeholders work as a group and owing to their collective bargaining power any issue often turns into a political issue and creates hindrances to trade. Public officials (customs official and police at different points of the corridor) ask for bribes taking advantage of the authority given to them. The rent-seeking behaviour of the public officials and sporadic hijackers are increasing the cost of trade and causing delay in the trade process along this corridor.

#### **H. Agartala-Akhaura-Comilla-Chittagong**

A customs official has informed that the BSF personnel are over-active on the Indian side and often harass the importer's agents. The survey team has observed that the importer's agent is not allowed at zero point. Though it is debatable that whether such restriction might cause any procedural delay in trade but undoubtedly such restriction is meaningless (lots of tourists were found at zero point watching flag hosting). There is also scope for a possible Gomti-Meghna waterway between India and Bangladesh. This will definitely improve connectivity and trade between the two countries. But the Gomti River on the Indian side has sedimentation problem and needs immediate dredging to be navigable. However, no such attempt has been made so far. Considering similar topography of Agartala and the adjacent side of Bangladesh, the production basket of both the regions is very similar. In case of products entering Bangladesh from Tripura through Agartala-Akhaura, the Bangladesh government imposes high import duty on Indian products that makes them economically non-viable. This has stopped Indian exports through this corridor. Abolition of such duties will definitely improve trade through this corridor.

#### **I. Myawaddy-Hpa-An-Yangon-Meiktila-Mandalay-Monywa-Tamu-Moreh-Manipur**

There are four main stops in this stretch of the Corridor where the trucks stop several times. The Imphal-Moreh route also entails multiple toll collections by both security forces and informal insurgent groups. These issues apart, the governments of India and Myanmar have, as yet, not been able to work out a scheme for harmonious border trade. According to the respondents, the Assam Rifles/Army harasses small traders and damage their goods and vehicles and this is a major impediment to trade through this corridor. The insurgent groups are perceived as exploitative tax collectors.

#### **J. Bogale-Pyapon-Yangon-Sittwe-Maungdaw-Teknaf-Chittagong-Dhaka**

There are two border trade posts for Myanmar's trade with Bangladesh: (1) Maungdaw, and (2) Sittwe. Before the current regional conflicts, Maungdaw was the main border trade post and the value of trade through this post was greater than that taking place through Sittwe. However, the conflicts in Maungdaw District have largely diminished that value. The attacks on police stations by ARSA on August 25, 2017 led to suspension of trade through Maungdaw.

Such political economy and procedural factors across the corridors can be a major deterrent to trade. They are sensitive, hard to map and need individualistic attention for possible reductions.

## *Facilitating Trade through Improved Connectivity Initiatives like BBIN MVA: Stakeholders' Perspectives*

India had proposed a SAARC MVA at the SAARC Summit held in Kathmandu, Nepal in November 2014. However, owing to objections from Pakistan, an agreement on the same could not be reached. India, therefore, went ahead with a similar motor vehicle agreement among the rest of the SAARC nations; namely, BBIN. The BBIN MVA was signed on June 15, 2015. The agreement envisages seamless entry of vehicles to any of the four nations without requirement of trans-shipment of goods from one country's truck to another's at the border.

However, there are certain issues and concerns regarding the implementation of the agreement. This section presents the perspectives of the select stakeholders about the BBIN MVA. Table 3.5 depicts all the corridors represented by alpha-numeric codes and these codes (instead of the full name of the corridors) have been used in the following graphs.

**Table 3.5: Names of Corridors and their Alpha-Numeric Codes**

Corridor Name	Alpha-Numeric Code
Kathmandu – Kakarvitta – Panitanki - Phulbari – Dhaka – Chittagong	A
Thimphu – Phuentsholing – Jaigaon – Changrabandha – Burimari – Dhaka	B
Lucknow – Gorakhpur – Sonauli – Bhairawa – Kathmandu	C
Kolkata – Raxaul – Birgunj – Kathmandu	D
Jaigaon – Gelephu - Samdrup Jongkhar – Guwahati – Dawki – Tamabil – Dhaka	E
Kolkata-Petrapole-Benapole-Dhaka	F
Phulbari-Banglabandha-Rangpur-Dhaka-Chittagong	G
Agartala-Akhaura-Comilla-Chittaganj	H
Myawaddy-Hpa-An-Yangon-Meiktila-Mandalay-Monywa-Tamu– Moreh-Manipur	I
Bogalay-Pyarpon-Yangon-Sittwe-Maungdaw-Teknaf-Chittagong-Dhaka	J

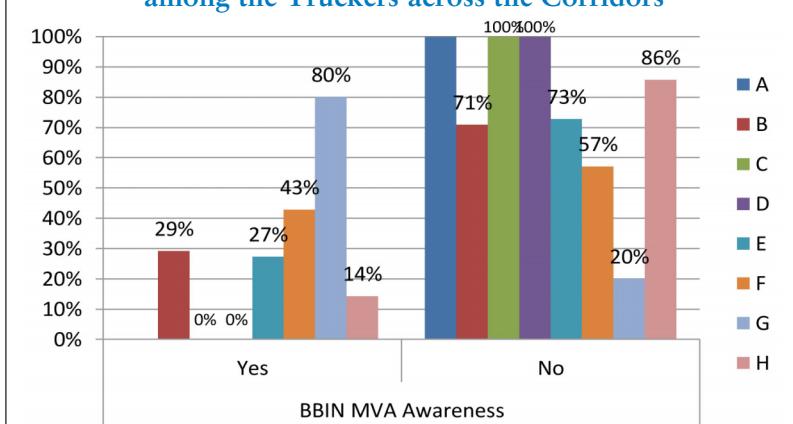
### **Stakeholder: Truckers**

The level of awareness about BBIN MVA among the truckers across the corridors (apart from G corridor) is low as depicted in the Figure 3.13.

