Status and Challenges of Intra-Regional Connectivity in South Asia: A Case Study of India's Connectivity with Bangladesh

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DECLARATION

I declare that the thesis entitled "Status and Challenges of Intra-Regional Connectivity in South Asia: A Case Study of India's Connectivity with Bangladesh" submitted by me for the award of the degree **of Doctor of Philosophy** of Jawaharlal Nehru University is my own work. The Thesis has not been submitted for any other degree of this university or any other university.

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CERTIFICATE

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Dedicated to My Late Father

Ram Lal Patel

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ABBREVIATIONS

ADB	Asian Development Bank
ADBI	Asian Development Bank Institute
AH	Asian Highway
AHN	Asian Highway Network
AL	Awami League
ALTID	Asian Land Transport Infrastructure Development
ARIC	Asia Regional Integration Centre
APTA	Asia-Pacific Trade Agreement
APTTA	Afghanistan-Pakistan Transit Trade Agreement
ASEAN	Association of Southeast Asian Nations
ASYCUDA	Automated System for Customs Data
BACS	Bhutan Automated Customs System
BBIN	Bangladesh, Bhutan, India and Nepal
BCA	Bilateral Cooperation Agreement
BCIM	Bangladesh-China-India-Myanmar
BCIM-EC	Bangladesh-China-India and Myanmar- Economic Corridor
BFTI	Bangladesh Foreign Trade Institute
BIISS	Bangladesh Institute of International and Strategic Studies
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BIS	Bureau of Indian Standards
BIWTA	Bangladesh Inland Water Transport Authority
BJP	Bharatiya Janata Party
BLPA	Bangladesh Land Port Authority
BNP	Bangladesh Nationalist Party

BRTA	Bangladesh Road Transport Authority
BSF	Border Security Force
BTA	Border Trade Agreement
CAREC	Central Asia Regional Economic Cooperation
CBTA	Cross-Border Road Transport Agreement
CCCI	Chittagong Chamber of Commerce and Industry
CCH	Chittagong Customs House
CFL	Central Food Laboratory
CII	Confederation of Indian Industry
CPD	Centre for Policy Dialogue
CSIRD	Centre for Studies in International Relations and Development
CUTS	Consumer Unity & Trust Society
DCCI	Dhaka Chamber of Commerce and Industry
DPR	Detail Project Report
EDI	Electronic Data Interchange
EPC	Engineering, Procurement and Contract
ESCAP	Economic and Social Commission for Asian and the Pacific
EU	European Union
FBCCI	Federation of Bangladesh Chambers of Commerce and Industry
FCI	Food Corporation of India
FDI	Foreign Direct Investment
FICCI	Federation of Indian Chambers of Commerce and Industry
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
GMS	Greater Mekong Subregion

GT	Grand Trunk
HCI	High Commission of India
IBCCI	India-Bangladesh Chamber of Commerce and Industry
ICCR	Indian Council of Cultural Relations
ICD	Inland Container Depot
ICEGATE	Indian Customs Electronic Gateway
ICP	Integrated Check Post
ICRIER	Indian Council for Research on International Economic Relations
ICT	Information and Communication Technology
ICWA	Indian Council of World Affairs
IDSA	Institute for Defence Studies and Analyses
IGCC	Indira Gandhi Cultural Centre
IGG	Inter-Governmental Group
IMF	International Monetary Fund
IMT	India-Myanmar and Thailand Highway
IPCS	Institute of Peace & Conflict Studies
IT	Informational Technology
ITEC	Indian Technical and Economic Cooperation
IVAC	Indian Visa Application Centre
IWAI	Inland Waterways Authority of India
IWT	Inland Water Transport
IWTA	Inland Water Transport Authority
IWTT	Inland Water Trade and Transit
JNPT	Jawaharlal Nehru Port Trust
JWG	Joint Working Group
LAD	Least Available Depth
LAP	Look Act Policy

