

# BANGLADESH-BHUTAN-INDIA-NEPAL

## DOSSIER OF CATALYTIC MULTIMODAL CONNECTIVITY INITIATIVES

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ISSUE#1/2020

### BANGLADESH

#### **ADB to Provide USD 42 Million to Bangladesh for Improving Multi-modal Transport**

The Asian Development Bank (ADB) will provide Bangladesh [USD 42 million in concessional loans](#) to prepare road and railway sector projects promoting multimodal transport and connectivity in Bangladesh.

#### **CUTS Comments**

##### **Impact on Multimodal Connectivity in Bangladesh**

The road and railway projects for the proposed Transport Connectivity Improvement Project Preparatory Facility has [26 road investments](#) and [11 railway investments](#) in Bangladesh. These projects will significantly transform the country's multimodal connectivity and transport infrastructure. Furthermore, it will augment rail and road connectivity to ports.

##### **Impact on Multimodal Connectivity in the BBIN Sub-region**

Movement of goods from India to North East India through Bangladesh sea ports has [already started](#). The loan, among others, will help the Bangladesh government to strengthen and smoothen the existing transport infrastructure, which in return enhances the movement of goods from Chattogram and Mongla ports in Bangladesh to Agartala, Tripura.

##### **Impact on Multimodal Connectivity - BBIN Plus**

The loan of ADB to Bangladesh will help not only Bangladesh, but also the entire BBIN sub-region to establish greater connections with Southeast Asia and other parts of the world. Trade relations of the BBIN with Myanmar can be enlarged by these projects. For example, Dhaka-Ishurdih-Darsana-Gede identified as the main [Trans Asian Railway](#) route has potential to get extended beyond Dhaka to Imphal via Akhaura, Kulaura, Shabazpur (Bangladesh) entering India again at Mahishasan border point to Imphal. BBIN countries can make use of the future Jiribam (India)-Moreh (India)-Tamu (Myanmar)-Kale (Myanmar) railway line connectivity.

#### **Food for Thought**

Chattogram port is the national gateway port of Bangladesh handling 90 percent of the country's international cargo. The international container cargo volume is expected to increase 10.2 million twenty-foot equivalent units in 2040<sup>1</sup>. This shows the increasing need to strengthen as well as integrate the existing corridors and infrastructure facilities. Furthermore, the construction of a deep seaport at Matarbari area will increase the cargo handling capacity of the country and will help shipments to the neighbouring countries.

## BHUTAN

### **Bhutan-India Rail Link Soon**

Travelling between India and Bhutan will be possible on trains soon. A survey has been commissioned by the [Railway Board to establish the Mujnai-Nyoenpaling line](#) in a bid to provide a cross-border rail link between the neighbouring nations, India and Bhutan.

### **CUTS Comments**

#### **Impact on Multimodal Connectivity in Bhutan**

Bhutan currently [does not have](#) any railway system and lacks any ports due to the landlocked territory. It depends upon roadways and airways for its transportation needs. Bhutan has [18,282 km](#) of road infrastructure and four airports with [one international airport](#). Developing multimodal connectivity infrastructure is essential for Bhutan to facilitate quicker, economical and environment friendly movement of goods with the rest of the world. The new railway line between Mujnai in West Bengal of India and Nyoenpaling of Bhutan will reduce the heavy dependence on roadways in the India- Bhutan border.

#### **Impact on Multimodal Connectivity in the BBIN Sub-region**

This railway will allow Bhutan to transport its goods to India and Bangladesh in a more economic and environment friendly manner. Land Ports Authority of India has also [identified Jaigaon](#) of West Bengal for development of an Integrated Check Post to cater to railway link once established. Bhutan can access the Dhubri port in Assam or the coming multimodal logistics park in Jogighopa of Assam through the Indian rail network for improving its trade. Bhutan is in talks with Bangladesh for [adding a few additional ports](#) between Chilmari and Narayanganj in Bangladesh.

#### **Impact on Multimodal Connectivity - BBIN Plus**

Currently a large share of Bhutan's imports and exports are intra-regional (within South Asia), that is 74 percent of its total exports and 82 percent of its total imports. Bhutan can use this railway link to further connect to the emerging intermodal/multimodal transport infrastructure to transport goods to Southeast Asian countries like Myanmar, Thailand, Laos, Vietnam and Cambodia by augmenting inter-modal connections with the ensuing India-Myanmar-Thailand trilateral highway with the cooperation of the respective countries. Bhutan can also use the railway as a link to the southern corridor of Trans-Asian Railway (TAR) route to exchange commodities with the world in the long run.

