

India-Nepal Border Summit

Birgunj Nepal, 19-20 February, 2015

A CUTS REPORT

Highlights

- CUTS International is the only civil society organisation, working on trade-related issues, which was invited by the Consulate General of India in Birgunj, Nepal to participate and speak at the First India-Nepal Border Summit.
- CUTS presentation on ‘India-Nepal Trade Facilitation’ and its recommendations to ‘carry out a comprehensive assessment of commercial viability of land custom stations and transit arrangements’, ‘integration between land custom stations and logistic centers’, ‘identification and expansion of designated road and rail freight corridors’, and ‘up-gradation of the existing India-Nepal Trade and Transit Treaty to a comprehensive multi-modal trade, transport and transit framework’ were well received and supported.
- A CUTS document titled ‘Trade Facilitation, Trade Costs and Inclusive Development: A Case Story of Attari-Wagah Border of India and Pakistan’ was extensively requested and distributed to the delegates. CUTS will be preparing a similar case story focusing on trade facilitation issues at the Raxaul-Birgunj border of India and Nepal.

1. Introduction

1.1 The First ‘India-Nepal Border Summit’ was organised by the Consulate General of India in Birgunj, Nepal. The purpose was to bring together the relevant policy-makers, regulators and other stakeholders to dwell upon the barriers and solutions pertaining to ‘Border Harmony’, ‘Security and People’s Movement’, ‘Cross Border Trade’, and ‘Cross Border Tourism’.

1.2 The Summit was inaugurated, by Sneh Lata Kumar, Secretary, Department of Border Management, Ministry of Home Affairs, Government of India; Ranjit Rae, Ambassador of India to Nepal; Mohammad Rizwan Ansari, Former Minister of State for Home Affairs, Government of Nepal; and Anju Ranjan, Consul General of India in Birgunj, Nepal.

1.3 Other dignitaries included: Abhay Thakur, Joint Secretary (North), Ministry of External Affairs, Government of India; Y S Shahrawat, Chairman, Land Port Authority of India; Kishori Lal, Commissioner of Customs, Patna; Himanshu Gupta, Commissioner of Customs, Lucknow; R Lakshmanan, Director (Industries), Government of Bihar; Rameshwor Prasad Kahanal, Former Finance Secretary to the Government of Nepal; Purushottam Ojha, Former Commerce Secretary to the Government of Nepal; Damodar Regmi, Deputy Director General, Department of Custom, Government of Nepal; Ramesh Prasad Kharel, Senior Superintendent, Police Training Centre, Bharatpur, Nepal; Ram Saran Poudel, Deputy Inspector General, Armed Police Force, Nepal; H D Rai, Information Chief, Lumbini Development Trust, Nepal.

1.4 It was attended by around 300 stakeholders from India and Nepal, comprising of exporters and importers, industry associations, freight forwarders and transport associations, among others. Following are session-wise excerpts of deliberations at this Summit.

2. Border Harmony

2.1 Ranjit Rae, Ambassador of India to Nepal spoke about socio-cultural and historical linkages, people-to-people connections and open border between India and Nepal. He proposed the formation of 'Border Co-operation Councils' for periodical review of procedural and policy barriers to trade which should propose remedial measures to the relevant authorities at the appropriate level. He appreciated the concept of holding Border Summit and suggested that it should become an annual affair to be alternatively carried out at major border points along the India-Nepal border.

2.2 Kishori Lal, Commissioner of Customs, Patna, informed the gathering about the recent notification of the Janakpur (in the Mithila region of Nepal)-Jayanagar (in Bihar, India) route. He affirmed that seamless movement of vehicles and passengers require co-ordinated, harmonised and integrated cross-border management. He also suggested developing a reliable and consolidated framework through which the exporting country can share export data/information with the importing country to avoid duplication and inconsistency.

2.3 Damodar Regmi, Deputy Director, General, Nepal Customs, spoke about cross-border trade and tourism potentiality and outlined that unrealised opportunities can override barriers and challenges. He supported the proposal of having a framework for coordinated and integrated cross-border management of trade to ensure better service delivery as well as to minimise procedural non-tariff barriers.

2.4 Mohammad Rizwan Ansari, Former Minister of State for Home Affairs, Government of Nepal, aggrieved the fact that despite having an open border and no visa requirement between India and Nepal, 'poor physical infrastructure', 'absence of cross-border passenger vehicle agreement', make the border prone to several barriers.

2.5 Deepak Sinha, Senior General Manager, RITES Limited, India, in his presentation, informed the participants about the progress of Integrated Check Post being constructed at the Birgunj-Raxaul land custom station. He said that 98 per cent and 60 per cent of this work respectively at Raxaul and Birgunj have been completed. He outlined that once completed, this ICP will ensure better 'surveillance', 'efficiency', 'improved border trade' besides maintaining 'single administration window', 'appropriate support facilities' for document submission', 'separate export and import terminals' and 'warehouses'. In short, this ICP will provide better administration and cohesive management of overland entry-exit points for bilateral and transit freight movements between India and Nepal.