LCS	Land Custom Station
LDC	Least Developed Country
LEP	Look East Policy
LLC	Landlocked Country
LoC	Line of Credit
LPI	Logistics Performance Index
MDONER	Ministry for Development of North Eastern Region
MEA	Ministry of External Affairs
MFN	Most Favoured Nations
MT	Metric Ton
MoU	Memorandum of Understanding
MVA	Motor Vehicle Agreement
NABL	National Accreditation Board for Testing and Calibration Laboratories
NAFTA	North American Free Trade Agreement
NDB	New Development Bank
NH	National Highway
NHAI	National Highway Authority of India
NEC	North Eastern Council
NER	North Eastern region
NLTFC	National Land Transport Facilitation Committee
NTB	Non-Tariff Barrier
NTM	Non-Tariff Measure
NTDPC	National Transport Development Policy Committee
NTTCB	National Transit Transport Coordinating Board
OCED	Organisation for Economic Co-operation and Development
ORF	Observer Research foundation
PIB	Press Information Bureau

PIWTT	Protocol on the Inland Water Transit and Trade
PPP	Public-Private Partnership
PTA	Preferential Trade Agreement
RCEP	Regional Comprehensive Economic Partnership
RIS	Research and Information System for Developing Countries
RCI	Regional Cooperation and Integration
RMG	Readymade Garments
RTA	Regional Trade Agreement
RTHD	Road Transport and Highways Division (Bangladesh)
SAARC	South Asian Association for Regional Cooperation
SADC	South African Development Community
SAFTA	South Asia Free Trade Agreement
SAPTA	SAARC Preferential Trading Agreement
SARSO	South Asian Regional Standards Organisation
SASEC	South Asia Subregional Economic Cooperation
SATIS	SAARC Agreement on Trade in Services
SAWTEE	South Asia Watch on Trade, Economic & Environment
SEZ	Special Economic Zone
SRMTS	SAARC Regional Multimodal Transport Study
TAR	Trans Asian Railway
TBT	Technical Barriers to Trade
TFA	Trade Facilitation Agreement
TIR	Transports International Routiers
TPP	Trans-Pacific Partnership
UK	United Kingdom
UNCLOS	United Nations Convention on the Law of the Sea
UNCTAD	United Nations Conference on Trade and Development

UNESCAP	United Nations Economic and Social Commission for Asia and Pacific
UNESCO	United Nations Educational, Scientific and Cultural Organisation
USA	United States of America
USAID	United Sates Agency for International Development
USD	United Sates Dollar
WTO	Word Trade Organization

Chapter I

Introduction

1.1 Background

The driving forces of regional connectivity in South Asia are manifold. South Asia is geographically proximate and a region of around 1.7 billion people with a joined gross domestic product of US$ 2.51 trillion. And the region is growing at 6 per cent annually over the last two decades, and also the region is home to 26 per cent of the whole world's youth[1]. The concept of regional connectivity would supplement and back up integration inside the more extensive regional framework in South Asia and beyond. Intra-regional connectivity is extremely important for trade as well as economic and social development. Strong and improved physical connectivity will not just diminish cost and turnaround time to transport goods for trade, but also it impacts production and consumptions in the region. It will help low income and landlocked countries like Afghanistan, Nepal, and Bhutan and Bangladesh to link with large economies like India and Pakistan for shared development.

In order to achieve regional connectivity, both "hardware" and "software" connectivity need to be in place in South Asia. Hardware connectivity includes physical infrastructure development, transport-road, rail, air, waterways, port and logistics facilities, ICT, and energy. And "software" connectivity is concerned; it includes regional transport agreements, capacity building programmes, institutional framework, people to people contacts, trade facilitation, transit facilities and customs integration (Bhattacharyay, 2010:1).

