



Meeting on

India-Nepal trade through Panitanki-Kakarvitta: Challenges and the way forward

Views from the grassroots

Subham Hotel, Panitanki, West Bengal
20th February 2015

1. Background & Context

1.1 Trade facilitation in the context of intra-regional trade in South Asia has not been given adequate attention in the past and, to a large extent, this explains the slow growth of trade among the South Asian countries. Although, steps to improve trade through sea and air were developed throughout South Asia, trans-border connectivity has been poor.

1.2 Trans-border road transportation is one among the cheapest mode of transport in most of the region barring Sri Lanka and Maldives. Many on-going as well as past studies by CUTS, with support from The Asia foundation, and other organisations, have identified bottlenecks in specific trade corridors through land borders.

1.3 Therefore and keeping in mind previous studies and issues that have been identified, CUTS organizes stakeholder consultation meetings to sensitize the border administration persons and other relevant stakeholders of trade facilitation, and share high impact solutions for these issues. Given their importance as far as trade volumes is concerned including Nepal's land locked status and their strategic location, Panitanki/Kakarvitta and Raxual/Birgunj border points have been identified for these consultation meetings.

1.4 In this context, Panitanki/Kakarvitta meeting is being organized on 20th February 2015 at Panitanki, West Bengal. The Raxual/Birgunj meeting will follow suit in the month of March 2015. Following are the issues identified at Panitanki/Kakarvitta as preliminary survey results during our Trade Consignment Mapping Study and are to be discussed for possible solutions.

2. Issues at Panitanki-Kakarvitta border concerning India- Nepal trade

- During the visits at different points of corridor, it has been observed that the route between Kathmandu–Kakarvitta, a 36kms section from Mugling to Narayanghat faces frequent landslides and this causes unnecessary delays in the movement of trucks. Moreover, highway authorities are not active in the process of removing landslides, for the smooth movement of goods.
- Existing bridges along the Hetauda to Pathalaiya section are only of single lane. Thus imposing speed constraints.
- The Kakarvitta land custom station (LCS) is very well equipped for the present as well as the future traffic. All required facilities are present at the port except testing laboratories. The road from Kakarvitta to Hetauda is well maintained.
- Panitanki land custom station (LCS) is not equipped with warehouse and a weigh bridge. And it is yet to be Electronic Data Interchange (EDI) enabled.
- Foreign exchange facilities do not exist at Panitanki LCS.
- Panitanki Land customs station is not adequately equipped to handle the traffic. The traders expressed their need for a parking space and covered warehouses.
- Due to the lack of parking space as well as warehouses trucks are usually stopped and checked on the road itself.
- There is no permanent official in-charge that looks into the working of the Land customs station, an officer comes three days a week.
- The bridge that connects Panitanki and Kakarvitta is narrow and congested due to simultaneous movement of people and other vehicles and needs to be broadened.
- Although plant quarantine was available at the Panitanki LCS however it was not equipped to conduct tests.
- As Panitanki LCS restricts the movement of trucks after 5 pm, trucks have to be halted at Siliguri for clearance next day.
- Under the agreement between India and Nepal, products will be determined as produce of Nepal only when there is at least 40% domestic value addition in them. All products that come under this section are allowed to enter Indian market free of duties except for food products that need additional certification. This leads to delays at the borders, sometimes up to 10–12 days as samples have to be sent to Kolkata for testing. The ‘Indian Standards Institute’ does not readily accept standards set by the counterpart ‘Nepali Standards Bureau’ and this causes problems in relation to many cargoes.
- As far as inspection of consignments is concerned the border administration checks some vital documents such as pro-forma invoice, packing list/LCA, commercial invoice, L/C, authorisation letter, country of origin, quarantine certification, insurance cover note, VAT certification, and CNF authorization letter. Average time for clearance of a consignment to pass through the LCS is 3-4 hours.

AGENDA

1530-1600	Registration
1600-1645	Welcome remarks and objective of the meeting <i>Prithviraj Nath, Policy Analyst, CUTS International</i> The Asia Foundation in South Asia and its role in trade facilitation particularly between India and Nepal <i>Sagar Prasai, Country Representative, India, The Asia Foundation</i> Custom Automation and Tariff/Non-Tariff Liberalisation to facilitate trade between India and Nepal <i>Satish Kumar Reddy, Commissioner, Customs, Department of Revenue, Ministry of Finance, Government of India and Consultant, Asian Development Bank</i>
1645-1700	Infrastructure and Regulatory bottlenecks to India-Nepal Trade at Panitanki-Kakarvitta <i>Prithviraj Nath, Policy Analyst, CUTS International</i>
1700-1755	<i>Discussions eliciting the nature & depth of the issues and their corresponding solutions at the local, national and regional level</i>
1755-1800	Vote of Thanks <i>Sagar Prasai, Country Representative, India, The Asia Foundation</i>
1800	Dinner