CHAPTER IV

***BILATERAL AND MULTILATERAL INITIATIVES***
Bilateral and Multilateral Initiatives

Transport sector integration/coordination is a precondition for further economic integration of any region. This is more important if the region includes landlocked countries/regions as in case of the region under study. The issue of cross-border transport can’t be addressed at the unilateral level. These issues have to be dealt at the regional level. There are two levels of issues involved. One is the policy planning and another issue obviously being the issues of the implementation of this planning. While the former has been initiated in our region with great vigour, the later has not been so and needs a heavy thrust. After analysing the existing transport infrastructure of the region in the last chapter, we proceed to discuss the measures taken by various bilateral and multilateral instruments to fill the infrastructural gap or missing links.

The chapter is arranged in five major sections. The first section discusses the bilateral relation between India and Bangladesh. Major and contentious issues have been discussed in this section. Second section of the chapter gives an overview of India – Bangladesh economic relations and issues involved. The third section analyses the economic interaction between India’s North East and Bangladesh. Section four describes the bilateral initiatives to address the issue of cross-border transport facilitation. The fifth section of this chapter analyses some of the multilateral initiatives to address the issue of cross-border transport in the region. These include initiatives undertaken by Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation (BIMSTEC), South Asian Association for Regional Cooperation (SAARC) and United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP).
4.1 India-Bangladesh Relations

India-Bangladesh relations have experienced up and down with the changing time. India played a crucial role in the emergence of Bangladesh as a sovereign nation-state. India offered all types of support including military for the liberation of Bangladesh. The bilateral relations underwent a phase of 'honeymoon' immediately after the liberation of Bangladesh in December 1971. This may be due to the fact that soldiers of India made bold sacrifices for securing to the people of Bangladesh their freedom and rights. This provided a strong foundation to the bilateral relations for the years to come. Liberation of Bangladesh followed high level visits and meeting between the two neighbours. Several economic packages were offered by India for the socio-economic reconstruction of Bangladesh. The top level exchange started with the visit of Sheikh Mujibur Rahman, the then Prime Minister of Bangladesh to India from 6th to 8th February 1972. He met his Indian counterpart Mrs. Indira Gandhi and it was agreed that by 25th March 1972, India would withdraw all its troops from Bangladesh. India acted swiftly and completed the troop withdrawal exercise by 13th March, i.e., 12 days in advance. Mrs. Indira Gandhi paid a return visit to Dacca in March 1972. Among other things, it was agreed to establish a Joint River Commission (JRC) for surveying and studying the shared river systems and for formulating and implementing joint projects for flood control and irrigation facilities. But the most significant achievement was the signing of Indo-Bangladesh Treaty of Cooperation, Friendship and Peace. This was a 25 year treaty. It had 12 articles and a preamble. In Art. 5, both the countries agreed to continue to strengthen and widen their mutually advantageous and all round cooperation in economic, scientific, technical, trade and transport and communication fields. The treaty was a land mark as far as the bilateral relation is concerned for both the countries. Similarly on March 28, 1972, both the countries entered into a trade agreement which provided for trade of nearly Rs. 100 crores. This agreement
also provided for border trade for the people living within 15 kms. belt of the border and was primarily aimed to help the people of border areas to meet their day to day requirements. A series of agreements were signed in the coming years consisting of areas like science, technology, trade & commerce, education, culture and sports. Several joint ventures were established especially after the summit conference of May 1974 between the two countries. However things started changing and the bilateral relations lost its warmth especially after the military coup in Bangladesh in 1975. The warmth of post 1971 India-Bangladesh relation was never seen in the years to come. Some prominent issues which figured out in Indo-Bangladesh relationships are discussed below.

4.1.1 Border Issues

Boundary demarcation between India and Bangladesh (the erstwhile East Pakistan) is on the basis of Bengal Boundary Commission constituted on 30th June 1947. The Chairperson of the Commission Sir Cyril Redcliffe wrote in his report:

>The province (Bengal) offers few, if any, satisfactory natural boundaries, and its development has been on lines that do not well accord with a division by contiguous majority areas of Muslim and Non-Muslim majority.

Dispute started coming up during the interpretation and implementation of the Redcliff award. These conflicts were taken up by the Indo-Pakistan Boundary Disputes Tribunal under the Chairmanship of Honourable Algot Bagge, former member of the Supreme Court of Sweden. The Bagge Award looked into disputes related to the boundary between the district of Murshidabad and Rajashahi and some other areas. The Nehru-Noon Agreement on India-East Pakistan Border was signed in New Delhi on 10th September 1958. This agreement addressed the border disputes related to West Bengal, Assam and Tripura. The agreements covered the Bagge Awards,
Hilli, Berubari Union No 12, 24-Parganas-Khulna and 24-Parganas-Jessore boundary, Bholaganj, Piyain and Surma rivers, Feni river and Cooch-Behar enclaves (Jamwal, 2004; 7). In 1974, Indo-Bangladesh Border Agreement was signed. This agreement listed in detail the modalities to deal with each of the outstanding border concerns including the enclaves and un-demarcated boundaries. This agreement was subject to ratification by the two governments. Bangladesh ratified it in 1974, but till now India has not ratified it. The Government of India’s argument is that the ratification needed parliamentary approval, which could not be obtained until the entire border had been demarcated and the areas to be exchanged are identified on the ground. The demarcation of the unmarked 6.5 kms of the border has been pending because of the concerns of the Hindu population living in the lands likely to go to Bangladesh after demarcation (Gupta and Chanda, 2001).

The Bangladeshi demand vis-à-vis India concerning the border dispute includes:

• Ensuring free movement of enclave people;
• Permitting exchange of enclave people;
• Undertake necessary measures for demarcation of the border line;
• Refrain from pushing Bengali speaking Indian nationals into Bangladesh territory;
• Adopt methods to check violation of the border by Indian civilians and BSF members;
• Ban smuggling of Phensidyl (an intoxicating chemical) and drugs;
• India should ratify the Indira-Mujib Agreement (1974) to facilitate the demarcation of the remaining part of the border. (Gupta and Chanda, 2001).

Apart from conflicts over land borders, there have been also disputes regarding the maritime border between the two nations. The prominent
among these is the issue of occupation and ownership of New Moore Island because of which India-Bangladesh relations developed a serious strain especially during early 1980s. The island emerged in Bay of Bengal in 1970 due to volcanic activities in the region. This island has a landmass of barely 1.5 sq. km. It lies at a distance of barely 5.2 kms from nearest Indian landmass as against 7.6 kms from the nearest landmass of Bangladesh. Although the island is very small one but it has great economic importance and its ownership involves various maritime and other territorial rights over about 4,000 nautical miles of the sea (Jayapalan, 2001; 334). Bangladesh did not question India’s claim over the island neither when British and American naval maps recognised the island as part of India nor during Indo-Bangladesh talks in 1974 on the issue of delimitation of maritime boundary and also when the talk resumed in 1978.

Problem started when West Bengal police hoisted the Indian Tricolour on the island renamed as Purbasha. This was highlighted in the Bangladeshi press with photographs. It was this time, Bangladesh reacted sharply. It questioned the Indian claim over the island. This was followed by claims and counter claims at different level between the two riparian nations. On 14 April 1981, India sent its survey ship Sandhayak to the island for collecting data. Dacca reacted sharply and in few days of time the situation got aggravated. The naval forces of two nations were at the brink of clash. This situation was averted through discussion along diplomatic channels (Jayapalan, 2001; 336-37). However, the New Moore Island continues to be an issue in Indo-Bangladesh relation. As Verghese (2003) puts it, “it would be well to seek speedy demarcation of India’s maritime boundaries with Bangladesh .... The dispute over New Moore Island or South Talpatty with Bangladesh has delayed determination of this maritime boundary and fixation of the baseline along the indented Sunderbans coastline.”
4.1.2 Sharing of Common Waters

India and Bangladesh have more than 50 rivers in common. So there have been conflicts concerning the water of these rivers and the prominent being the Ganga River at Farakka. Over the decades the water of lower Ganga basin have been flowing more towards east than south (towards Kolkata port). In order to make the business going on at the Kolkata port, India constructed a barrage at the Farakka. The diversion of water started on 21 April 1975. Three days before that India and Bangladesh agreed on the amounts of water which India could divert in April and May of that year (Khosla, 2005; 74). But it was felt that the amount of water to Bangladesh is very small. Further by the end of the year, the military government came to power in Bangladesh which was mistrusted by the Indian government. Citing the Farakka issue General Ziaur Rahman tried to consolidate his position. Bangladeshi media projected this issue as conspiracy against the independence and sovereignty of the country. It was in early 1977 the bilateral relations started improving as the regime in New Delhi changed and Moraji Desai became the Prime Minister. The negotiation went on and in December 1996 the historic Farakka Agreement was signed. The treaty is valid for 30 years with a provision for review after every five year. But Bangladesh has started raising its apprehensions as India is planning to interlink different rivers. According to Bangladesh, this will violate the treaty even if the concept of interlinking of rivers is at initial stage (Datta, 2004; 133).