South Asian economies are growing steadily, and they are forging close economic ties than ever before. But regional integration in South Asia is relatively limited[2]. It has been hindered by 'hardware' connectivity challenges such as infrastructure gap for surface transport across countries, restricted inter-country transport corridor and poor equipped

[1] World Bank (2015), "*Regional Integration in South Asia"*, [Online: web] Accessed 3 February 2016, URL: http://www.worldbank.org/en/region/sar/brief/southasiaregionalintegration

[2] UNESCAP (2018), "*Unlocking the potential of Regional Economic cooperation and integration in South Asia: Potential, Challenges and the way forward"*, United Nations, Bangkok, p. v.

land customs stations. In the road sector, a segment of the roads in certain countries, for example, Bangladesh, India, and Sri Lanka are still low quality, fragmented and below standard. Especially those stretches of roads prompting to borders in South Asia that harm cargoes and delay travel time (Subramanian and Arnold, 2001: 35-36). In the area of the railway, there are many missing links and railway networks suffer from inadequate loop length and insufficient gauge conversion. There are differences in gauge. For example, Petrapole/Benapole and Singhabad/Rohanpur are Broad Gauge rail link while Radhikapur/Birol is broad gauge and metre gauge (BG/MG) rail link (Rahmatullah, 2009: 25). In addition, national transport frameworks in the region need compelling cross-border infrastructure, which is holding up trade. But the nonappearance of modern computerised border processes prompts to higher costs and more time for goods, vehicles, and traders to cross-border (ADB, 2016: 4). In the context of seaports infrastructure, technically, the region suffers from deficiencies in the draft, capacity constraint, operational efficiency and road, and rail access. For example, the region experiences weak dredging systems of rivers and lack of guaranteed freeways. It does not have 24 hours navigational facilities, terminal and cargo handling facilities, and it suffers from inadequacy of IWT vessels and single direction traffic (Chaudhury and Basu, 2015: 34-35).

In the region, transport connectivity between the countries has also been affected unfavourably from software connectivity constraints. These are the absence of regional transit agreement, cumbersome procedures and poor trade facilitation at the borders and historical and political reasons. The issue of security has been a noteworthy bone of contention between India and Bangladesh. There is a perception in Bangladesh that transit to India may hamper the security of Bangladesh and India could utilise transit facility to suppress insurgent groups in its Northeastern states (World Bank, 2008:101). There is an overland bilateral transit agreement between South Asian countries, but some of them are working with restrictions. For example, India-Bangladesh (not working), India-Nepal (working with limitations), India-Bhutan (with restrictions), Pakistan-Afghanistan (with restrictions), Bangladesh-Nepal (working) and Bangladesh-Bhutan (working) have an understanding. India and Bangladesh have only “Protocol on Inland Water Transit and Trade,” which is renewable at regular intervals. Recently, in April

2015, the two countries chose to renew the Protocol naturally after at regular intervals[3]. But South Asian countries do not have yet a regional transport arrangement.

Despite these challenges, there is a huge potential for regional cooperation that can be enhanced through connectivity. It is only possible when each country explores and exploits its strengths. According to a World Bank study (2008), "intra-regional connectivity can reduce transaction costs and increase exports by more than 300 per cent". In this context, BBIN Motor Vehicle Agreement can be a milestone to connect likeminded four countries of the region. India's North East states are actively involved in planning and preparing transport linkages. There are immense opportunities to in air, waterways, and land connectivity between India and Bangladesh. Indian investment can help develop Chittagong and Mongla ports in Bangladesh. In regional transit point of view, Bangladesh can benefit tremendously through opening up transit and get vast opportunities for crossing East to West and giving the landlocked neighbor access to the ocean. For instance, according to some estimates, it can earn over US$ 2 billion income as travel expenses from Indian vehicles which travel to and from India's North East states to rest of India utilising Bangladeshi territory (Yunus, 2017: 192).

In this unique circumstance, South Asia can also learn from other trading blocs. For instance, in the EU and NAFTA, intra-regional road and rail connectivity has catapulted intra-regional trade, and investment and regional transit agreement has improved transport connectivity (Rahman et al., 2017:101). Before the partition of India in 1947, South Asia was a standout amongst the best-connected regions of the world. Some of these links were inherited from the colonial period and trade, and business of India's Northeastern region with the rest of the country used to experience the domains of eastern Kolkata. The whole of eastern India, including what is presently Bangladesh was connected through a dense network of riverine transport, and Chittagong served as a port for this entire hinterland (Saran, 2018: 3). Rail and waterways transit over past East

[3] Ministry of External Affairs, Government of India (2015), "*List of Agreements, MoUs and other Documents concluded during the visit of Prime Minster to Dhaka (June 06, 2015)"*, [Online: web] Accessed 10 June 2015, URL: http://www.mea.gov.in/bilateraldocuments.htm?dtl/25344/List_of_Agreements_MoUs_and_other_Documents_concluded_during_the_visit_of_Prime.