#### *Level of awareness regarding BBIN MVA among the truckers across the corridors*

About 76 per cent of the truckers across all the corridors mentioned that improvement in the condition of the existing roads is required for better implementation of the agreement. Approximately, 33 per cent of the truckers mentioned that flyover are

**Figure 3.13: Level of Awareness regarding BBIN MVA among the Truckers across the Corridors**



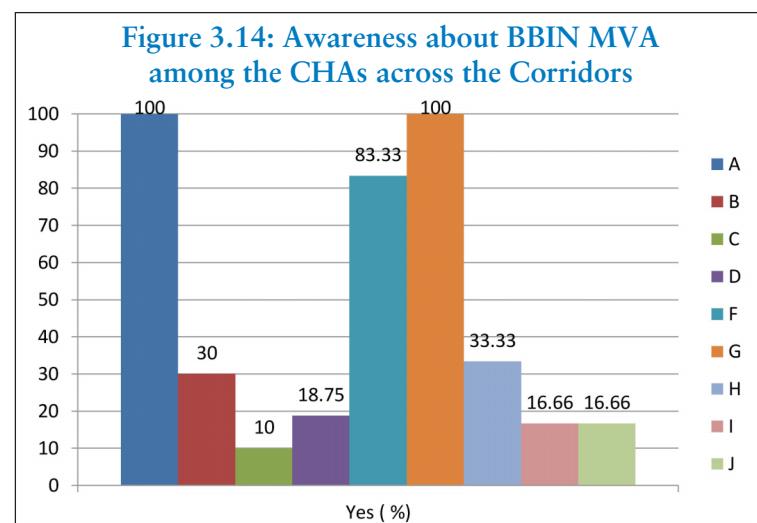
needed for reducing congestion and 48 per cent of the respondents mentioned that one toll instead of multiple toll tax windows to reduce the time taken in the trade process. The truckers from all countries apart from Nepal believe that due to the implementation of BBIN MVA their income will increase. However, the truckers from Nepal feel that their income would decline because Indian trucks would be preferred to Nepal's trucks on grounds of lower hiring charges.

#### **Stakeholder: Customs House Agents (CHAs)**

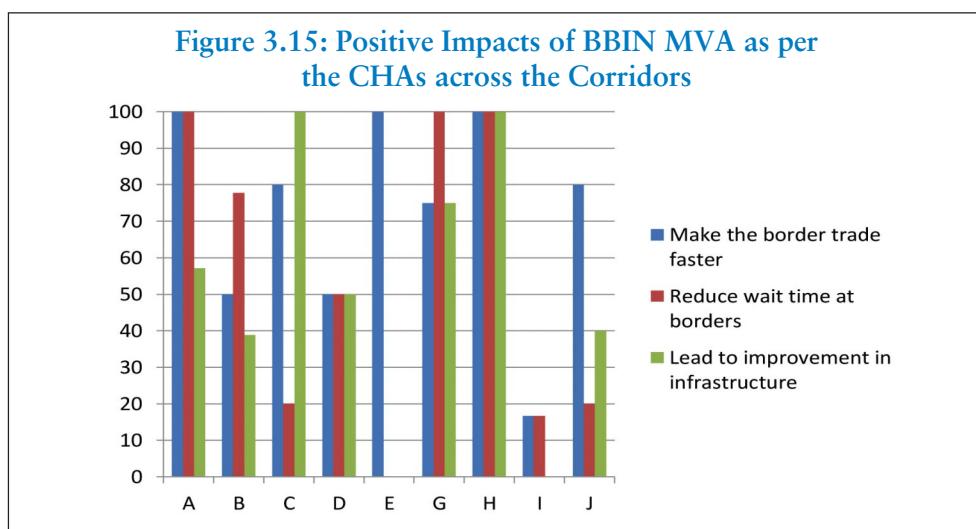
When the CHAs across the corridors were interviewed about their awareness regarding BBIN MVA, it was found that all the CHAs in Corridor A and Corridor G had an idea about the agreement. However, in Corridor C only 10 per cent of the CHAs interviewed knew about the agreement.

#### *Awareness about BBIN MVA among the CHAs across the Corridors*

According to the responses of the CHAs about the ways BBIN MVA would help, as depicted in Figure 3.14, except for a small percentage of the CHAs in Corridor I, more than half of the CHAs across the rest of the corridors have mentioned that the agreement would make border trade faster. For Corridors C and H, 100 per cent of the CHAs are assertive about the development of the infrastructural facilities following BBIN MVA. A very low percentage of the CHAs in Corridors C, I and J have just mentioned that BBIN MVA would reduce the waiting time at the borders. On the other hand, more than 50 per cent of the other CHAs across the remaining corridors are positive about the time reduction at the border due to the implementation of BBIN MVA.