4.1.3 Illegal Migration

Illegal migration has been a persistent issue in Indo-Bangladesh relations. It is estimated that about 15 to 20 million illegal Bangladeshi migrants are living in different states of India mainly in West Bengal and North Eastern states. This exerts tremendous pressure on India’s national security and economic well being. The immigrants cross over to this country mainly on economic reasons and due to religious oppression of minorities (Hindus) from this Islamic
country. The situation gets more complicated when intelligence agencies are reporting that some Bangladeshis are being trained as saboteurs in Pakistan. Further problem exists because the migrants have settled down permanently, encroached lands and are enjoying the rights of natural citizens (Pathania, 2003). In spite of all these Dhaka has been consistently denying the Indian position on illegal migration. This is high time that the two governments should sit across the table for an amicable solution otherwise it may trigger greater security and economic concerns for India.

4.2 India-Bangladesh Economic Relations

India-Bangladesh bilateral trade have increased over the years. Trade imbalance has always been an issue in Bangladesh-India relation. The increasing trend of the trade imbalance is brought out very clearly in the Figure 4.1. Another issue is the issue of illegal trade. The volume of illegal trade is comparable to that of the formal trade. It is very difficult to capture data on informal trade. An estimate finds that for the year 1992-93, India’s informal trade with Bangladesh was US $ 313 million where as the formal trade with Bangladesh for the same year was US $ 356.9 million (Taneja, 2004; 5369). We can see from this estimate that the magnitude of informal trade is near about the formal trade. The reasons for this kind of phenomena are many. Inadequate infrastructure at the border crossing is one of the main factors. Live animal (cattle) constitute more than half of the illegal export. Smuggling of 83 percent of goods are done from the five bordering districts of West Bengal (Mukherji, 2001; 36). The fact remains that Bangladesh’s export basket is very limited. Unless Bangladesh improves its export basket by attracting massive FDI, the situation is unlikely to change in near future.
India’s trade with Bangladesh has increased from US $ 90 million in 1980 to 1.85 billion in 2006. It is very much clear that over the years the trade balance is moving up and up in favour of India. This is because of the fact that India’s exports to Bangladesh has increased from US $ 90 million in 1980 to US $ 301 million in 1990 to US $ 1.62 billion in 2006 where as India’s imports from Bangladesh also have gone up but not in pace with the rate of growth in exports to Bangladesh. India’s imports from Bangladesh have increased from US $ 4 million in 1980 to 228 million in 2006 (see Figure 4.1).

Figure 4.2 shows the share of Bangladesh in India’s world trade from the year 1980 to 2006. We can see that the share of Bangladesh in India’s world export increased from 1.2 percent in 1980 to 2.73 percent in 2003 and after that registered a declining trend and is at 1.29 percent in the year 2006. In case Bangladesh’s share in India’s world imports, it has increased from 0.03 percent in 1980 to 0.13 percent in 2001. It declined afterward till 2004 when the share was 0.06. From 2005 it started increasing and registered 0.13 in 2006.
The share of India in Bangladesh’s world exports has declined from 0.85 percent in 1980 to 1.27 percent in 2004. In import front, share of India in Bangladesh’s world import has been increased more than 2 times from 5.09 percent in 1980 to 11.24 percent in 2004 (Figure 4.3).

Study of composition of export and import baskets is very much important while studying any bilateral trade relationship. It is generally accepted that more diversified the export basket, better the growth of economy. Here, an attempt was made to study the composition of India’s trade with Bangladesh for the year 2006. Figure 4.4 and 4.5 shows the composition of India’s export to and imports from Bangladesh. Products at 2 digit level of Harmonised System (HS) have been taken into consideration. Further, products comprising more than 50 percent of transaction have been considered and rest of the products are clubbed in ‘others’ category.
Figure 4.3

Share of India in Bangladesh’s World Trade

Note: data for the year 2005 and 2006 is not available in UN-COMTRADE database for Bangladesh as a reporting country.

Source: Computed from UN-COMTRADE Database, May 2008.

Figure 4.4

Composition of India’s Exports to Bangladesh, 2006-07

Source: Computed from Director General of foreign Trade (DGFT), Government of India online Database, May 2008.
From the Figure 4.4 it is clear that, cotton constitute the highest share (16 percent) in India’s exports to Bangladesh in the year 2006-07 followed by cereals (10 percent). Other major exported products are mineral fuels, etc (8 percent), edible vegetables (7 percent), sugar and allied products (6 percent) and vehicles other than railway and parts thereof (6 percent). These six products constituted 53 percent of Indian exports to Bangladesh in 2006-07. The prominent products in the ‘other’ category are residues from the food industry, iron and steel, electrical machinery etc.

However, the import basket of India from Bangladesh is not as diverse as that of the export basket. Six products (at HS 2 digit level) constitute 53 percent of India’s total exports to Bangladesh whereas only four products (at HS 2 digit level) constitute 57 percent of India’s total imports from Bangladesh. The composition of India’s imports from Bangladesh for the year is shown in Figure 4.5.

**Figure 4.5**

*Composition of India’s Imports from Bangladesh, 2006-07*

Source: Computed from Director General of foreign Trade (DGFT), Government of India online Database, May 2008.
India’s top imports from Bangladesh are inorganic chemicals (18 percent), followed by other vegetable textile fibres (17 percent), fertilizers (13 percent) and other made-up textile articles (9 percent). These four products constitute 57 percent of India’s total imports from Bangladesh in the year 2006-07. The prominent products in the ‘other’ category are fish and crustaceans, electrical machinery and mineral fuels, etc.

Bangladesh has been complaining that there exist various barriers especially in the form of non-tariff and para-tariff measures imposed by Indian authorities. Their main points of contentions have been summarised in the Table 4.1.

Table 4.1
Non-tariff and Para-tariff Barriers Faced by Bangladeshi Exporters in India

<table>
<thead>
<tr>
<th>NTBs/PTBS</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classification of Goods</td>
<td>Customs authorities in India, in many cases, do not agree with the HS classifications declared by the exporters. There is a tendency of reclassifying the products in such a manner so that higher duties can be imposed.</td>
</tr>
<tr>
<td>Customs Valuation</td>
<td>India customs authority often does not accept the value declared by Bangladeshi exporters. Arbitrary valuation of goods makes the products uncompetitive.</td>
</tr>
<tr>
<td>Testing Requirements</td>
<td>Often each consignment of food products is subjected to certificate from the Port Health Officer. Samples are sent to testing laboratories which are far from the custom stations. Such chemical tests are applicable to leather and leather goods, plastic and melamine products. For leather goods, NoC from Wildlife Department is required.</td>
</tr>
<tr>
<td>Mandatory Requirement for Labelling and Making</td>
<td>All pre-packaged products are to carry such information as: name and address of the importers, generic common name of the product, net quantity in standard unit of weights and measures, month and year of packing, maximum retail sales price including all taxes, freight, transport charges, commission payable to dealers.</td>
</tr>
<tr>
<td>Special Labelling for Jute Bags</td>
<td>Every jute bag carry, ‘bag made in –’ which must be machine stitched.</td>
</tr>
<tr>
<td>Mandatory Standard</td>
<td>Since August 2003 mandatory marking of Bureau of Indian Standards (BIS) is required for import of 159 commodities.</td>
</tr>
</tbody>
</table>
### NTBs/PTBS Description