2.5.1 He further stated that the Raxaul part of this ICP will be completed by March, 2015 and the Birgunj Part should be over by October this year. However, delays in land acquisition and construction of an approach road, covering a distance of seven kilometres in the Birgunj side, is likely to delay its operations. As informed, the Raxaul-Birgunj and the Biratnagar-Jogbani land custom stations will be upgraded to ICPs in the first phase, while Nepalgunj-Nepalgunj Road, Bhairwaha-Sunauli will be upgraded in the second phase.

2.6 Sneha Lata Kumar, Secretary, Department of Border Management, Ministry of Home Affairs, Government of India, supported the view that inspection, monitoring and assessment of the border points between India and Nepal should be carried out jointly by the customs and border regulation authorities. Issues and recommendations should be worked out in consultation with the relevant stakeholders and put up to the authorities at the relevant level.

2.7 Lok Raj Baral, an expert on India-Nepal border issues, emphasised that the ‘neighborhood first’ narrative of India’s foreign policy will be effective if preference is given to easily workable bilateral relations like those between India and Nepal. He said that constructive engagement of governments of the bordering Indian states of Uttarakhand, Uttar Pradesh, Bihar, West Bengal and Sikkim is a necessity in order to ensure seamless connectivity and better economic relations with Nepal, and that will help transforming India-Nepal dynamics from ‘unique’ to ‘cohesive’.

2.8 Delegates urged the media to play a constructive role by giving space to positive and potential aspects of ‘India-Nepal Cross-Border Relationship’.

3. Security and People’s Movement

3.1 Delegates in this Session asserted on the need for creating joint security forces to deal with issues such as trans-border crime, trafficking of narcotics, infiltration of third country nationals, fake illegal currency trading, smuggling of gold and other precious items, abduction of businessmen and their children, illegal transportation of small arms.

3.2 They underlined that on the pretext of providing better jobs and facilities, women and children are trafficked to India and other countries. Authorities should form joint consultative and administrative mechanism to deal with human trafficking and other such crimes.

3.3 It was suggested that the Armed Police Force of Nepal and the Sashtra Seema Bal (Border Security Force) of India should carry out joint-patrolling along the India-Nepal border.

4. Trade and Transit

4.1 Delegates in this session noted that the ‘Birgunj- Raxual’ route fetches 70 percent of total trade between India and Nepal, which was worth US\$ 4.2 billion in 2013-14. Given that, the Land Port Authority of India should expedite the completion of the construction of Integrated Check Post at this land custom station.

4.2 Trading community demanded that there should be a strict time-frame to receive laboratory reports for food items and other sensitive products. As of now, due to the absence of specified timeframe, traders have to wait sometimes for more than six months.

4.3. A group of farmers complained that the entry of their sugarcane-loaded tractors from Parsa and Bara districts in Nepal to Bihar in India for supplying sugarcanes to the sugar mills in East and West Champaran districts have been consistently denied by the security personnel. As reported by them, Jankitula-Innarwa and Bhisawa-Sikta routes, which are not far from the Birgunj-Raxaul route, are not notified under the provisions of the Indian Customs Act. As a result, they are forced to use the Birgunj-Raxaul route and their cost of doing trade is high. They demanded that a special arrangement is to be made for them to transport their farm products to the buyers in bordering villages and towns in Bihar, India.

4.4 There is no direct air connectivity between the nearest Indian cities such as Patna, Dehradun, Lucknow, and Kathmandu, the capital of Nepal. Businesspersons from these places have to reach Kathmandu via Delhi or Kolkata. This issue was requested to be addressed to ensure direct connectivity between places of doing business.

4.5 In this context, they urged the re-construction of the Raxaul airport in Bihar, which was abandoned after the India-China war in 1962. They argued that as it has the potential to cater to the needs of the emerging economic and financial capital of Nepal, which is Birgunj.

4.6 They also stressed on the need to carry out only 'Destination Specific Inspection' in order to reduce procedural barriers to trade and transit. Custom sealed cargoes should be allowed for free and seamless movement through the designated corridors.

4.7 There should be the facilitation of frequent cross-border visits by business delegations, people, and parliamentary delegations besides organising 'trade fairs', 'product shows', and 'investor summits' to improve 'business to business', 'people to people' and 'government to government' relations.

4.8 It was also suggested that for better consular services and for exploring new trade and investment opportunities including pushing the agenda for seamless connectivity, the Government of Nepal should consider the opening of a consulate office in Mumbai.

5. Cross-Border Tourism

5.1 The following recommendations were made to foster cross-border tourism:

- Opening of an immigration office at Pashupati Nagar, Nepal
- Development and integration of religious and wild life circuits
- Integrated management of wild life sanctuaries
- Hassle free custom clearance of tourists
- Standard operating procedures for fast tracking of tourist vehicles
- Group/seasonal/institutional visa by Nepal to tourists coming from and via India