The CHAs have also voiced their concerns regarding some issues resulting from the implementation of BBIN MVA. One CHA mentioned that owing to infrastructural constraints at Benapole, the detention time might increase causing further hindrance to trade. According to a



CHA in Corridor G, the implementation of BBIN MVA would result in an increase in the traffic. The CHAs have also mentioned that due to the implementation of the agreement, labourers might end up losing their jobs and resort to strikes. This would have a negative impact on the implementation of BBIN MVA and thus on the smooth facilitation of trade. Thus, the CHAs believe that alternate employment opportunities should be provided to the labourers and other employees who might end up losing their jobs. The governments should also formulate policies and regulations to address the security issues and concerns raised by the stakeholders.

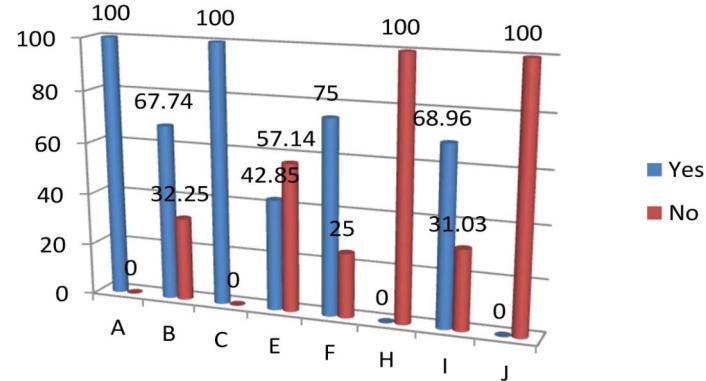
### Stakeholder: Exporters and Importers

In comparison to the CHAs, the percentage of exporters and importers across the corridors having knowledge about BBIN MVA is less as depicted in Figure 3.16. Only in Corridors A and C, all the exporters and importers who were interviewed were aware of the agreement whereas in Corridors H and J none of the exporters and the importers interviewed knew about the same. However for Corridor E, the percentage of the stakeholders who were unaware of the agreement is higher than the stakeholders who are aware of it.

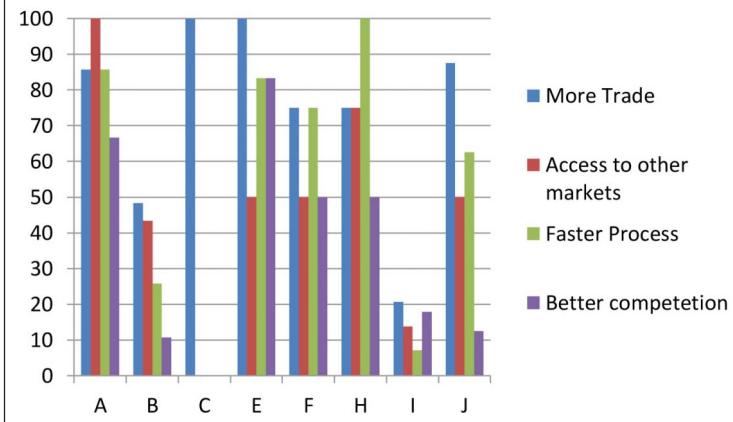
The exporters and the importers were also asked about their perception regarding the positive and the negative impacts of BBIN MVA. Figure 3.17 clearly shows the majority of the exporters and the importers across the corridors are assertive that the agreement would expedite the trade process. The agreement would also result in increase in the volume of trade.

The same stakeholders have also mentioned that the agreement would augment the rush at the check points, which might delay the process of trade. Figure 3.18 clearly shows that out of the three negative impacts of BBIN MVA, more rush at the check points would be higher. However, the exporters and the importers at corridor C did not mention anything about the negative impacts of BBIN MVA. The second issue, which has been highlighted, is the increase in the level of corruption followed by security concerns as a negative impact of the agreement. These two issues across the corridors will not only increase the cost of trade but would also reduce the potential of the agreement.

**Figure 3.16: Awareness regarding BBIN MVA among Exporters and Importers across the Corridors**

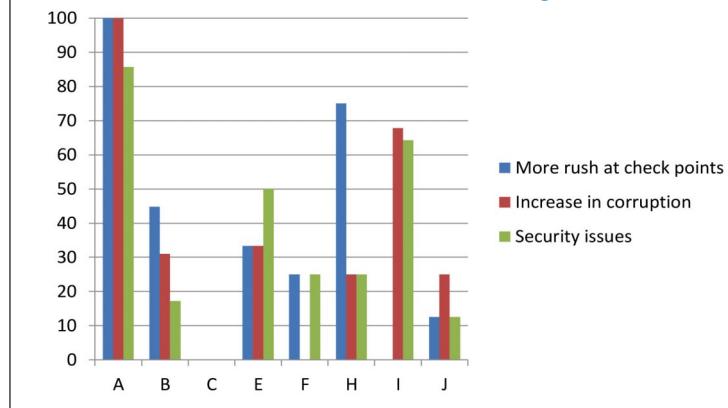


**Figure 3.17: Perception among Exporters and Importers about Positive Impacts of BBIN MVA as a Percentage**



These stakeholders have opined that capacity building of the government officials required regarding the trade processes and infrastructure should be developed. The exporters and importers at Imphal, mentioned that the visas should be available for the traders more liberally. They have also mentioned that harmonisation of the import and the export policies of the BBIN nations is required. The exporters and importers at Moreh mentioned that reduction in taxes is needed for better implementation of BBIN MVA.