<table>
<thead>
<tr>
<th>NTBs/PTBS</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requirements</td>
<td>These products include, amongst others, cement, steel tubes, stoves, electrical and electronic items, steel products, leather products, helmets, gas cylinder, batteries and mineral water. Foreign manufactures intending to export these products will have to set up an office in India, with the permission of Reserve Bank of India.</td>
</tr>
<tr>
<td>Sanitary and Phytosanitary Measures</td>
<td>All primary agricultural products are subject to bio-security and sanitary and Phytosanitary import permits. Determination of eligibility procedures suffers from lack of transparency.</td>
</tr>
<tr>
<td>Technical Regulations</td>
<td>(1) Import consignment containing textile and textile products shall have to accompany a pre-shipment certificate from a textile testing laboratory accredited to the National Accredited Agency of the country of origin. If such certificate is not available consignment will be cleared only after testing the same from the notified agencies. (2) All pharmaceutical products must be registered by the Central Drug Standard Control Organisation headed by the Drug Controller of India. (3) For jute products a certificate is required from national testing agency confirming that the content of non-halogenated hydrocarbon (jute batching oil) in the jute bags for packaging purpose shall not exceed 3 percent by weight.</td>
</tr>
<tr>
<td>Quarantine Requirement</td>
<td>All import of plants, fruits and seeds have to obtain an import permit at least one month on advance and all imports shall be subject to inspection by officer in charge of plant quarantine station. Jute and jute products are often subject to such requirement even though they are not living organism.</td>
</tr>
<tr>
<td>Tariff Value</td>
<td>Import of C.I. sheet is subject to a tariff value of US$ 590/600, while the price of such product from Bangladesh is not above US$ 450.</td>
</tr>
<tr>
<td>Countervailing Duty</td>
<td>Countervailing duty at a rate of 16 percent is imposed on agro-product, toiletries and cosmetic items.</td>
</tr>
</tbody>
</table>

Source: *Trade Focus – A Unnayan Shamannay Newsletter, Issue 2, February 2007, p.15.*

Coming on to the investment part, India’s investment in Bangladesh has increased in recent years and the prominent among them is Tata’s proposed investment of the value of $2 billion. This includes 1000 MW power station, a steel mill with a capacity of 4.2 lakh tonnes annually and a one
million tonne fertiliser unit (Dastidar, 2006; 97). The proposed Free Trade Agreement (FTA) between India and Bangladesh may open up new avenues for bilateral trade and investment. A recent study by the World Bank (2006; 87) finds that the gains from such FTA can only be derived equitably only if “improvement in the transport, storage and administrative infrastructure at and adjoining the India-Bangladesh land borders, as well as in harmonization and cooperation in Customs administration and banking relationships” is undertaken.

4.3 Economic Interactions between India’s North East and Bangladesh

There existed good economic interactions between Bangladesh and India’s North East before the partition of the subcontinent. But the partition of 1947 created a sudden breakdown of this economic interaction. This interaction has increased over the years but still at a snail’s pace. Let us first discuss about the current trade between India’s North East (INE) and Bangladesh. Based on the data collected from office of the Commissioner of Customs, Shilong, it is very much clear that INE’s exports to Bangladesh as well as imports from Bangladesh are increasing (Figure 4.6). But noteworthy fact is that the export share is decreasing over the years. This means that imports from Bangladesh is increasing relatively at a much faster rate than exports. According to Mukherji (2008: 95) the Export-Import share of India with Bangladesh has been decreasing over the years from 18.95 in 2002-03 to 7.14 in 2006-07. This may be due to Bangladesh’s increased exports to India’s North East.

When we see the trade value by the Land Customs Stations (LCS) we find that Borsora is the LCS through which India exports more in comparison to other LCS followed by Sutarkandi (Figure 4.7). In the year 2006-07, about 33 percent of INE’s exports to Bangladesh were routed through Borsora LCS and 18 percent through Sutarkandi LCS followed by Dawki (16 percent), Gasuapara (16 percent) and Shella Bazar (7 percent).
**Figure 4.6**

India's North East - Bangladesh Trade

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
<th>Imports</th>
<th>Value in INR Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>1.90</td>
<td>0.20</td>
<td>1.90</td>
</tr>
<tr>
<td>2005-06</td>
<td>2.16</td>
<td>0.46</td>
<td>2.62</td>
</tr>
<tr>
<td>2006-07</td>
<td>2.89</td>
<td>0.83</td>
<td>3.72</td>
</tr>
</tbody>
</table>

**Source:** Based on the data obtained from Commissioner of Customs, Shilong.

**Figure 4.7**

Exports to Bangladesh from India's North East by Land Customs Station, 2006-07

- **Shella Bazar**: 7%
- **Ghasuapara**: 16%
- **Dawki**: 16%
- **Others**: 10%
- **Borsora**: 33%
- **Sutarkandi**: 18%

**Source:** Based on the data obtained from Commissioner of Customs, Shilong.
When we analyse the import of INE by LCS (Figure 4.8), we find that Agartala accounted for about 57 percent of INE's total imports from Bangladesh in the year 2006-07 followed by Sutarkandi (37 percent). This means around 94 percent of INE's imports are routed through these two LCS. It is further observed that Sutarkandi LCS is the preferred LCS both by Indian as well Bangladeshi exporters. It caters to 18 percent of INE's export and 37 percent of INE's imports from Bangladesh. This may due to the fact that good and wide road (National Highway No. 151) joins Karimganj district. Further Karimganj is connected by NH 44 which connects other towns of India's North East.

![Figure 4.8](image)

**Imports of India's North East from Bangladesh by Land Customs Station, 2006-07**

Source: Based on the data obtained from Commissioner of Customs, Shilong.

The study undertaken by the Bangladesh Enterprise Institute (BEI), on INE-Bangladesh is one of the few studies undertaken in this regard. The findings and suggestions are aimed at the policy makers in Bangladesh but much of them also apply to the INE. The major findings of the study (Jalil, 2004; 4-6) done by BEI are:
Bilateral and Multilateral Initiatives

- Government departments dealing with infrastructure development do not have any projects specifically focused on enhancing Bangladesh-NEI trade apart from their overall national development programs.
- There have been a few Chamber to Chamber MOUs. But follow-up has been almost nil. This needs to be pursued.
- There appear to be tremendous prospects for trade promotion assistance. Market entry and penetration strategies have to be different towards these neighbouring states than for other export markets.
- Need to set up data management and monitoring system focused on INE trade.
- Need to identify Bangladeshi products at the standardized H.S. Code for specific products.
- Need business school type actionable studies for determining competitiveness of products identified for exports to INE.
- Need for identification of and support to industries to be set up in INE border areas using INE raw materials.
- Need to work with local businesses already trading and exporting to INE.
- Need to work with selected SMEs to develop trade linkages to increase exports by identifying their export constraints and work with specific agencies to overcome identified barriers.
- Make research and trade facilitation information on INE available to SMEs and other stakeholders.

4.4 Bilateral Initiatives

After the creation of Pakistan major portion of the Assam-Bengal Railway went over to the then East Pakistan. So the direct link between India's North East and Bangladesh was cut off. Prior to the armed conflict between India and Pakistan of 1965, there existed rail links between the erstwhile East
Pakistan and India. Three trains ran between the two countries carrying goods and passengers:

a. East Bengal Express between Sealdah and Goalandu Ghat via Gede;
b. East Bengal Mail between Sealdah and Partbatipur via Gede; and
c. Barisal Express between Sealdah and Khulna via Petrapole.

Gede was the place where the customs check for the East Bengal Express and East Bengal Mail was done and Petrapole was the custom check point for the Barisal Express. These links were not resumed even after the liberation of Bangladesh. Very recently (from 14th April, 2008) the passenger train named Maitree Express started plying on Kolkata-Gede-Darshana-Dhaka route (Map 4.1).

Map 4.1
Route of Maitree Express

Similarly road links that were there between the two countries prior to the independence of Bangladesh have also not resumed. They are –

a. National Highway No. 35 extends from Calcutta to Barisal and Bongaon in India to Dhaka.
b. National Highway No. 35 connects Barisal to Petrapole
c. National Highway No. 40 connects Siliguri and Guwahati in India to Chittagong and Dhaka via Comilla in Bangladesh.

Source: Dutta, Sanjaya (2008). “Memory express - East is east and west is west but the trains have met, after 43 years”, The Telegraph, online edition, Calcutta, 15th April.
The water transport system got disrupted after the partition of the subcontinent. The earthquake of 1950 caused various geotectonic changes to the Brahmaputra River. This affected the navigable channels of the river in the upper reaches resulting in the closure of the river services by the Joint Steamer Companies from 1954. The inland steamer service connecting Assam with other parts of India was closed down in 1965 due to India-Pakistan tensions (Bhattacharyya, 2005; 110).

