

BANGLADESH-BHUTAN-INDIA-NEPAL DOSSIER OF CATALYTIC MULTIMODAL CONNECTIVITY INITIATIVES

Joining Dots • Connecting People • Shared Prosperity

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BANGLADESH

Chamber of Commerce for Bangladesh, NE India mooted

A preliminary discussion between business organisations from Bangladesh and the North-East region of India was held to set up a [private chamber of commerce](#) to enhance trade. The chamber's focus would be to efficiently utilise the region's geographical proximity and increase the number of trade items and their volume traded between Bangladesh and North-Eastern India.

CUTS Comments

Impact on Multi-modal Connectivity

The successful creation and execution of a private chamber of commerce with business organisations from Bangladesh and India can be a game-changer for the BBIN sub-region. Creating this new chamber of commerce will increase the cross-border trade in the sub-region, further boosting the demand for trade facilitating measures, such as modern infrastructure and seamless multi-modal transport connectivity.

Impact on BBIN Sub-region

Setting up such a chamber of commerce whose members are the representatives of the northeastern states of India and Bangladesh trading bodies would enhance the trade in the BBIN sub-region. This is due to the direct interest of private stakeholders in expanding and increasing their business and more awareness about the ground realities and challenges.

Food for Thought

The trade between the northeastern states of India and Bangladesh is currently dominated by traditional items, such as coal, limestone, and stone chips. This trade relationship is not sustainable unless it is expanded to other trade areas. Therefore, the respective governments encourage setting up a chamber of commerce with the participation of business associations that will help boost trade relations to other commodity markets. Such measures should also help the northeastern states to utilise their natural advantage of sharing boundaries with the neighboring countries.

BHUTAN

Bhutan eyes 25 per cent hike in trade with Bangladesh in 2022

After a 35 per cent trade drop in 2020, Bhutan eyes improving COVID-19 situation to [hike the trade volume](#) with Bangladesh.

CUTS Comments

Impact on Multi-modal Connectivity

A Preferential Trade Agreement (PTA) between Bhutan and Bangladesh would incentivise both the countries to work on trade facilitation measures to boost trade and commerce. Hence, efforts for enhanced multi-modal transport connectivity can be expected, which will be aligned with other multi-modal connectivity initiatives in the sub-region. Apart from trade, tourism prospects are involved from both the countries, further increasing the demand for more transport connectivity.

Impact on BBIN Sub-region

The increase in the trade between the two countries would result in a more economically integrated sub-region. Additionally, a 25 per cent increase in the bilateral trade between Bangladesh and Bhutan through the PTA signed by both would give a fresh fillip to the intra-regional trade in the sub-region, especially after a pandemic induced drop of 35 per cent in the trade volume between Bhutan and Bangladesh in the year 2020. Through this PTA, Bangladesh would gain duty-free access for 100 products in Bhutan, and Bhutan would gain duty-free access for 34 products in the Bangladesh market.

Food for Thought

Bhutan and Bangladesh are graduating from the Least Developing Countries (LDCs) list in 2026. Therefore, signing a PTA would aid the countries in securing market access. While striving for higher trade volume, the countries should also focus on trade facilitation measures by easing or harmonising trade and transit protocols. Along with facilitating economic integration through enhanced trade relations, the sub-region countries should also aim to transport infrastructure alignment and integration to build a seamlessly connected BBIN sub-region.

INDIA

India to set up 500 multi-modal cargo terminals under Gati Shakti

The Indian government will [set up 500 multi-modal cargo terminals](#) by 2025 under the Gati Shakti-National Master Plan that requires over 50,000 crores.

CUTS Comments

Impact on Multi-modal Connectivity

The set-up of multi-modal transport terminals in all the major economic zones in India will integrate different modes of transportation, including air, water, roadways, and railways, which will boost the logistics sector in the BBIN sub-region. The integration of all modes of transport further promotes seamless connectivity and develops the hardware infrastructure in the less developed transport modes. Furthermore, it will positively impact trade and tourism in the country and sub-region.

Impact on BBIN Sub-region

Establishing multi-modal terminals in India will promote seamless connectivity in the BBIN sub-region. It will smoothen the third country's imports and exports of the other countries in the sub-region, which use India as a transit country. It will reduce the logistics cost in the sub-region and increase the competitiveness of the products from the sub-region in the world market. Also, the setting up of multi-modal terminals will bring positive externalities and lead to more economic hubs in the BBIN sub-region.

Food for Thought

The Government of India's investment worth INR 50,000 crore to develop an efficient multi-modal logistics system in the country is praiseworthy. However, the plan's success in achieving its intended objectives is heavily dependent on constant monitoring and support, which should be a top priority. The Gati-Shakti National Master Plan of India, which aims to holistically plan for infrastructure projects by incorporating the infrastructure schemes of various ministries and state governments, is an initiative for other countries in the sub-region to learn from. The countries can think of a sub-regional plan for multi-modal connectivity in similar lines in the sub-region.

NEPAL

Nepal-India sign an MoU for Kathmandu-Raxaul railway link

Nepal has signed an MoU with India to prepare a detailed project report for the proposed US\$3.15bn [railway line linking Kathmandu](#) with the Indian border town of Raxaul.

CUTS Comments

Impact on Multi-modal Connectivity

The 136-198 km long train link connecting Raxaul on the Indian side and Kathmandu in Nepal will seamlessly connect Nepal to the Indian railway network. This will also enable Nepal to connect with the rest of the sub-region through a broad gauge railway network. The seamless train linkage will facilitate more multi-modal connection options in the sub-region. It will facilitate people and goods movement, build linkages of roadways to various railway junctions, and promote seamless connectivity.

Impact on BBIN Sub-region

Currently, shipments originating overseas are brought to the inland container depot in Birgunj by rail and transferred to Kathmandu and other roads. Once the railway line is constructed, goods can be transported directly to Kathmandu from India and other countries. It would increase intra-regional trade and facilitate inter-regional trade of the sub-region while also reducing the cost and time of cargo movement.

Food for Thought

The direct rail linkage from India to Nepal will generate many opportunities in the two countries, such as employment, tourism, trade, and commerce. It will bring economic development to the sub-region. However, any such development initiatives in the sub-region should also consider people on the ground and hear their concerns and demands with due priority. The people who will lose their land and livelihood for this much-needed development initiative should be given sustainable alternatives.