**Figure 3.18: Perception among the Exporters and Importers about the Negative Impacts of BBIN MVA as a Percentage**



#### Stakeholder: Customs Officials

The level of awareness of BBIN MVA is high among the customs officials across the corridors - the same is evident from Figure 3.19. For Corridors C, D F, G and H all the customs officials knew about the programme. Figure 3.19 reflects that the percentage of the customs officials across the corridors who are aware of BBIN MVA.

**Figure 3.19: Awareness among Custom Officials regarding BBIN MVA across Corridors**

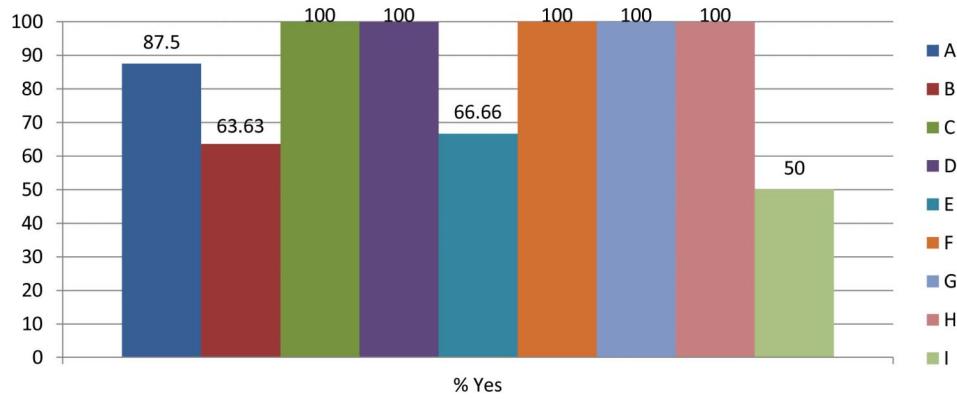
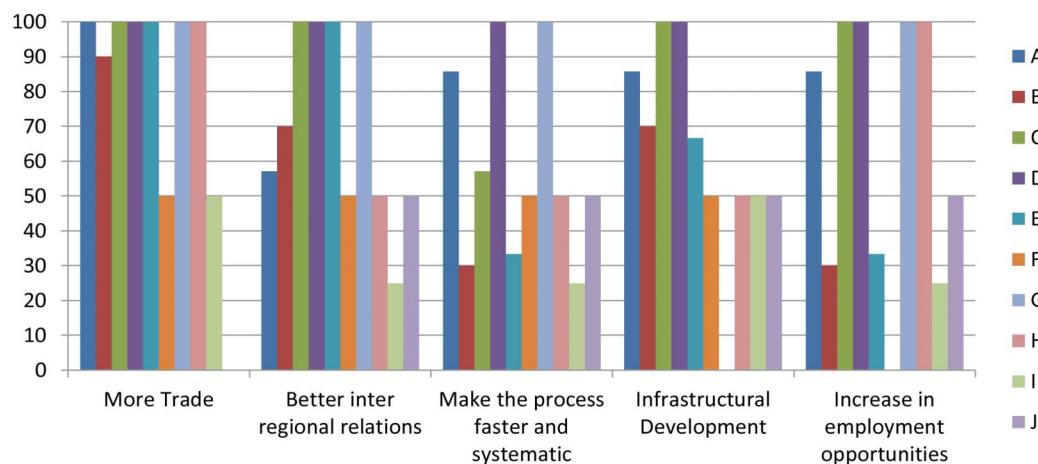


Figure 3.20 shows the positive impacts of BBIN MVA according to the customs officials across corridors. Majority of the customs officials are assertive that the MVA in the sub-region would lead to faster and systematic trade process. Customs officials are thus assertive that BBIN MVA would make the trade process less cumbersome. They are also hopeful that the implementation of BBIN MVA would develop infrastructure, which is of paramount importance for the smooth facilitation of trade in the sub-region. More than 50 per cent of the customs officials across all the corridors, except Corridor I, have perceived that BBIN MVA could lead to better intra-regional relations. This is crucial for the smooth implementation of the agreement. According to the customs officials, improvement in the trade facilitation process through digitalisation is required for better implementation of BBIN MVA.

**Figure 3.20: Positive Impacts of BBIN MVA as per the Customs Officials across Corridors**



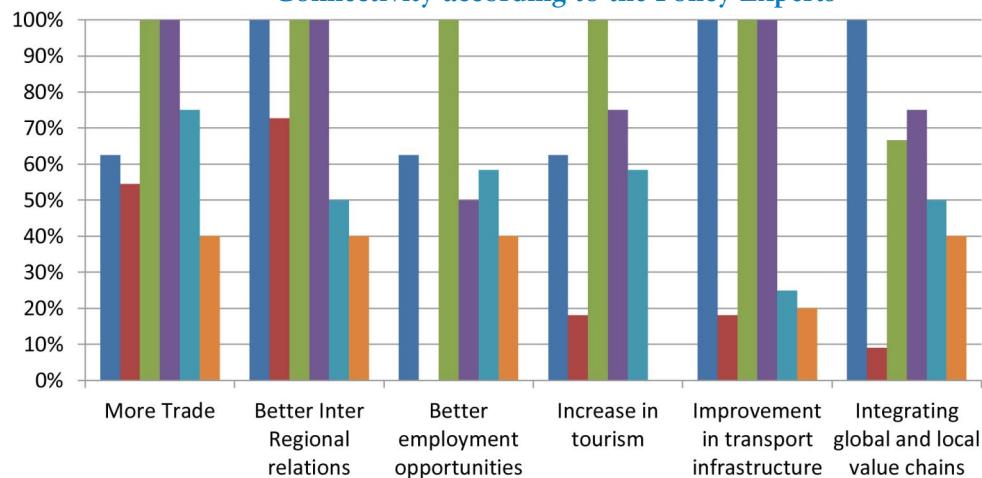
#### Stakeholder: Policy Experts and Associations and Academicians:

Figure 3.21 shows the perception of the policy experts and the academicians about the positive impacts of BBIN MVA. More than 50 per cent of stakeholders across all the corridors, except for Corridor J, believe that BBIN MVA would lead to an increase in trade and better intra-regional relations. Few corridors in the likes of B, I and J believe that the agreement would not result in infrastructural improvements. On the other hand, 100 per cent of the stakeholders in Corridors A, C and D are assertive that BBIN MVA would develop the transport infrastructure.

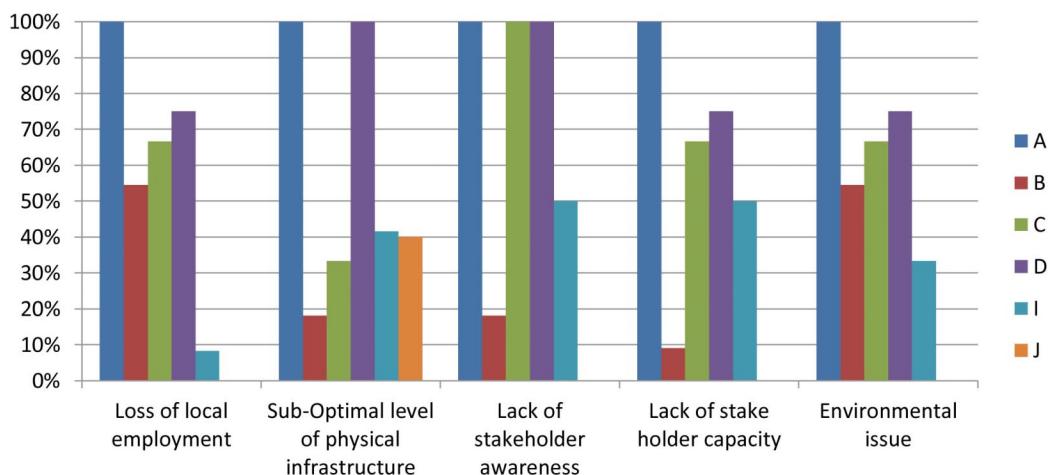
Figure 3.22 depicts the perception of policymakers and academicians about the policy level challenges that could hamper the better implementation of BBIN MVA.

They have also mentioned that across the corridors, reforms in the facilities for transport and domestic law and regulations are of paramount importance for the better implementation of BBIN MVA. In Corridor A, all the policy experts and the academicians who were interviewed mentioned that transport facilities, customs and domestic law and regulations require reforms for the smooth operation of BBIN MVA. In Corridor D, 100 per cent of the stakeholders mentioned that facilities for transport and domestic regulations need to be improved, and is reiterated by more than 50 per cent of the policy experts and academicians across the remaining corridors, except I and J.

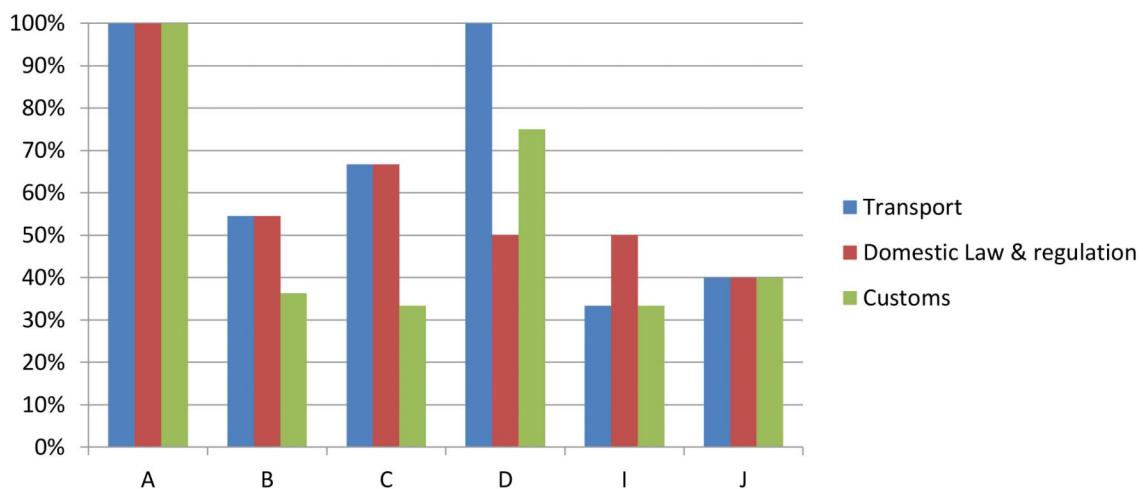
**Figure 3.21: Impact of BBIN MVA in Promoting Regional Connectivity according to the Policy Experts**



**Figure 3.22: Policy level Challenges in Each Country for Effective Implementation of BBIN MVA according to the Policy Experts**



**Figure 3.23: Specific Institutional and Regulatory Reforms required for Implementation of BBIN MVA according to the Policy Experts**



According to the experts and academicians, the governments of the four nations in this sub-region should ensure that other logistical institutions are in place for smoother implementation of the BBIN MVA. Firstly, the government should employ necessary means for spreading awareness among the stakeholders across the countries about the initiative. The governments should invest in capacity building of CHAs and the transporters. Since the governments are the key players, they need to upgrade the infrastructure, develop trade zones and properly allocate land to traders for their business operations. At present, the Myanmar government has a plan to develop a road transport route from Muse in Myanmar to Tamu in India.