The discontinuation of these links had great impact on the people of border areas as some of their relatives live across the border. Importance was given to develop these transport linkages by both the countries after the liberation of Bangladesh in 1971. The Government of India commissioned the Army Engineers to restore the bridges and repair the railway tracks damaged during the liberation war. The Indian Railways extended assistance in rehabilitating the railway system in Bangladesh, including the repairs of the Hardinge Bridge. At that point of time many in India thought that Bangladesh can be a bridge between Indian mainland and the North East region. Close cooperation between the Indian National Congress and the Awami League helped in commencing negotiations on road and rail links for expanding trade relations. A trade agreement was signed between the two nations on 28th March 1972. Article V of the Agreement provided for “mutually beneficial arrangements for the use of their waterways, railways and roadways for commerce between the two countries and for passage of goods between two places in one country through the territory of the other.” There existed a strong political will on part of both the government for cooperation in this field for mutual benefit (Thapliyal, 1999; 1923). As a result of this political will Government of Bangladesh had extended inland waterways facilities through its territory to the Indian steamers moving from Calcutta or Guwahati to Cachar district in Assam carrying essential supplies at the time of the disruption in the communication links because of the floods in the
Brahmaputra and Barak Rivers. Following the trade agreement, a Protocol on Inland Water Transit and Trade was signed in accordance with Article V of the Trade agreement of 1972 for a term of five years on November 1, 1972. The routes identified by the protocol were:


This close relationship did not last much. The government of Mujib-ur Rahman was criticized by the left as well as right wing of Bangladeshi politics as falling under the policy control of the Government of India. The assassination of President Mujib-ur-Rahman on August 15, 1975, brought changes in the foreign policy of Bangladesh. The later governments were reluctant to provide transit facilities to India for its North Eastern states as it was considered a policy of appeasement towards India. By that time other irritants in bilateral relations like Farraka issue also had come up. So the subsequent Bangladeshi regime linked this issue with the transit issue which made the problem more complex. A five-year agreement on Ganges water was signed between the two countries in November 1977 under the Prime Ministership of Moraji Desai. Even then the transit issue was not solved. On October 4, 1980, a new Trade Agreement was signed between the Governments of India and Bangladesh. Article VIII of the agreement agreed "to make mutually beneficial arrangements for the use of their waterways, roadways and railways for commerce between the two countries and for passage of goods between two places in one country through the territory of the other." In pursuance of Article VIII of the Trade Agreement, a Protocol on Inland Water Transit and Trade was signed on November 8, 1983. It identified two more additional routes viz:
a. Rajshahi-Godagari-Dhulian;

The protocol was signed for a period of two years and was subsequently extended in 1984, 1987, 1989, 1991, and 1994.

In November 1997, existing trade and inland water transit protocol was upgraded for another two years. Four additional ports of call were also added. The treaty enables India and Bangladesh to use their waterways for commerce between two places in one country through the territory of another. The new ports of call are Haldia and Pancopara in India and Khulna and Mongla in Bangladesh (Thapliyal, 1999; 1924).

On September 20, 1990, India and Bangladesh signed a working agreement for reopening the broad gauge rail route between Singhbad in India and Rohanpur in Bangladesh for facilitating the movement of goods traffic which started from October 1, 1990. The agreed route was an alternative to relieve traffic congestion from the existing Gede-Darsana route. Some other routes were also opened before and after this agreement for cross border trade Benapole/Petrapole being the mostly used route.

Although all these initiatives were undertaken at the policy level, lack of basic infrastructural facilities at the Land Custom Stations (LCS) pose a serious set back to the promotion of trade relationship across these borders. At the Bangladesh side severe lack of basic infrastructure at most LCSs is evident. There are major weaknesses in all of the following areas (Jalil, 2004; 41):

- Unavailability of, or insufficient, warehouse, sheds, parking, weigh bridges, dumping space, guest house
- Insufficient local and international banking facilities
- Insufficient ISD and Local telecommunication facilities
- Insufficient or unavailability of electricity, gas, and water supply
- Lack of good quality roads leading up to the LCS
• Lack of customs office building

In recent days Bangladesh Land Port Authority has taken up 13 LCSs for development as land ports. 10 of these are being given to the private sector to be operated under Built-Operate-Transfer. Banking, telecommunications, utilities, roads and others facilities need to be improved in coordinated manner by relevant authorities.

Similarly on the Indian side no significant steps have been undertaken to address these issues. A new era will start in trade through land route in South Asia and particularly in India, when the proposed Land Port Authority will be established in the lines of Airport Authority of India. In the first week of January 2007, Cabinet Committee on Security clearly approved an action plan for revamping of infrastructure at the major land borders to facilitate trade and commerce with the neighbouring countries. This was in sharp contrast to the traditional approach of security concerned with management of borders. The plan clearly states out that development of 13 major land ports will be under the control of the proposed Land Port Authority of India. Further the Authority will identify points on land and riverine borders as land ports and then plan and implement their development so that access to these points may be improved by improving and upgrading the rail and road facility. The land ports will be developed as Integrated Check Post (ICP) that will not only accommodate state-of-the-art Customs, Immigration and screening facilities, but also support services like parking, warehousing, hotels and banking, all under the aegis of a single complex. For this reason Department of Road Transport and Highways and Ministry of Railways have been told to upgrade road and rail links to these 13 border posts on a priority basis. Until the Land Port Authority of India is set, up an Empowered Steering Committee under Secretary, Department of Border Management in the Ministry of Home Affairs, will oversee the ICPs' construction having
senior officials from the Ministries of Finance, External Affairs, Commerce, Defence, Road Transport, Planning Commission and Railways (Dhoot, 2007).

Apart from road connectivity, logistics like banking facilities, telecom services, power supply systems, etc. are not good enough to encourage trader. According one study undertaken by Bangladesh Enterprise Institute (Jalil, 2004; 75), out of 13 LCS of Bangladesh bordering North East India, only one is having warehouse facility, six are having banking facility with in 10 kms, two have STD facility, three have local call facility, etc. So, along with road and rail connectivity these basic infrastructures also have to be taken care of.

<table>
<thead>
<tr>
<th>Road Condition Leading upto LCSs on Bangladesh and Corresponding NEI Border</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bangladesh Side</strong></td>
</tr>
<tr>
<td>LCS</td>
</tr>
<tr>
<td>Tamabil</td>
</tr>
<tr>
<td>Chatak</td>
</tr>
<tr>
<td>Borsora</td>
</tr>
<tr>
<td>Nakugaon</td>
</tr>
<tr>
<td>Gobrakora,</td>
</tr>
<tr>
<td>Koraitoli</td>
</tr>
<tr>
<td>Dhanuag-</td>
</tr>
<tr>
<td>Kamalpur</td>
</tr>
<tr>
<td>Akhaura</td>
</tr>
<tr>
<td>Bibirbazar</td>
</tr>
<tr>
<td>Batuli</td>
</tr>
<tr>
<td>Chatlapur</td>
</tr>
<tr>
<td>Jokiganj</td>
</tr>
<tr>
<td>Sheola</td>
</tr>
</tbody>
</table>


Sixteen out of thirty-three LCS bordering North East India is non-functional. Immediate steps should be taken to identify the problem and solve it (Jalil, 2004; 42). Further lack of information on the part of the local Bangladeshi businessmen of the border areas about export procedures and
incentives offered by Government of Bangladesh further hinders the trade flow (Jalil, 2004; 43). Inadequate knowledge of custom officials at local LCS on export procedures and benefits, to advice the potential exporters in Bangladeshi side also discourage the traders.

Table 4.3

<table>
<thead>
<tr>
<th>Border Crossing</th>
<th>Mode</th>
<th>Problem</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chittagong</td>
<td>Water</td>
<td>Inefficient management and operation, lack of equipment, excessive delay and cost.</td>
<td>Privatisation of port operation and investment</td>
</tr>
<tr>
<td>Kolkata</td>
<td>Water</td>
<td>Inefficient management and operation, lack of equipment, excessive delay and cost.</td>
<td>Privatisation of port operation and investment (increased use of Haldia for Nepal)</td>
</tr>
<tr>
<td>Benapole/Petrapole</td>
<td>Road</td>
<td>Congestion</td>
<td>Construction; simplify procedures</td>
</tr>
<tr>
<td>Brigunj/Rauxal</td>
<td>Rail</td>
<td>Operations not yet decided</td>
<td>Privatise ICD operations</td>
</tr>
<tr>
<td>Bhairahwa/Notanawa</td>
<td>Road</td>
<td>Operations not yet decided</td>
<td>Privatise ICD operations</td>
</tr>
<tr>
<td>Benapole/Petrapole</td>
<td>Rail</td>
<td>Soon to start operation</td>
<td>Simplify procedures</td>
</tr>
<tr>
<td>Darsana/Gede</td>
<td>Rail</td>
<td>Long processing time.</td>
<td>Simplify procedures. Bank and custom to be available seven days per week.</td>
</tr>
<tr>
<td>Akhaura/Agartala</td>
<td>Road</td>
<td>Not open for traffic</td>
<td>Protocol for road and rail movement</td>
</tr>
<tr>
<td>Kakarbhitta-Panitanki</td>
<td>Road</td>
<td>Poor facilities on both borders, no customs at Bangladesh</td>
<td>Improve border crossing facilities; allow transit for Nepalese trucks</td>
</tr>
<tr>
<td>Burimari-Changrabaandh</td>
<td>Road</td>
<td>Insufficient infrastructure, lack of customs office, bad road access</td>
<td>Infrastructure investments.</td>
</tr>
</tbody>
</table>

Access from North East India to Bangladesh and vice versa is very much problematic, where as from Kolkata it is relatively comfortable. This affects the businessmen and tourists. There are no regular air travel facilities between North East India to Bangladesh. And the road connecting Dhaka and Agartala needs to be of acceptable standard. It is important to start direct air links between Dhaka and the region on two accounts. First, reduced travel time will encourage more Dhaka based producers and exporters to explore the region. Second, it will increase the feeling of importance given to each other (Jalil, 2004; 47). From the year 1999, a direct bus service between Dhaka and Agartala has started, but the amount of traffic is not as per expectations.