Pakistan proceeded till March 1965. But these linkages were interrupted by partition in 1947 and the India-Pakistan war of 1965. Only inland waterways transit was re-established in 1972 without much advancement (Islam, 2016: 7). These links have suffered through neglect of maintenance. But now again, South Asian countries are trying to restore, improve, and extend these transit links for connectivity across the region.

Institutional provision has been made under SAARC framework, and Article 8 of SAFTA provides hardware and software connectivity as well as transit facilities for effective intra-regional trade, particularly for land locked countries of the region, and development of communication frameworks and transport infrastructure. In a case, next to no solid advancement has been made in these areas, and the result of article 8, formulations have not been encouraging. In this regard, South Asian countries have made much effort to finalise arrangement since the twelfth SAARC summit, which was held in Islamabad in 2004. In this summit, it was called for reinforcing physical connectivity, transit and communication linkages across the region. At the same time, the Asian Development Bank supported "SAARC Regional Multimodal Transport Study" was directed amid 2005-2006, with the genuine goal of improving intra-regional connectivity between SAARC countries. Since fourteenth SAARC Summit 2007, South Asian countries have been making an attempt to pursue the implementation of SRMTS recommendation, but it has not come into force yet (Kumar, 2015: 455). For example, during the 18th SAARC summit, which was held in Kathmandu on November 26, 2014, member states discussed various initiatives for building intra-regional connectivity[4]. But due to Pakistan strong objection, Motor Vehicles Agreement and Regional Railways Pact could not be finalized, and it was extended for three months. And member countries consented to hold a meeting of transport minister inside a quarter of a year so as to nail down the agreement for endorsement (The Times of India, November 26, 2014). Recently, 37th SAARC Council

[4]Ministry of External Affairs, Government of India (2014), *Eighteenth SAARC Summit Kathmandu Declaration*, [Online: web] Accessed 10 January 2015, URL: https://mea.gov.in/Uploads/PublicationDocs/24375_EIGHTEENTH_SUMMIT_DECLARATION.pdf.

of Ministers meeting was held in Pokhara on March 17, 2016[5]. In the meeting, SAARC states made visible attempts to give connectivity a chance in the region. But regional road and rail connectivity pact could not take place.

Finally, in order to enhance connectivity, the sub-regional framework "Bangladesh, Bhutan, India, and Nepal-Motor Vehicle Agreement" BBIN-MVA was signed between four SAARC countries for the guideline of passengers, individual and loaded vehicular traffic between these countries on 15 June 2015, in Thimphu, Bhutan. The BBIN Motor Vehicle Agreement is like the "SAARC Motor Vehicle Agreement" (MVA) draft with minor changes. The agreement would encourage safe, financially competent, and environmentally sustainable road transport in the sub-region. Moreover, it would help each country in making an institutional instrument for regional integration[6]. This agreement is beneficial for seamless shared cross border movement of travellers and goods for the by and large economic growth of the region. And it is also necessary to overcome infrastructure constraints, a pre-condition for making optimal use of complementarities in the sub-region (Chaudhury and Nayak, 2018: 12).