### Stakeholder: Freight Forwarders

The level of awareness about BBIN MVA among the freight forwarders across the corridors is high except in corridors C, D, I and J as borne out by the Figure 3.24:

**Figure 3.24: Awareness of BBIN MVA among the Freight Forwarders across the Corridors**

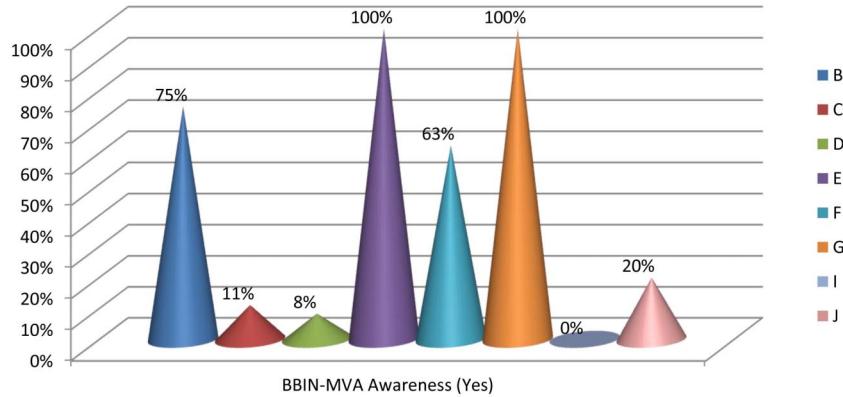
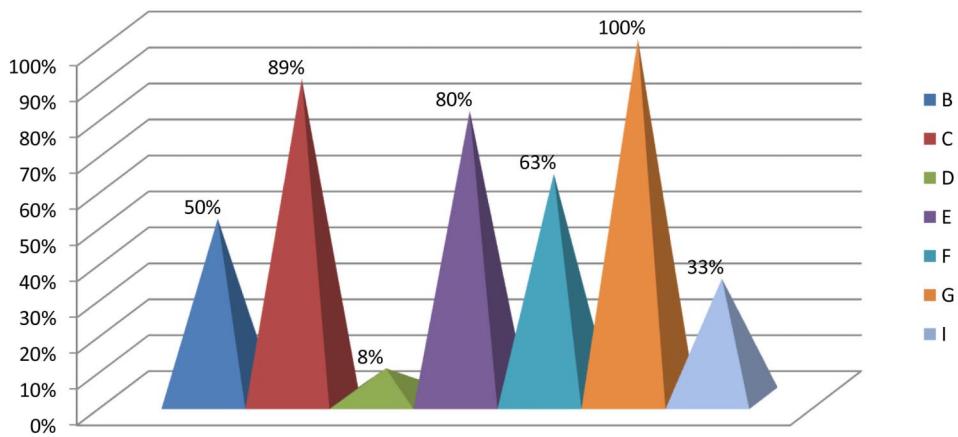


Figure 3.25 shows that more than 50 per cent of freight forwarders across the corridors are of the view that associations in the respective corridors can play an enabling role in the implementation of BBIN MVA. However, only few (8 per cent) of the freight forwarders in Corridor D hold the same view.

**Figure 3.25: Perception of the Freight Forwarders about the Enabling Role of the Associations for Implementation of BBIN MVA**



According to them, the implementation of the agreement would lead to an increase in the volume of trade. This would result in an increase in income and employment opportunities. The freight forwarders believe that road communications will improve connectivity; as a result cargo trucks will move faster ensuring faster delivery of goods.

The freight forwarders have also voiced their opinion about the challenges of the implementation of BBIN MVA. The most important challenge cited by them was the language barrier, which would deter truckers from travelling one nation to another. Also, the local truckers of the respective

countries would also suffer losses. Another important challenge was that in many corridors either only import or export takes place. For instance, the corridor stretch between Kolkata and Dhaka via Petrapole and Benapole, only one way consignment takes place as India hardly imports from Bangladesh. The freight forwarders from Bangladesh have mentioned that due to the agreement, the security concerns and issues will also increase.

The analysis, thus far reveals, mixed level of awareness regarding BBIN MVA among selected stakeholders across different corridors. Awareness building amongst stakeholders regarding BBIN MVA would be of paramount importance for ensuring spontaneous absorption of the idea by different groups. The stakeholders are aware of both the possible positive and negative impacts of BBIN MVA. However, apprehensions might fade as stakeholders are made more aware of the concerned agreement.