There is a plan to start bus service between Sylhet-Shilchar but this is yet to materialise. In a conference held recently in Agartala on trade and investment opportunities between Tripura and Bangladesh, Tripura Chief Minister Manik Sarkar spoke of Bangladesh’s comparative advantage in serving the North East market which has an estimated turnover of Rs. 20,000 crore per annum. This can help in reducing Bangladesh’s trade deficit with India. The Akhaura railhead in Bangladesh is only eight kilometres from Agartala and 125 km from Chittagong. It has been agreed in principle to close the missing rail link and separately to permit Indian barges to navigate the Meghna up to Ashuganj from where containerised traffic could move inter-modally by road or rail to Agartala or Karimganj in Cachar (Jalil, 2004; 55). The Indian Railways carries about 8 million tons of freight per annum to the North East through the Siliguri corridor. Two to three million tons of this could easily be trans-shipped across the new Jamuna Bridge. This would halve the distance and double the freight carried by the Bangladesh Railway, leading to gains for both sides.

Recently Bangladeshi roads vital for NEI-Bangladesh trade has been brought under the purview of Roads and Highways Department of
Bangladesh with the funding from Kuwait fund, Asian Development Bank and the World Bank. Theses roads are:

- Sylhet – Tamabil road
- Dhaka – Khulna road
- Dhaka – Sylhet road
- Dharkhar – Akhaura road upto border
- Zokigonj road upto border
- Sheola road upto border

In order to promote sub-regional cooperation in transport and communications in the eastern South Asia, the Asian Development Bank (ADB) is trying to replicate some of the successes of its Greater Mekong Sub-region (GMS) program. Three main components of the initiative of ADB are (Jalil, 2004; 33):

- Possible role for Bangladesh in sub-regional transport system by offering attractive alternatives in terms of more direct, shorter route choices covering different modes of transport including multi modal option, such as container operations
- Importance of Dawki-Tamabil border crossing in the NEI Bangladesh border as a highly potential sub-regional transport corridor.
- The idea of an economic corridor with a proposed 4-lane Dhaka-Chittagong highway, improvement of railway infrastructure on the same route, efficiency improvement of Chittagong port.

In August 2000, Sylhet Chamber of Commerce and Industry (SCCI) and Silchar Chamber of Assam signed a MoU to cooperate each other in promotion of trade between North East India and Bangladesh. The main objective of this seminar was sharing of experience; exchanging visits; sharing data; jointly organizing fairs, etc. Similarly a seminar was organised by SCCI
and the Indian High Commission in Dhaka in October 2003 titled “Promotion of Trade and Investment between Bangladesh and NEI”. The main components of this seminar were (Jalil, 2004; 37):

- Meghalaya delegates called for establishment of better waterways, and road links between Bangladesh and NEI.
- Indian side also called for establishment of Joydevpur-Sealdah train service, issuance of multiple entry visa and removal of travel tax.
- Indian side suggested issuance of transit visa for travellers from outlying northeast and liberal visa regime in general.
- Bangladesh side called for removal of trade barriers and improvement of immigration formalities at LCSs.
- Mizoram representative offered export of large surplus of bamboo, stone-metal, ginger, cotton and some other natural and agro-products.

4.5 Multilateral Initiatives

Three major multilateral initiatives have been discussed here. They are BIMSTEC, SAARC and initiatives of UNESCAP. It is discussed one by one in the following sections.

4.5.1 Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation (BIMSTEC)

Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation (BIMSTEC) is a new regional bloc consisting of Bangladesh, India, Sri Lanka and Thailand, Myanmar, Nepal and Bhutan. BIMST-EC was established June 1997. Bangladesh, India, Sri Lanka and Thailand were the founder member of this regional international organisation. Myanmar was admitted to the grouping in December 1997. Nepal and Bhutan were admitted in February 2002. This grouping will serve as a bridge between the five South Asian Association for Regional Cooperation (SAARC) countries and two ASEAN countries. BIMST-EC will have a greater potential to increase the
trade among member countries by taking advantage of their geographical location in the region of the Bay of Bengal and the Eastern coast of the Indian Ocean. At the first meeting of BIMST-EC Economic/Trade Ministers meeting termed as the Retreat held in Bangkok on 7 August 1998, it was decided that BIMST-EC would initially begin co-operation efforts in six areas. They are Trade & Investment, Technology, Transportation & Communication, Energy, Tourism and Fisheries. Although, this is a new organisation but it has started working in very efficient manner. The area of Transportation & Communication is relevant to us which are discussed below.

Over the years trade among the BIMST-EC countries are increasing. Proposal for making BIMST-EC a Free Trade Area (FTA) is in pipeline although it may take its own time to take the final shape. And good transport and logistic links are pre requisite for this. The existing members have a common sea (Bay of Bengal) except Nepal and Bhutan, which are the two land locked countries of BIMST-EC. Further except Sri Lanka, all members have continuous boundary, which if utilised properly can be a boon for the regions development process. Before proceeding further in our discussion, let us analyse the trade dependence of BIMST-EC member countries with in the arrangement.

**Bangladesh**
The major trading partner of Bangladesh in the BIMST-EC region is India followed by Thailand. Most of Bangladesh’s trade with India pass through overland mainly by road, and by sea with rest of BIMST-EC members.

**India**
India’s major trading partners with respect to exports in the BIMST-EC region are Bangladesh followed by Thailand, Sri Lanka and Nepal. India imports mainly from Thailand followed by Myanmar in the BIMST-EC region. India relies on the road sector for her trade with Bangladesh, Nepal and Bhutan,
while her trade with Myanmar, Sri Lanka and Thailand occurs through sea routes.

Myanmar

Myanmar trades mostly with Thailand and India. As per the volume of trade, Thailand and India are Myanmar’s first and second largest trading partners respectively. Over the past few years, Myanmar had a trade surplus with India, while it had a trade deficit with Thailand. Due to geographical contiguity, Myanmar’s trade with Thailand mostly passes through overland while sea routes are used for trading with rest of members.

Sri Lanka

Sri Lanka’s major trading partner in the BIMST-EC region is India followed by Thailand. Due to geographical positioning, Sri Lanka relies on sea routes for trading with BIMST-EC.

Thailand

Except Nepal and Bhutan, Thailand’s export has increased to rest of BIMST-EC members in recent years. In terms of volume of trade, India and Myanmar are the major trading partners of Thailand in BIMST-EC followed by Bangladesh and Sri Lanka.

Table 4.4

<table>
<thead>
<tr>
<th></th>
<th>Bangladesh</th>
<th>India</th>
<th>Myanmar</th>
<th>Sri Lanka</th>
<th>Thailand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td></td>
<td>Road, Rail*, Sea, IWT*</td>
<td>Sea, Road</td>
<td>Sea</td>
<td>Sea</td>
</tr>
<tr>
<td>India</td>
<td></td>
<td></td>
<td>Sea</td>
<td>Sea</td>
<td>Sea</td>
</tr>
<tr>
<td>Myanmar</td>
<td></td>
<td></td>
<td>Sea</td>
<td>Sea</td>
<td>Road, Sea</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td></td>
<td>Sea</td>
<td>Sea</td>
<td></td>
<td>Sea</td>
</tr>
<tr>
<td>Thailand</td>
<td></td>
<td>Sea</td>
<td>Road, Sea</td>
<td>Sea</td>
<td></td>
</tr>
</tbody>
</table>

Note: * Periodic


In the study done by De and Ghosh (2004; 120) it was estimated total freight generated from India’s trade with BIMST-EC members in 2002-03 was
about 6 million tons where about 3 million tons took place overland by road with Bangladesh, Bhutan and Nepal, and rest 3 million tons with Myanmar, Sri Lanka and Thailand through sea. Due to existence of informal trade among Bangladesh, Bhutan, India and Nepal, estimated yearly road transport volume could be perhaps more than 3 million tons, if there were records. Due to poor road network, India's trade with these three countries are suffering and costs of tradable products are going up considerably. Similar estimation can be done for Bangladesh and other members of BIMST-EC. From the above table is very much clear that a substantive part of Intra-BIMST-EC is carried on through sea. But few ports are actually of international standard which can handle goods efficiently and in time.