Despite being linked geographically, the BBIN countries still face connectivity barriers, which slow down the provision of cheaper access to goods and services, creation of jobs and people to people contact (ibid, 14). To overcome these problems ten possible Sub-regional road connectivity routes have been identified for the flow of vehicles, goods, and people and unlocking economic potential in the region. These routes are as. First, Kolkata to Chittagong via Benapole-Jessore-Dhaka, the second route is from Chittagong to Siliguri via Dhaka-Hatikumrul-Bogra-Rangpur-Burimari. The third route is from Dhaka to Bhutan via Hatikumrul-Bogra-Rangpur-Burimari through India's Chenrhabanda-Jaigaon and Bhutan's Puenstsholing. The fourth route is Dhaka-Kathmandu via Hatikumrul-Bogra-Rangpur-Banglabanda through India's Dauki-Shillong-Guwahati. And

[5] Ministry of External Affairs, Government of India (2016), *Statement by External Affairs Minister during 37th SAARC Council of Minister' Meeting in Pokhara (March17, 2016),* [Online: web] Accessed 20 March 2016, URL: https://mea.gov.in/Speeches-Statements.htm?dtl/26556.

[6]Press Information Bureau, Government of India (2015), *India, Nepal, Bhutan and Bangladesh Sign a landmark Motor Vehicles Agreement for Seamless movement of road traffic among dour SAARC countries in Thimphu*, [Online: web] Accessed 16 June 2015, URL: http://pib.nic.in/newsite/PrintRelease.aspx?relid=122516.

fifth is from Kolkata to Bhutan's Samdrup-Jongkhar via Dhaka-Sarail-Sylhet-Tamabil through India's Dauki-Shillong-Guwahati. Sixth is Khulna to Kolkata via Jessore-Benapole, and seventh is Delhi to Kathmandu, and the eighth route is Varanasi to Kathmandu. The ninth route is Kolkata to Agartala via Dhaka, and the last route is Dhaka-Shillong-Guwahati (The Daily Star, June 16, 2015; The Indian Express, July 1, 2015). These connectivity routes have potential to transform transport routes into economic passages, and "these routes could increase intra-regional trade within South Asia by almost 60 percent and rest of the world by over 30 percent" (The Indian Express, November 18, 2015).

The South Asia Sub-regional Economic Cooperation (SASEC), Asian Development Bank, and World Bank projects have played a significant role to bring cross-border connectivity in South Asia. SASEC was set up in 2001 with the aim to unite Bangladesh Bhutan, Maldives, India, Nepal and Sri Lanka. It is a project-based association, and its real goal is to facilitate trade and economic cooperation by improving regional connectivity among member states. Since its establishment, SASEC has implemented 25 connectivity projects in the transport sector with the help of ADB, with a total cost of US$ $5.41 billion[7]. In this context, World Bank has financed US$ 107 million connectivity project to upgrade not only Mizoram and other Northeastern States' road link but also its linkages with neighbouring countries Bangladesh, Nepal, Bhutan and Myanmar (World Bank, 2014: 1-2).

India and Bangladesh have been making an attempt to restore weakened connectivity. It is considered that restored network can execute a vital role in the social and economic development of both countries through encouraging the flow of people and goods across border and access at the regional level and beyond. Connectivity will link mainland India with its North Eastern region through Bangladesh territory. North East India has been underdeveloped and isolated for many years because of poor infrastructure, difficult terrain, and geographical constraints. The absence of infrastructure and connectivity with

[7] SASEC (2016), *SASEC Projects*, [Online: web] Accessed 4 March 2016, URL: http://sasec.asia/index.php?page=projects.

Bangladesh has been one of the key bottlenecks in India's Northeastern region that has limited the scope of the region's development and finding markets within the region and beyond. These bottlenecks have also added to the slow pace of economic development in the region.