### **Food for Thought**

Bhutan, with a [higher trade to GDP ratio](#) has to revive full trading potential to recover from the economic shocks of the pandemic. Joint multimodal connectivity initiatives have to be initiated by Bhutan with its neighbours to achieve the full trading potential. India and Bhutan can think about opening more Land Custom Stations and augmenting multiple trading routes to enhance the bilateral trade. India can also give a consideration to Bhutan's request to notify [Jitti-Nagrakata LCS as a permanent LCS](#).

## INDIA

### **India, Bangladesh opened a new trade connectivity route on September 3**

India and Bangladesh have [opened a new trade route from September 3, 2020](#), to promote sub-regional connectivity by extending the scope of bilateral inland water transport agreement to boost trade in the sub-region. The route which will be connecting Sonamura in Tripura to Daudkandi in Bangladesh has been operationalised under the understanding reached by the two countries in May 2020 to boost riverine trade.

### **CUTS Comments**

#### **Impact on Multimodal Connectivity in India**

The Sonamura-Daudkandi stretch was listed in the [second addendum signed in May 2020](#) to India-Bangladesh Protocol on Inland Water Transit and Trade (PIWTT). Tripura readied a temporary jetty in Sonamura [within three weeks](#) to facilitate movement of goods through the route. Transit cargo from Kolkata to one of India's North Eastern states Tripura can be seamlessly carried through this route, provided transshipment facilities are developed at Daudkandi. This will also enable the movement of goods from North East India to the rest of India through Bangladesh and reduce reliance on the Siliguri corridor.

#### **Impact on Multimodal Connectivity in the BBIN Sub region**

This route between India and Bangladesh will facilitate bilateral trade with improved cost-effectiveness and better predictability. Inclusion of the route in protocol will improve connectivity of Tripura and adjoining North Eastern states with mainland India and Bangladesh's economic centres. This will also help the hinterlands of both countries in the sub-region with increased connectivity. Land customs stations on both sides can be decongested with the new route. Bilateral protocol routes not only help India and Bangladesh, but also help landlocked partner countries Bhutan and Nepal.

### **Food for Thought**

India has to maximise the use of the river routes in the sub-region to connect with its landlocked North Eastern states via Bangladesh. India and Bangladesh can look at building cohesive infrastructure to [facilitate river borne trade](#) to help local communities apart from boosting trade relations in the sub-region. Integration and development of multi-modes of transportation along with these waterways can help in having door to door connectivity. Furthermore, tourism potential of and along these river routes is to be fully explored by the two countries.

## NEPAL

### World Bank's \$450 Million Road Support in Nepal to Spur COVID-19 Recovery

The World Bank approved a [USD 450 million Nepal Strategic Road Connectivity and Trade Improvement Project](#) to enhance regional road connectivity by improving the Nagdhunga-Naubise-Mugling road and upgrading the Kamala-Dhalkebar-Pathlaiya road. Both are crucial to Nepal's connectivity and trade with India and other countries.

### CUTS Comments

#### Impact on Multimodal Connectivity in Nepal

With trade accounting for about [40 percent](#) of the country's economic output, it is important for Nepal to reduce the time and cost of moving goods. The existing Nagdhunga-Naubise-Mugling (NNM) road [will be upgraded](#) to two lanes and with one meter paved shoulders. The Kamala-Dhalkebar-Pathlaiya (KDP) road which is a part of East West Highway [will be upgraded](#) from two lanes to four lanes.

#### Impact on Multimodal Connectivity in BBIN Subregion

The NNM project will strengthen Nepal's hinterland linkages with the Kathmandu-Birgunj-Kolkata corridor. A tunnel on the Kathmandu-end of the NNM road is being constructed with the support of Japan International Cooperation Agency. The Mugling-Naubise-Kathmandu road (100 Km) which will be four laned as part of this project, is part of Asian Highway (AH) 42. The AH-42 connects Nepal with India at Raxaul and AH-1 at Barhi in India.

It will, among others, also augment link roads in Nepal connecting to several border locations in between such as Biratnagar, Birgunj and Bhairahawa. Key border crossing points [will have augmentation](#) of physical infrastructure, equipment, inspection and related border transit management systems that are required to absorb increasing traffic and trade volumes.

### Food for Thought

Indian ports being significant for Nepal's external trade and India being Nepal's dominant trade partner<sup>2</sup>, the consistent improvements in border connectivity infrastructure are important steps as they are needed, particularly in times of COVID-19, to generate greater positive externalities. Easing of the [complex regulatory requirements](#) which impacts the import-export between the countries, have to be given a serious call by both countries. Infrastructure and connectivity policies between the countries have to be modernised.

<sup>1</sup> ADB. 2015. Strategic Master Plan for Chittagong Port. Manila. Twenty-foot equivalent units are used to count container volume; a 40-foot container box is counted as two twenty-foot equivalent units.

<sup>2</sup> India accounts for 64 percent of Nepal's total volume of trade, according to data sourced from Economic Survey of 2018-19. However, countries like China have made significant inroads recently.

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