In the field of rail connectivity, there are certain problems which need to be taken care of. Much of the existing network is well developed except in Myanmar and Bangladesh. As these two countries act as bridge between South and South East Asia, the improvement in their railway network is a must if BIMST-EC is to progress in this direction. Hence railways can play a positive role in integrating BIMST-EC, which will promote bulk trans-national movement amongst the neighbouring countries. Needs are two folds –

(a) to link India’s Manipur with India’s main railway corridor, and
(b) to re-establish and renovate railway networks in Myanmar and Bangladesh.

According to De and Ghosh (2004; 121), three critical components are missing in the region– harmonisation of railway network, all weather paved roads, and modern port – which are seriously hindering trade and integration. Indian Railways is engaged in harmonization of railway tracks in the north-eastern India and also construction of new lines. Considering the projects already sanctioned and under construction, Diphu – Karong – Imphal - Moreh rail link (in Indian side) is identified for development which will link
India with ASEAN. Further Indian government has come forward and extended $ 56 million credit line to the Myanmar government for upgradation of 640 km railway system between Mandalay and Yangon section. De and Ghosh suggest that there should be regular dialogue among BIMST-EC transport officials for setting up BIMST-EC Airlines Group, BIMST-EC Federation of Forwarders Associations, BIMST-EC Ports Association, Federation of BIMST-EC Shipowners’ Associations, and the Federation of BIMST-EC Shippers’ Councils Regular exchange of each other's experiences in achieving following targets will strengthen BIMST-EC transport networking process.

- Harmonization of technical standards such as truck size and weight regulations, transport rules & regulations, etc.
- Less and less border inspection except strategic areas.
- Simplification of documentation and clearance procedures.
- One track one system, in railways and roadways, in BIMST-EC
- Strengthen road and railway networks within BIMST-EC

Feasibility study for greater transportation integration has been undertaken and Asian Development Bank is assisting in this endeavour. The Draft Inception Paper of BIMSTEC Transport & Infrastructure Logistic Study (ADB, 2007) has identified 14 Road Corridors having greater importance for the region in terms of road transportation. They are:

1. BIMSTEC Road Corridor 1: Kolkata – Petrapole/Benapole – Dhaka – Akhaura/ Agartala (478 km)
2. BIMSTEC Road Corridor 2: Kathmandu – Birgunj – Kolkata/Haldia (1323 km)
3. BIMSTEC Road Corridor 3: Thimphu – Phuentsholing – Jaigon – Kolkata/Haldia (1039 km)
4. BIMSTEC Road Corridor 4: Kathmandu – Kakarvitta – Phulbari –
        Banglabandha (i) Mongla (1314 km) or (ii) Chittagong (1394 km)
5. BIMSTEC Road Corridor 5: Samdrupjongkhar – Shillong – Sylhet –
        Dhaka – Kolkata (906 km)
6. BIMSTEC Road Corridor 6: Agartala – Akhaura – Chittagong (227 km)
7. BIMSTEC Road Corridor 7: Kathmandu – Nepalganj – Lucknow (694
        km)
8. BIMSTEC Corridor 8: Thimphu – Phuentsholing – Jaigon –
        Chengrabandha – Burimari (i) Chittagong (966 km) and (ii) Mongla
        (880 km)
9. BIMSTEC Road Corridor 9: Maldha – Shibganj – Jamuna Bridge
        (Bangladesh) (252 km)
10. BIMSTEC Road Corridor 10: Kathmandu – Bhairahawa – Sunauli –
        Lucknow (663 km)
11. BIMSTEC Road Corridor 11: Chittagong – Ramu (Cox’s Bazaar) –
        Teknaf – Maungdaw (225 km)
12. BIMSTEC Road Corridor 12: Guwahati – Moreh – Mandalay –
        Tacheleik –Chaing Rai – Bangkok – Laem Chabang (3137 km)
13. BIMSTEC Road Corridor 13: Tak – Mae Sot – Myawadi – Yangon (521
        km)
14. BIMSTEC Road Corridor 14: Bangkok – Kanchanaburi – Dawei (330
        km)

Out of these 14 identified road corridors, 4 road corridors passes
through both India’s North East and Bangladesh. These are BIMSTEC Road
Corridors 1, 5, 6 and 8. Let us briefly discuss about these corridors.


**BIMSTEC Road Corridor 1: Kolkata – Petrapole/Benapole – Dhaka – Akhaura/Agartala (478 km)**

This corridor starts from Kolkata and using the NH-34 and NH-35 reaches the border at Petrapole (India)/Benapole (Bangladesh). The corridor then uses National Highway N-706 up to Jessore, N-702 up to Magura and then the N-7 to reach Daulatdia on the west bank of Jamuna River. After crossing the river, from Paturia, the corridor follows the N-5 to reach Dhaka. From Dhaka it follows the N-2 and N-102 up to Dharkar and then R-120 to reach Akhaura (Bangladesh). From Akhaura, the corridor follows the NH-44 to reach Agartala.

![Map 4.2: BIMSTEC Road Corridor 1](image)


Road condition from Kolkata to Barasat (20 kms) is in good condition and is having two lane road. The road condition from Barasat to Petrapole is single lane and in fair condition. In Bangladesh side, the road from Benapole to Dhaka (247 kms) is a two lane (7.3 m) road with 3 m shoulder on both sides in good condition. The ferry service across the Jamuna River is good but if the driver decides to go by Jamuna Bridge then the distance is increased by 120 kms and the time by one and half hour. The average width of road from Dhaka to Dharkhar (121 kms) 6.3 to 7.5 metre and is in good condition. From
Dharkhar to Akhaura (15 kms) is not in good condition especially last stretch of 5 kms. The construction is underway and is expected to complete soon.

**BIMSTEC Road Corridor 5: Samdrupjongkhar – Shillong – Sylhet – Dhaka – Kolkata (906 km)**

This corridor starts at Samdrupjongkhar (Bhutan) to reach Guwahati (India) and from Guwahati reaches the border post at Dawki/Tamabil (Bangladesh) through Shillong using the NH-40. From Tamabil, it then uses Bangladesh National Highway N-2 to reach Sylhet and Dhaka. From Dhaka, this corridor uses the same route as that of Corridor 1 to reach Kolkata.

### Map 4.3

**BIMSTEC Road Corridor 5**


In India this route can be categorised into two parts. One from Samdrupjongkhar to Guwahati (81 kms); and another from Guwahati to Dawki via Shillong (187 kms). The road from Samdrupjongkhar to Guwahati is part of the state highway. Guwahati-Shillong-Dawki road forms the part of the Asian Highway AH-1. The road from Guwahati to Shillong (104 kms) is double lane but some parts are
still to be developed to fully double lane. The condition of the road is fair and there is much scope to develop this road keeping in view the future traffic that the Asian Highway will carry. The Shillong-Dawki road is single lane and in good condition except few stretches. If one visualise the fully operationalised Asian Highway project then lot of construction and maintenance works has to be undertaken (ADB, 2007 and field survey).

In Bangladesh, Dawki/Tamabil – Sylhet – Dhaka section (296 km) has an average pavement width of 7.5 m and the condition of the road is generally good. The Dhaka-Kolkata section is covered in BIMSTEC Road Corridor 1 which has been discussed above.

**BIMSTEC Road Corridor 6: Agartala – Akhaura – Chittagong (227 km)**

This corridor starts from Agartala (India) and follows the NH-44 to reach the border at Akhaura (Bangladesh). From Akhaura, the corridor follows the R-102 up to Dharkhar and then N-102 up to Comilla and N-1 to reach Chittagong.

