

BANGLADESH-BHUTAN-INDIA-NEPAL

DOSSIER OF CATALYTIC MULTIMODAL CONNECTIVITY INITIATIVES



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BANGLADESH

Bangladesh opens its longest bridge, bringing India closer

The [inauguration of the Padma bridge](#) carries a lot of significance as the structure was built entirely by domestic financing. The Bridge represents Bangladesh's capacity and strength in developing infrastructures to boost trade and connectivity.

CUTS COMMENTS

Impact on Multi-modal Connectivity

So far, gigantic ferries that would load trucks, buses and cars were the only way for people of 21 southern districts to go to Dhaka. Now with the presence of rail and road services, the time and costs of passenger and cargo movement within Bangladesh and between India and Bangladesh would be reduced. The Bridge will be an integral part of the [Asian Highway One and Trans-Asian railway network systems](#) Sylhet-Kanchpur-Dhaka-Mawa-Jashore-Benapole, connecting Calcutta in Eastern India.

Impact on BBIN Sub-region

The Padma Bridge will sharply [boost regional connectivity](#) and increase intra- and inter-regional trade in the sub-region while reducing the cost and time of cargo movement. Also, it will bring economic development to the sub-region.

It is expected that rail and road travel between Calcutta and Dhaka will be reduced by half, with a similar cascading effect on travel time between West Bengal and India's North-eastern states. Furthermore, the Bridge will rekindle the hope of [establishing new factories](#) in districts like Khulna. This would facilitate the creation of economic zones in Bangladesh and their subsequent contribution to enhancing trade activities in the sub-region.

Food for Thought

The Padma Bridge will provide an essential link in the transportation infrastructure of Bangladesh and India. Therefore, proper maintenance and operationalisation of the Bridge are required to realise its benefits. Recently, talks of the dedicated organisation to maintain and supervise the operations have gained traction. However, the organisation's structure, roles, and responsibilities are subject to approval from the government.

Bhutan

Bangladesh-Bhutan PTA effective from 1 July

The Preferential Trade Agreement (PTA) signed between Bangladesh and Bhutan is Bangladesh's [first bilateral trade agreement](#). The concerned ministries on both sides are taking the necessary steps to make the agreement effective.

CUTS COMMENTS

Impact on Multi-modal Connectivity

The PTA will give rise to cooperation and usage of different modes of transportation to save time, cost, and energy in passenger and cargo movement. Opportunities such as [optimal utilisation](#) of Sayedpur airport, Chilmari port, Narayanganj port and Pangaoni can be created for Bhutanese cargo in Bangladesh and vice-versa. In the sector of railway connectivity, the Chilahati railway project can be another opportunity for cooperation between Bangladesh and Bhutan. The two countries have already agreed to operate naval routes between the two countries to expand Bangladesh-Bhutan trade.

Impact on BBIN Sub-region

The PTA will promote and [expand bilateral trade](#) between the two countries by implementing appropriate measures. These include reducing or eliminating barriers affecting trade. The resultant increase in the trade between the two countries would lead to a more economically integrated sub-region. Under the PTA, 10 Bangladeshi products, including readymade garments, will get duty-free access to the Bhutanese market, while 16 Bhutanese items will get the same preference in the Bangladesh market.

Food for Thought

The PTA will be beneficial for both economies. Strong regional and international cooperation is necessary to mitigate the impact of the pandemic and for the graduation from least-developed countries to developing countries. It is expected that Bangladesh might lose revenue from import tariffs due to the FTAs and PTAs, but it needs to go for the deals to protect the trade privileges, promote exports, and enhance job creation in the country.

India

Air, rail, road connectivity boost in Northeast! Centre executing projects worth ₹1,34,200 crore, says FM

The Central Government is emphasising infrastructure and [connectivity development](#) in the North-eastern region of India. It is implementing various rail, road and air connectivity projects in Northeast India worth ₹1,34,200 crore. Currently, there are 15 ongoing projects for air connectivity in the North-eastern region, costing nearly ₹2,200 crore. The number of India-Bangladesh Protocol Routes has been increased to 10 from the existing eight.

CUTS COMMENTS

Impact on Multi-modal Connectivity

The government's holistic approach and [transformative efforts](#) regarding air, rail, road, and waterway connectivity through the UDAN scheme and various others will boost tourism, investments, and employment, facilitate seamless multi-modal connectivity and promote trade. The development of infrastructure projects will transform the region into an economic gateway to Southeast Asia.

Impact on BBIN Sub-region

Introducing new India-Bangladesh Protocol Routes will help strengthen the economy and connectivity in the sub-region, and it will decrease the [transportation cost](#) of moving goods to Bangladesh. The connectivity projects will promote ease of trade facilitation with neighbouring countries. Furthermore, developing air, road, rail, and waterways links would lead to the development of last-mile connectivity through multi-modal measures.

Food for Thought

Good air, rail, road, and water connectivity would bring important bilateral and international trade changes. Improving connectivity to different parts of the Northeast will boost the tourism sector, promote greater people-to-people contact and increase intra- and inter-regional trade.

Nepal

From power trade to rail connectivity – India, Nepal work to revamp ties after map row

From cross-border rail connectivity to creating [electricity trade corridors](#), India and Nepal sought to smoothen the relationship, which faces several challenges, from border issues to a growing Chinese footprint in the Himalayan state. During the bilateral summit, the two sides launched an India-Nepal Joint Vision Statement on Power Sector Cooperation. According to the power sector vision document, recent cross-border electricity trade regulations have enabled Nepal to access the Indian market and trade power with India.

CUTS COMMENTS

Impact on Multi-modal Connectivity

The current infrastructure does not support [large-scale trade](#) in power. Therefore, building an international transmission line that can carry high voltage electricity is important. Thus, it requires infrastructure development on both the side of the border between India and Nepal that will eventually promote and effectively utilise multi-modal connectivity.

Impact on BBIN Sub-region

The cross-border electricity trade between Nepal and India enabled Nepal to access the Indian market and trade power. The increased market access will boost the region's economy and encourage other neighbouring countries to initiate the same. For instance, the prospects of energy trade between [Nepal and Bangladesh](#) are also growing. Dhaka recently proposed power trade between Nepal and Bangladesh in a way that suits the interest of both countries.

Food for Thought

The electricity trade offers unprecedented opportunities. These include joint development of power generation projects in Nepal, the development of cross-border transmission infrastructure, and bi-directional power trade with appropriate access to electricity markets in both countries based on mutual benefits. It further encourages Indian companies to invest in Nepal's hydropower development plans and will contribute to both countries' economic progress. Additionally, the electricity trade is a positive step for both Nepal and India as it could contribute to a reduction in carbon emissions.