## 4. Conclusion and Policy Suggestions

The progression of globalised world lies at the hands of connectivity efforts made by the various people and governments across the globe. These efforts can be unilateral, bilateral, and multilateral, which will help to enhance the connectivity locally, regionally and globally. The countries of South Asia, as a part of the larger globe are also making efforts to connect with each other through road, rail, river and sea routes. The unsuccessfulness of MVA at South Asia level has paved the way for BBIN to discuss the future of MVA in lieu of BBIN nations only. Finally, in the mid of 2015, all the BBIN nations have signed the BBIN MVA to move goods and passengers hassle free in these nations.

Presently, South Asia is visualised as one of the least integrated regions in the world. Intra-regional trade could increase immensely with the efforts like BBIN MVA but, it will be of little significance if it fails to address the grassroot level concerns of the people of the region. As people on the ground do not belong to a homogeneous stratum, therefore, they will be impacted differently from the same type of connectivity initiatives.

Given this backdrop, 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 in BBIN and Myanmar sub-region. The whole idea behind enhancing connectivity across the BBIN and Myanmar region will be largely vacuous, unless people at the local levels are included in the loop of development.

### Livelihood

Certain types of livelihoods are directly linked with trade and connectivity which includes labourers that are engaged in the loading and unloading of goods onto trucks at border points, support service providers like hotel staff, small tea shops, gasoline pump stations, truck repairing outlets, etc., truck drivers, farmers and CHAs who are involved in the trade process. BBIN MVA is expected to facilitate the trade process by reducing extra time consumed by existing trade processes. But labourers will not get the engagement in loading and unloading, if goods are not required to be trans-shipped to importing trucks, at the same time, the support service providers will have to suffer if people's activities narrow down. CHAs will also get adversely affected by the implementation of this agreement. However, the truck drivers can get the larger trips and farmers are going to get larger demands for their produce, expected to fetch extra incomes for them.

### Policy Suggestions

To address the emerging concerns of loss of jobs for labourers and support service providers, some ameliorative measures can be contemplated to address these.

- Support service providers can be given financial support by way of loans and other schemes to help them relocate from one trade hub to another.

- CHAs will also benefit if they are given access to ICDs and some role in respect of clearing and forwarding issues.
- Labour force in one region can also be given alternative sources of employment in the region or relocated elsewhere.

## Gender

Trade facilitation is supposed to benefit all stakeholders in a globalised world. What is, however, important here to stress is that trade facilitation should contribute to socio-economic development of both men and women. Generally speaking women's participation in trade in the South Asian region has been low. Entrenched mindsets do not allow women to be regarded as active agents and women, therefore, often find themselves at the bottom of the value chains. Generally, the involvement of women in the jobs both at the ground and top levels are rather limited. At the ground level, weaker physical strength is the major reason why the female are not participating as much as males. Males take the leading role at this level.

The allocation of jobs between males and females is different. For example in farming, men do climbing and plucking nuts from trees, while women do cracking and processing nuts. Men do more intensive jobs than women. In loading/unloading, most of the labours are men, and it is rare to find women in all nodes along the corridor. Among support service providers, the types of business run by females and males are different. Females participate more in traditional restaurant business whereas males participate more in truck repairing and services in restaurants, which sell alcohol together with food. Participation of women is higher in herb farming. Here, the female participation is discerned in a wide range of activities from sowing to harvesting. Additionally, a few female were found as entrepreneurs and business figures.

## Policy Suggestions

To increase the female participation, the reform should start from the top level, in the form of:

- In trade related policies, clear provisions should be made for encouraging and accommodating female participants in the discourse.
- The spill over effects of the improved infrastructure through MVA should be there in the form of necessary facilities in the realm of security, health and sanitation, it will encourage more female participation.

## Infrastructure

It includes the infrastructural support that is required to move goods and passengers through the corridors like: roadways, bridges, culverts, railway lines and waterways. There is a significant level of disparity between the capacity and quality of roads in the BBIN and Myanmar sub-region both within and across countries. Capacity involves the ability of a piece of infrastructure to accommodate loaded trucks. Broadly, the trade related infrastructure has two components: *at the border* and *off the border*. The study has found that *at the border* infrastructure is at sub-optimal level because of dilapidated conditions of approach roads; unavailability of restrooms; manual inspection of consignments; dysfunctional testing labs and weighbridges; and intermittent supply of Internet and electricity, among others. The problems related to *off the border* infrastructure include: poor conditions of connecting bridges; broken roads; capacity constraints of the roads and bridges. In the context of infrastructural deficiencies, analysis of corridor-wise issues reveals that delay in goods movement can be broadly attributed to the two following factors:

- Bad condition of roads and bridges (both at the border and off the border) leading to congestion; and
- Procedural delays owing to infrastructure deficits at the border. For example, manual inspection of consignments, intermittent Internet and electricity services, lack of well-equipped quarantine and food testing labs, etc.

### **Policy Suggestions**

To overcome these problems, the stakeholders proposed the following two broad-based solutions:

- Creation of ICPs with all infrastructural facilities available under one roof;
- Using ICDs as a single point solution where all customs checking would 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.

While the first solution is more of an ‘At-The-Border’ solution, the latter might be either an At-The-Border or an Off-the-Border solution.

## **Political and Procedural Issues**

Political economy and procedural factors across the corridors are rent seeking behaviour of public officials, law and order problems in and around the LCSs and ICPs, insurgency problem along specific stretches of the corridors, local political influence, presence of pressure groups, over-activeness of security forces, lack or no presence of EDI, multi-window goods clearance system leading to more time for inward or outward goods clearance, lack of manpower leading to shortage of labourers, etc.