The road from Agartala to Akhaura (5 kms) is not in good condition and the situation aggravated in rainy season. In Bangladesh, the road from Akhaura to Dharkhar (15 kms) is single lane and not in good condition (Field trip). The road from Dharkhar to Comilla (56 kms) is fairly good and further, road from Comilla to Chittagong (151 kms) is in good condition and is double lane.
Similarly, the same study has prioritise four rail corridors for the regional traffic. They are –

1. BIMSTEC Rail Corridor 1: Delhi – Kolkata – Dhaka – Imphal (2356 km)
2. BIMSTEC Rail Corridor 2: Birgunj – Raxaul – Kolkata Port/Haldia (704/832 km)
3. BIMSTEC Rail Corridor 3: Birgunj – Katihar – Chittagong Port (1146 km)
4. BIMSTEC Corridor 4: Colombo – Chennai (1025 km)

Out of these four BIMSTEC Rail Corridors, two corridors pass through the geographical area under our study. They are BIMSTEC Rail Corridor 1 and 3.

**BIMSTEC Rail Corridor 1: Delhi – Kolkata – Dhaka – Imphal (2356 km)**

The corridor starts in Delhi to Gede before entering Bangladesh at Darshana. Darshana to Shahbazpur, the corridor connects Joydebpur, Dhaka and Akhaura in Bangladesh and thereafter enters India again through Mahishasan border point to Imphal.
The rail line from Delhi to Kolkata (1441 kms) is double line and is broad gauge. This stretch of India Railway caters a large volume of freight and passenger traffic. This line is fully electrified. The rail line from Kolkata (Howrah) to Gede is also broad gauge and electrified. For the movement of freight there is an alternate route for Gede bypassing the busy suburban sections. Rail line from Shaktigarh to Gede via Naihati – Ranaghat is utilised for most of the freight traffic for Bangladesh. The corridor enters Bangladesh at the Gede – Darshana interchange point and connects to Dhaka (290 km) via Ishurdi Junction, Joydebpur and Tungi. Further it connects to Shahbazpur, the last station on Bangladesh Railway via Akhaura and Kulaura (266 km). The section between Darshana and Ishurdi in Bangladesh is on broad gauge and between Ishurdi junction to Joydebpur on dual gauge (metre and broad gauge single lines). From here onwards up to Dhaka there is metre gauge. From Joydebpur up to Shahbazpur via Akhaura and Kulaura the line is also broad gauge. The corridor enters in to the Indian land at the Mahishasan station. The section from Mahishasan to Karimganj (10 kms) of Indian Railway is
metre gauge. However the other section of Indian Railway is broad gauge.

**BIMSTEC Rail Corridor 3**

This corridor also starts at Chittagong Port (1146 km) and connects through to the Indian rail network at Rangpur. In the North East India is the corridor then extends down to the th-east to the Bangladesh border crossing at Rohanpur. In port of Chittagong. In addition, this corridor also starts from Birgunj ICD in Nepal and connects through to the port of Chittagong. In addition, this corridor also starts from Birgunj ICD in Nepal and connects through to the ICOR at Rohanpur, Abdulpur, Ishurdi, Tungi, Akhaura and finally terminates at Chittagong. There is possibility of extending this line from Akhaura in Bangladesh to Agartala of India. as new broad gauge line connecting Agartala with Kumarghat is under construction by the Indian Railways. This corridor is having multiple gauge with broad gauge, metre gauge and dual gauge in different sections. There are missing links between Jogbani – Biratnagar and Akhaura – Agartala.
The same study also prescribed for the development of two inland waterways corridors. Given the potential of the inland water transport of the India’s North East and Bangladesh both of the corridors are very much important for us. They are –


This corridor begins in India. After passing through Bangladesh it re-enters India. The overall length of this corridor is 1439 kms with with 310 km in India from Kolkata to the border on the Raimongal River, 767 km in Bangladesh and 362 km onwards in India up to Pandu on the upper reaches of the Brahmaputra River. Within Bangladesh, from Raimongal (border point on West Bengal side) to Daikhawa (border point on Assam side), the corridor...
follows a number of rivers and canals within Sunderbhans and later follows some major rivers namely, Arialkha, Meghna, Padma, Jamuna and Brahmaputra.

Map 4.7

BIMSTEC Inland Waterways Corridor 1


Like the first corridor this corridors also starts in India. It follows the same route as the Corridor 1 up to Narayanganj (741 kms). From here up to Zakiganj/Karimganj (381 kms), the corridors follow the Meghna and Kusiyara rivers.
4.5.2 South Asian Association for Regional Cooperation (SAARC)

As India is located strategically at the centre of South Asia having shared border with all the SAARC countries (land border or maritime border), transport linkages with any country will definitely benefit other SAARC Member Countries. Further land transport system may cost even lesser than that of maritime transport if adequate infrastructure and regulatory mechanism is in place. Therefore Article XII of the South Asian Preferential Trade Arrangement (SAPTA) signed in 1993, provides for "developing and improving communication system, transport infrastructure and transit facilities for accelerating the growth of trade within the region." The Technical Committee on Transport and Communication of SAARC is looking into the issue.
Delivering the inaugural address at the First Meeting of the SAARC Technical Committee on Transport in New Delhi, Mr. Baalu, The Union Minister of Shipping, Road Transport and Highways said that the SAARC nations have not been able to develop fast transport infrastructure in line with benchmarks set by the developed world. In his words, "We, in the SAARC region, need to do much more to bridge the gap faster. The greatest handicap for countries of the SAARC region is paucity of resources. The SAARC countries should redouble their efforts to put in place efficient transport infrastructure so as to grow fast and catch up with the developed economies" (The Hindu, 18 January 2005). If India and Bangladesh can cooperate in this sector, landlocked countries of South Asia namely Nepal and Bhutan will benefit immensely. Most of the Nepal's external trade is routed through Kolkata port. The port of Kolkata is already over-burdened and unable to carry out the handling and clearing of Nepalese goods efficiently. The same traffic can be diverted to Mongla port of Bangladesh. It is estimated that nearly 20 per cent of Nepal's imports and exports from Kolkata and Haldia ports could be diverted to Mongla port (Rising Nepal, September 12, 1997 cited in Thapliyal, 1999; 1928). The situation is much similar for Bhutan as well. Nepal, Bhutan and Bangladesh and India are located in the Ganga, Brahmaputra-Meghna basin. This can be developed for facilitating freight movement through waterways. If harnessed for inland waterways in this basin, transportation could be developed which would also be cost effective. The Ganga, Brahmaputra and Meghna waterways can be integrated with the sea ports in India and Bangladesh. Nepal can transport its cargo from Calcutta or Haldia port to Patna through river transport from where goods can be transported by road to Nepal (Thapliyal, 1999; 1928).

Article 8 of South Asian Free Trade Area (SAFTA) clearly spelt out that South Asian countries will consider
...the adoption of trade facilitation and other measures to support and complement SAFTA for mutual benefit. These may include, among others: -......g) transit facilities for efficient intra-SAARC trade, especially for the land-locked Contracting States; ........ k) development of communication systems and transport infrastructure.

Although some steps have been taken but nothing significant has been done at the ground level.

The 14th SAARC summit is a landmark as far as cooperation among the member states in transport sector is concerned. The Declaration of the Fourteenth SAARC Summit held during April 3-4, 2007 in New Delhi clearly spelt out the importance of the issue and spelt out the future course of action at the policy level. The ninth paragraph of the declaration reads,

The Heads of State or Government recognized the full benefits of an integrated multimodal transport system in the region. They emphasized that this would not be realized unless physical infrastructure and matters relating to customs clearance and other facilitation measures, including multimodal transport operations, were addressed comprehensively. They called for an extension of the SAARC Regional Multimodal Transport Study (SRMTS) to include Afghanistan as well. They also called for early implementation of the recommendations contained in the Study in a phased manner. In this context, the Heads of State or Government directed the Inter-Governmental Group on Transport to identify and develop sub-regional and regional projects based on the prioritised recommendations of the SAARC Regional Multimodal Transport Study (SRMTS) and to develop appropriate regional agreements. They noted the offer of India to hold the Meeting of SAARC Ministers of Transport in New Delhi in 2007. They also directed that pilot projects for improving connectivity be identified and implemented through mutual consultations among the Member States.

- Part of Declaration of the Fourteenth SAARC Summit.