At present, the Northeastern region is linked to mainland India by 22 km wide stretch of land called the "Chicken's Neck". This route goes through hilly territory with steep roads and different clip twists. If a consignment from Agartala goes to Kolkata and New Delhi via Shillong and Guwahati, then it needs to travel 1650 km and 2,637 km respectively to reach out final destination. In this geographically adverse situation, if Bangladesh gives direct access to these two cities, then this distance between Agartala and Kolkata via Bangladesh can be minimised in fact it can be only 350 km. In other words, it can be said that an average distance between major cities of Bangladesh and India's northeastern states is 20-200 km (Rahmatullah, 2009: 15). Bangladesh's role as transit provider to India's Northeastern region is very significant. Because the region shares about 4096 km long international border with the country in South West, along these lines, Bangladesh can act as a major source of connectivity via rail, road and riverine not only for Northeastern states but also for rest of country. As well as, the country can give smooth transport link for NE India to the entire region and world through the Chittagong Port. In reverse, India can go about as a wellspring of land network among Bangladesh and the other South Asian States as Bhutan and Nepal. Apart from it, opening up trade routes will promote economic development and vice versa for the North Eastern States. And it will speed up its growth process and also will help to reduce poverty (De et al., 2018: 2-3). The region will recapture its place as a pivot of prospering trade with east and Southeast Asia through the land route to China and Myanmar and the seaport from Chittagong and Kolkata. There is a huge potential for cooperation in the transport sector through road, rail, and waterways links, and it is based on the non-zero sum game.

Recently, India signed 22 agreements with Bangladesh and extended a New Line of Credit (LoC) of US$ 2 billion in 2015 and in 2017 the 3rd LoC of US$ 4.5 billion[8] to

[8] Ministry of External Affairs, Government of India (2017), *India-Bangladesh joint statement during t he state visit of Prime Minister of Bangladesh (April 8, 2017*), [Online: web] Accessed 5 January 2018, URL:

Bangladesh to develop infrastructure. And they also started two cross-border transport service between India and Bangladesh as "Kolkata-Dhaka-Agartala and Dhaka-Shillong-Guwahati" Bus Service and its Protocol was signed which would connect West Bengal to three North Eastern States of India via Bangladesh's Capital Dhaka[9]. However, Bilateral Trade Agreement and "Protocol on Inland Transit and Trade" were renewed, and Memorandum of Understanding to use of Chittagong and Mongla Ports were also signed.

Bilateral agreement discussed above shows that regional connectivity is extremely significant for helping South Asia to move toward greater regional integration. Connectivity is a paramount pillar to enhance intra-regional trade, investment, transit trade, people to people contacts, and economic opportunities for poor in the region. It can also reduce cross-border trade cost and time. In South Asia, intra-regional trade is one of the lowest in the world, as far as, intra-regional trade cost is concerned, it is much higher than the inter-regional trade cost. Reason for this challenge is physical and non-physical connectivity barriers that stop South Asian countries from getting economic advantages of geographical closeness. Regional connectivity is very important for Eastern subregion of South Asia to facilitate transport connectivity, trade, and transit. This study has examined the state of "intra-regional connectivity" in South Asia, and its challenges-both physical and non-physical in transport sector like road, rail and waterways that have thus far limited progress in enhancing regional connectivity. The study has also critically analysed ongoing initiatives in these connectivity sectors at regional, sub-regional, and bilateral levels. The study has, in particular, highlighted these aspects with regard to the status and challenges of India-Bangladesh connectivity with reference also to implications for India's northeastern states.

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http://www.mea.gov.in/bilateraldocuments.htm?dtl/28362/India++Bangladesh+Joint+Statement+during+the+State+Visit+of+Prime+Minister+of+Bangladesh+to+India.

[9] Press Information Bureau, Government of India (2015), "*Agreement on Coastal Shipping between India and Banglades"h*, [Online: web] Accessed 9 June 2015, URL: http:// http://pib.nic.in/newsite/PrintRelease.aspx?relid=122147.

1.2 Review of Literature

1.2.1 The Status of Connectivity and Transit Arrangement in South Asia

Transit has been an exceptionally testing issue in the region and in the context of India and Bangladesh it has been very sensitive. It is crucial to define this term as transit, which is interlinked to transship, and transport and connectivity give pre-condition for these three and finally all make a consistent flow of trade and service across the region. Transit defined as "the activity of going through starting with one place or point then onto the next.. For example, in the context of North Eastern sub-region, it refers to "movement across Bangladesh territory of Indian goods/containers/cargos to and from North-East India, using Indian owned transport fleet". With regards to transshipment, it is slightly different from transit, and it is defined as "the transfer of cargo/container from one form of transport to another". With regards to South Asian sub-region, it means "the movement of Indian goods/containers across Bangladesh using Bangladesh owned transport fleet and movement of Nepali goods/containers across India to reach Myanmar via Kolkata through India owned transport fleet".