The invasive behaviour and over-activeness of the security personnel on the Indian side towards drivers of the neighbouring countries have also been highlighted by the truckers of other nations. They have complained that they are often harassed by Indian security forces without proper reasons. Recurrent rent seeking activities on behalf of the public officials has also been reported. The truckers comply with these to avoid unnecessary interference and interrogation. There is low level of coordination between the border management agencies, which primarily includes lack of communication and data exchange. This leads to delay in clearance of inward and outward goods and also higher waiting time at the borders.

### **Policy Suggestions**

The proposed solutions are:

- Awareness building amongst stakeholders regarding BBIN MVA would be of paramount importance for ensuring spontaneous absorption of the idea by different groups. Though some stakeholders are aware about the possible positive and negative impacts of BBIN MVA and the existing apprehensions might fade as stakeholders are made more aware of the concerned agreement.
- The alternative employment opportunities should be provided to the concerned people who are likely to be displaced by the implementation of MVA; this will address the issue of strikes from the pressure groups.

### ***Area-specific Policy Suggestions***

There are numerous area-specific problems, which need to be addressed to make seamless connectivity across the nations of the region a reality.

- ◆ Mahatma Gandhi Setu (NH-19) situated on the Ganges (or River Ganga) in Patna (Bihar) and stretching across a length of 5.5km, should be rehabilitated quickly as it provides an important commercial link with Nepal. It will address traffic woes by reducing time and cost of travel and 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 ply through this bridge, thus necessitating trans-shipment of consignments from 10 -14 wheeler trucks to six wheelers at Transport Nagar, Patna, Bihar.
- ◆ Indian trucks entering Nepal to deliver consignments receive a free permit valid for 72 hours and after its termination they have to pay NCR 2,260 for each day. Owing to congestion and landslides, Indian truckers often get detained in Nepal for over 72 hours and consequently incur penalty. BBIN MVA will need to address this issue and incentivise more truckers to ply till Kathmandu.
- ◆ Currently under Nepal-India transit treaty Sirsiya -Raxaul dry port is the only border where Nepal has rail links with India. The direct link between Kolkata port and Birgunj ICD facilitates not only import of containers and bulk cargo by rail from the port (Kolkata) right up to the ICD but also offers transit facility for third country import. The Nepal Chamber of Commerce informed that it is more economical if they import goods from third country via Visakhapatnam Port and transport it to Nepal (Jayanagar) via railway link from Vizag. But owing to the transit treaty they have to import cargo from Vizag port to Nepal via trucks, making it less economical.
- ◆ Gomti-Meghna stretch has the potential to be used as a waterway, but dredging is required in Meghna River as it faces high sedimentation.
- ◆ At present, there is no export from India to Bangladesh via Agartala-Akhaura corridor due to high tariff imposed by Bangladesh government to protect its domestic producers. Earlier a significant quantum of fishes was exported to Bangladesh via Khowai River from Tripura but recently this has stopped due to high duty imposed by Bangladesh government. To promote trade between India and Bangladesh such restrictive practices and tariffs need to be reduced.
- ◆ Only item that was imported from Bangladesh to India via Dawki-Tamabil was garments. Azo dye test needs to be conducted on these garments at Dawki and samples were sent to Varanasi, Uttar Pradesh, India. The entire procedure requires about two months and keeping the consignment at warehouses for such a long duration is not cost effective. Thus they have stopped exporting garments. To revive export of garments from Bangladesh through Dawki-Tamabil, a testing lab needs to be established in the vicinity.
- ◆ At present, nothing is imported from Myanmar to India through Tamu-Moreh. Before September 2016, areca nuts were imported from Myanmar to India but it was aborted due to imposition of 40 per cent customs duty as a result of lobbying by the southern traders in Myanmar. Policy changes are needed to make this port working again.
- ◆ Protocols or HS codes are not clear. There is need of harmonisation of HS codes to make trade feasible for many products. There is discrepancy in HS for various herbs, between India and Nepal, which results in ambiguity and restrictions on export of a few herbs to India.
- ◆ Informal money collection from the truckers has become a standard practice. This exercise is more evident in West Bengal typically in Asansol and also in Bihar. Truckers generally rest during the day and drive at night to avoid informal payments extorted by the surveillance and other officers. Denial of such payment results in detention of the truck and often manhandling of the cargo, thus truckers prefer paying in order to avoid unnecessary conflicts. These problems need to be addressed.

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## About the Project

Inadequate 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 member countries 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 Bangladesh, Bhutan, India, Nepal and Myanmar by identifying the hurdles on the way for the successful implementation of the BBIN MVA through evidence-based advocacy and facilitative dialogues. Among others, the study highlights various infrastructural, political economy, gender 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>.



D-217, Bhaskar Marg, Bani Park, Jaipur 302 016, India

Ph: 91.141.228 2821, Fax: 91.141.228 2485

Email: [cuts@cuts.org](mailto:cuts@cuts.org), Website: [www.cuts-international.org](http://www.cuts-international.org)

Also at Delhi, Kolkata and Chittorgarh (India); Lusaka (Zambia); Nairobi (Kenya); Accra (Ghana); Hanoi (Vietnam); Geneva (Switzerland) and Washington DC (USA).