The seriousness of the leaders of SAARC nations can be clearly inferred from the statement. The SAARC Regional Multimodal Transport Study
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(SRMTS) which is yet to be made public forms the base for future deliberation and action. Like the BIMSTEC study, the SRMTS has also identified important regional transport corridors. As the study is not made public the details can’t obtained. On the basis of the declaration and the SRMTS, the first meeting of SAARC Transport Ministers was held in New Delhi from 29th to 31st August 2007. Then new member of the SAARC, Afghanistan participated in it along with all other members. The Union Minister of Shipping, Road Transport and Highways of India, Thiru T. R. Baalu, was elected the Chairperson of the first meeting of the South Asian Association for Regional Cooperation (SAARC) Transport Ministers. This Meeting was preceded by the 2nd Meeting of the Technical Committee on Transport (August 29, 2007) and 2nd Meeting of the Intergovernmental Group on Transport (August 30, 2007). The Meeting discussed on the Report of the SAARC Regional Multimodal Transport Study prepared and funded by Asian Development Bank (ADB) and recommended extending the SAARC Regional Multimodal Transport Study (SRMTS) to include Afghanistan. The chairperson of the meeting conveyed that there should be a focussed list of road, rail, water and aviation corridors which is easily implementable. He expressed his concerned that all the capital of the South Asian countries has not been connected directly by air. The following pilot sub-regional and regional projects were recommended by Bhutan, India and Sri Lanka for consideration of the SAARC Member States (PIB Press Release, available at http://pib.nic.in/release/rel_print_page.asp?relid=30738 accessed on 1st September 2007).

Bhutan:

i. Linkage from Phuntsholing to Hashimara

ii. Procurement of customs related equipment for faster clearance of cargo.
India:

i. Birgunj-Kaatihar-Singhabad-Rohanpur-Chittagong with links to Jogbani, Biratnagar and Agartala

ii. Kathmandu-Birgunj-Kolkata/Haldia

iii. Agartala-Akhaura-Chittagong

iv. Air-connectivities: Malé-New Delhi and Islamabad-New Delhi

Sri Lanka:

i. Rail Corridor No. 5 between Colombo and Chennai

ii. Ferry Service between Colombo and Cochin

iii. Colombo and Tuticorin as two pilot projects

Out of these 9, one runs through India’s North East and Bangladesh. That is the Agartala – Akhaura – Chitagong route. The Member States examined the preliminary technical inputs provided by the Asian Development Bank and the alternate draft motor Vehicles Agreement proposed by India. The SAARC Secretariat is expected to prepare the final draft after consolidating all Member States views on it (Ministry of External Affairs, Government of India, 2007).

4.5.3 United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)

Until late 1980s there were only two significant regional cooperation initiatives in Asian land transport that had a fairly comprehensive geographical coverage: the Asian Highway (AH) and Trans-Asian Railway (TAR) projects of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). The Asian Land Transport and Infrastructure Development (ALTID) programme had its origins in the concept of an Asian Highway which was initiated in 1959 by U. Nyun, the Executive Secretary of the Economic Commission for Asia and the Far East
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(ECAFE) now known as the Economic and Social Commission for Asia and the Pacific (ESCAP). The highway was designed to provide for uninterrupted travel from Asia to Europe (Sobhan, 2000; 1). This initiative was followed by the Trans-Asian Railway Project, which was commenced in the 1960s by ESCAP with the objective of providing a continuous 14,000 km rail link between Singapore and Istanbul (Turkey), with possible onward connections to Europe and Africa.

The Asian Land Transport and Infrastructure Development (ALTID) programme have two components. Asian Highway and Trans Asian Railway. ALTID have evolved in different phases. They are discussed below.

Asian Land Transport Infrastructure Development (ALTID) since 1992

The revived interest since the late 1980s led to the creation of the Asian Land Transport Infrastructure Development Project (ALTID) by UNESCAP in 1992. It is essentially an umbrella project, comprising the Asian Highway and the Trans-Asian Railway projects, as well as components related to the facilitation of cross-border land transport.

The criteria for route selection include (UNESCAP, 2005; 101):

- capital to capital links (for international transport);
- connections to main industrial and agricultural centres (links to important origin and destination points);
- connections to major sea and river ports (integration of land and water transport networks); and
- connections to major inland container terminals and depots (integration of road and rail networks).
- connections to major tourist attractions (in the case of the Asian Highway).

The two basic principles, however, are to minimize the number of roads and railway lines to be included in the networks and to make the
maximum possible use of the existing infrastructure. A strategy for the implementation of the ALTID project was adopted in 1998 that called for the formalization of the Asian Highway and the Trans-Asian Railway.

Map 4.9
Asian Highway in Bangladesh

The key objectives of the project have been to promote international and bilateral trade and tourism to encourage regional economic and social development. The Asian Highway network now comprises approximately 141,000 kms. of roads, passing through 32 member states. The ESCAP
Secretariat supported the conversion of the Asian Highway Project into an Intergovernmental Agreement.

Three Asian Highways have been routed through the territory of Bangladesh as shown in the Map 4.9. From the following two maps, it is clear that the Asian Highway AH-1 passes through both India’s North East and Bangladesh. Although three Asian Highway pass through Bangladesh, only one Asian highway i.e., AH-1 passes through the North Eastern region of India connecting towns like Dawki, Dispur, Nagaon, Dimapur, Kohima, Imphal and Moreh.

The Intergovernmental Agreement on the Asian Highway Network was adopted in November 2003 by an intergovernmental meeting held in Bangkok and was opened for signature in April 2004 in Shanghai and entered into force on 4 July 2005. Till now 28 member states have signed the Agreement and 19 have ratified, approved or accepted it. These commitments clearly indicate the importance of developing the regional transport network in the Asia-Pacific region. India has been active from the very beginning. India signed the agreement on 27th April and ratified it on 16th February 2006. As of date, Bangladesh has not signed the agreement. Dhaka wanted to modify the route before signing the agreement. But, Article 8(2) and 9(2) does not allow a non-party to this agreement to propose the amendment. The main issue with Bangladesh is that, the Asian Highway AH-1 enters Bangladesh from India (Tamabil) and after Bangladesh it enters again in India (Petrapole). That means for Bangladesh, AH-1 starts from Tamabil (India) and terminates at Petrapole (India). This is in sharp contrast to the long standing policy of Bangladesh not to permit transit access to India. Bangladesh fears that, if it signs the agreement, India will get transit access through Bangladeshi territory.

The main obligations of the Contracting Parties within the Agreement are to:
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- adopt the Asian Highway network as a coordinated plan for the development of highway routes of international importance;
- bring the network in conformity with the Asian Highway classification and design standards; and
- place Asian Highway route signs along the network.

The Agreement plays a catalytic role in the development of international highways in the Asia-Pacific region. UNESCAP Resolution 60/4, adopted at the 60th Commission session at Shanghai in 2004, invites international and regional financing institutions and multilateral and bilateral donors to provide financial and technical support for the development of the Asian Highway network and related infrastructure, particularly taking into account the special needs of landlocked developing countries.


Similar to the case of the Asian Highway, the Trans-Asian Railway Project has aimed to enhance the efficiency and development of rail transport infrastructure in Asia, thereby promoting international and bilateral trade and regional economic and social development.

Similar to the Asian Highway, Intergovernmental Agreement on the Trans-Asian Railway was adopted on 10 November 2006 at Busan during the Ministerial Conference on Transport that took from 6 to 11 November 2006. On that occasion 18 of the 28 member countries that are part of the TAR network signed the Agreement. India as well as Bangladesh signed the agreement later. India signed on 29th June 2007 and Bangladesh signed on 9th November 2007. India has already ratified the agreement on 13 September 2007 where as Bangladesh still have ratify it. Map 4.10 shows the Trans-Asian Railway in Bangladesh.
There are five rail links designated Bn.1, Bn.2, Bn.2a, Bn.3 and Bn.4. The first such link, Bn.1 forms part of the principal transcontinental route TAR-51 connects India’s North East with mainland India through Bangladesh. It starts from the northeastern Bangladeshi border station of Shahbazpur, very near to Mahisasan in the southern part of Assam state of India. From Shahbazpur, Link Bn.1 follows the existing Bangladeshi metre gauge branch line in a southwesterly direction to the junction with the mainline to Sylhet at Kulaura. It goes through Akhaura and Bhairab Bazar to Tongi. Then the route is Tongi – Dhaka – Joydebpur – Tangail to connect with the new Jamuna River Bridge, providing a continuous rail link with Jamtoil, 15 km southwest of Serajganj Ghat, the existing broad gauge railhead on the western bank of the river. From Jamtoil, the route follows the existing broad gauge line to the border with the Indian state of West Bengal at Darsana – opposite the Indian border station of Gede (UNESCAP, 1999: 8)
The Asian Highway and the Trans Asian Railway in the North Eastern part of India as well as Bangladesh acts as the gateway between South Asia in general and India in particular and also the South East and East Asia. So the development of these routes will directly affect the entire region, although it will take its own time to materialise. Therefore developing the efficiency of these routes is in the interest of all the countries of the region.