The literature review is a significant part of a study, and it would appear on the status of bilateral as well as regional transit and connectivity cooperation in South Asia. It manages factors contributing to the feeble condition of integration within the region, and a large number of those have started from a mix of physical, non-physical, and institutional components. Physical infrastructures play an important role to facilitate regional connectivity and economic integration within the region to a great extent. But transportation linkages are a week and which is real limitations. In order to handle down these obstructions the Head of SAARC states at the twelfth summit at Islamabad in 2004, emphasised the need to build up transportation, transit, and communication linkages across the region for speeding up economic growth. And they conducted the "*SAARC Regional Multimodal Transport Study"* in 2006. This Study (SRMTS) has identified "many important corridors in the region such as 10 Regional road corridors, 5 Regional Rail Corridors, 2 Regional Inland Waterways Corridors, 10 Maritime Gateways, and 16 aviation Gateways". As well as, the study has presented their physical and non-physical barriers related to road, rail, and inland waterways and maritime and aviation. These

primarily lack bilateral transport understanding and insufficient physical infrastructure, severe capacity bottlenecks, and institutional shortcoming. There are technical also, for example, absence of expert administration and computerisation, and EDI/IT to link up stakeholders. So these factors have made transit and connectivity complex and insufficient in South Asia.

Ojha (2014) in his article, "*Regional Connectivity: Towards a Regional transit Agreement in South Asia"* has argued that "transit agreement between landlocked countries and its immediate neighbours and such agreements exist between India and Nepal, Bhutan and India, and Afghanistan and Pakistan and as well as transit agreement is also concluded between those countries which are not immediate neighbours". For example, Nepal has a separate agreement with Bangladesh, which was signed in 1976. The objective of this agreement is to conduct its trade with the third nation using Bangladesh's ports. In this regard, further he has done a comparative study of other regional trading blocs, and according to him, "transit is an important part of trade facilitation and cooperation in the area of transit and transport has remained an important component in many regional economic blocs". For example, the ASEAN, Greater Mekong Sub-region, and South Africa Development Community have finished up cross-border transport agreement so as to build up a transit transport network. Additionally, the EU's part nations have integrated their road and rail networks and pursue a common transport policy. Similarly, the United States and Canada as member of North American Free Trade Area (NAFTA) pursue harmonised transit and competition approaches. But in South Asia, there is an absence of such type of cooperation under SAARC arrangement.

Kharel (2009) in his paper, "*Case for South Asian Transit Arrangement",* attempts to study transport situation in the region and he argues that regional cooperation in the areas of transit and connectivity would benefit all countries of region not only landlocked but also coastal. But due to the absence of regional transport pact, countries of the region are paying high transport costs and facing severe connectivity challenges. He has justified his argument with field studies cases, and he says that " a 20-foot container takes at least 30-45 days to move from New Delhi to Dhaka through the maritime route via Mumbai and Singapore/ Colombo to Chittagong and then by rail to Dhaka, at the cost of around

US$2,500. If there were direct rail connectivity, the time would be reduced 4-5 days and cost would also slash to around US$850. Another case, Agartala, is only 75 km far from Chittagong. But good from Agartala travel 1,645 km to reach Kolkata port through Chicken's neck. Similarly, tea from Assam travels 1,400 km to reach Kolkata port. If transit cooperation is there, goods would have to travel only 400 km through Bangladesh to reach Kolkata". Without transit through Bangladesh, India is facing severe difficulties and the country is making cooperation with Myanmar to create a costly and time-consuming alternative route. This route will link India's northeastern region to Sittwe port of Myanmar partly via Kaladan River partly via road.

