WBG suggests measures to enhance connectivity between India and Bangladesh

The World Bank Group (WBG) has recently released a report on enhancing regional connectivity in the Bangladesh-Bhutan-India-Nepal (BBIN) network 'Connecting to Thrive: Challenges and Opportunities of Transport Integration in Eastern South Asia'. The report analyzes the BBIN Motor Vehicles Agreement (MVA) and compares it with international best practices to identify its strength as well as areas where improvements would lead to seamless regional connectivity.

Following are a few excerpts of the report:

The Bangladesh–India border is the fifth-longest border in the world, and it is a thick border. It is more costly for Bangladesh and India to trade with each other than for either of them to trade with Germany. As a result of the thick border, bilateral trade represents about 10 percent of Bangladesh's trade and 1 percent of India's trade. These figures compare poorly with East Asian and Sub-Saharan African economies, where intraregional trade accounts for 50 percent and 22 percent of total trade, respectively.

On average, crossing the India–Bangladesh border at Petrapole–Benapole, the most important border post between the two countries, takes 138 hours, including 28 hours spent transloading cargo. In contrast, the time to cross borders handling similar volumes of traffic in other regions of the world, including East Africa, is less than six hours. Cargo transported by rail also has to be transloaded at the border, because of restrictions on the use of freight wagons on foreign railways. Cargo shipped between Bangladesh and India in seagoing vessels has to be transshipped in Colombo or ports in East Asia, such as Singapore and Port Klang. Deficits also exist in transport and trade infrastructure, but the main drivers of the high costs are policy and regulatory barriers.

Lack of transport integration between Bangladesh and India also means that Indian trucks are not allowed to transit through Bangladesh. As a result, India's northeast states are connected with the rest of India only through the Siliguri corridor, a 27-kilometer wide tract of land commonly known as the "chicken's neck". The transit restriction leads to long and costly routes between northeast India and the rest of India and the world. Goods from Agartala, for example, travel 1,600 kilometers through the Siliguri corridor to reach Kolkata Port instead of 450 kilometers through Bangladesh. If the border were open to Indian trucks, goods from Agartala would have to travel just 200 kilometers to the Chattogram Port in Bangladesh, and the transport costs to the port would be 80 percent lower.

Almost all road-based freight movements between northeast India and the rest of India are expected to go through Bangladesh if the restrictions to free movement of freight are removed… The transport time and costs between Agartala and Patna via Hili in the northwest of Bangladesh are 40–50 percent lower than through the Siliguri corridor. For freight traveling between Guwahati and Kolkata, the routes through Bangladesh are about 20–25 percent faster and less costly than the routes through the Siliguri corridor.

Given the choice, shippers in northeast India trading with the rest of the world would prefer Chattogram Port over the Kolkata and Haldia ports. Currently, 95 percent of exports from Assam, Meghalaya, Manipur, Nagaland, and Arunachal Pradesh are transported to the Kolkata and Haldia ports on the road through the Siliguri corridor; the remaining 5 percent moves by rail through the same corridor. Once restrictions on the movement of Indian cargo through Bangladesh are lifted, 93 percent of exports from northeast India are projected to use the Chattogram Port, with almost all freight going by road.

Highlighting the limitations of the MVA, the report says: The agreement has some critical gaps, which could hamper the emergence of a regional integrated and contested market for road transport. Chief among them are the lack of standards for the design of infrastructure on which services are permitted, the absence of rules on the training and issuance of driver's licenses, and the omission of general principles for transit movements. The MVA does not permit triangular traffic movements, which could offer flexibility to operators in how they route trucks across the region. Triangular operations can be important, given the geography of trade flows across the region and the prevalence of unidirectional traffic flows in some corridors. The agreement also provides for operations only on specified routes and through designated border-crossing points, which can be a constraint as trade interactions become more intense and complex.

Restrictions on the routes and border posts that can be used by Bangladeshi and Indian trucks lead trucks to use longer and more costly routes, limiting the benefits of the agreement. If Indian trucks are allowed to ply only the northeast– southwest and northwest–southeast corridors in Bangladesh and the frictions that affect trucks from both countries are removed only on the main border posts along these corridors, real income will increase by only 11.3 percent in Bangladesh and 5.6 percent in India. These gains are 68–74 percent of the gains under full integration, where trucks can ply any road and use any border post along the Bangladesh–India border.

The report suggests the key regional policy actions the countries should take to strengthen the MVA, as harmonizing driver's licensing and visa regimes, establishing an efficient regional transit regime, rationalizing and digitizing documents, and rationalizing the selection of routes. Key policy actions the countries should take to improve regional connectivity include standardizing infrastructure design, increasing the level of service along regional corridors, ensuring competition in transport service markets and greening road transport.

The report further highlights key policy actions the countries should take to enhance benefits of regional integration in rural areas as connecting local markets and improving women's participation in export-oriented agricultural value chains.

Notifications

PIB

Cabinet approves creation of Pradhan Mantri Swasthya Suraksha Nidhi

https://pib.gov.in/PressReleasePage.aspx?PRID=1703736

378 SEZs are presently notified, out of which 265 are operational

https://pib.gov.in/PressReleasePage.aspx?PRID=1703791

Export of Defence Equipment

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Modernisation of Railway Stations

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