De and Kumar (2014) in their paper, "*Regional Transit Agreement in South Asia: An Empirical Investigation"*, argue that "a regional transit arrangement is a pre-condition for reducing transport cost and time in South Asia and a robust transit link is essential for strengthening value chain and regional integration". But due to the absence of regional transit agreement and high transport expenses and time, commodities produced by northeastern states do not find sufficient market over the region and abroad. This paper has analysed five overland SAARC corridors. These corridors are as the first corridor from Lahore to Agartala, and second from Kathmandu to Kolkata/Haldia. The third corridor links-Thimphu to Kolkata/Haldia and fourth corridor links Kathmandu to Mongla/Chittagong. Lastly, the fifth corridor connects Thimphu to Mongla/Chittagong. Out of these five corridors, corridor number one is progressively successful. They have analysed potential benefit of these corridors for eastern South Asian sub-region, in which Bangladesh, Bhutan, India, and Nepal (BBIN) are incorporated. Other than it, this paper has talked about current transit arrangement in South Asia and explained that how regional transport pact is significant for intra-regional trade flow in the region And the paper also clarified that these countries could earn enormous transit income by giving accessibility across the border.

1.2.2 Existing Physical and Non-Physical Barriers to Connectivity in South Asia

The quality of physical infrastructure is one of the significant preconditions for connectivity. It remains an issue in South Asia, where roads are often unpaved, and some ports and rail links have major hindrances as a result of insufficient capacity. The intra-

regional journey is still a long way from seamless because of a high number of measure and technical change during rail and road, and waterways transportation. Often containers need to be trans-shipped frequently take more than two weeks. However, non-physical bottlenecks are identified with the absence of orchestrated guideline, and inefficient customs procedures pose the more noteworthy challenge to free flow of cargo, goods, and vehicles across the border. In this context, Subramanian and Arnold (2001) in their study, "*Forging Sub-regional Links in Transportation and Logistics in South Asia*" has analysed the weak status of transportation and logistics links in sub-region of South Asia, Bangladesh, Bhutan, and Nepal. And North Eastern Indian States which includes Assam, Mizoram, Nagaland, Arunachal Pradesh, Tripura, Meghalaya, and Manipur. The study has found out some major physical infrastructural bottlenecks which are constraining the region's possibilities to become regional and global markets. This study gives an overview of the socioeconomic and economic growth profile of South Asia's eastern region. The study examined how landlocked region is facing transport and logistics constraints in getting to its regional and international markets. And how these transport impediments at cross-border and port have created a negative effect on regional trade patterns.

Further, in the study, they have done a comparative analysis of existing transit routes in the region and how these routes can facilitate the movement of commodities within the region and outside the region. But this study failed to provide a picture of the transport status of South Asia, and it limits itself within sub-region. World Bank (2010) in its study "*Transport Challenges in South Asia*" has made an attempt to fill up this gap and covers all aspect of connectivity bottlenecks in South Asia. It says "transport infrastructure gap, methods of transport and services like the poor state of the road, rail and waterways, lack of intraregional connectivity between the national and road networks, lacks sufficient strong institutional capacity and lacks cross-border infrastructure are the main constraints to economic growth and regional trade in the region". These reasons have lagged South Asia behind different other regions in making a regional trade gathering and creating regional connectivity. In the same context, Rahmatullah (2010) looks these bottlenecks in an alternative point of view, and according to him, nonappearance of regional connectivity course of action and continued non-cooperation in transport are harming the

economic competitiveness of nations, and they are losing on numerous fronts. It is going on in light of the fact that regional transport network in South Asia is continued to remain fragmented caused historical, political, and economic reasons and as well as trouble between South Asian states. Kumar (2015) in his article "*Potential and Prospects of Strengthening Transport Connectivity for Regional Economic Integration in Southern Asia",* highlights the existing non-physical barriers and analyse how these barriers are blocking regional connectivity. He gives a more extensive picture of South Asia and compares it with EU, ASEAN, and ECO. He says that these blocs have one of the best transport systems. However, South Asia does not have why? While before the bifurcation of India it was one the best-linked region in the world.

1.2.3 Connectivity and Regional Cooperation in South Asia

De (2014) in his article "*Connectivity and Regional Cooperation in South Asia",* has examined the serious issues of regional connectivity in term of both "Hardware and Software". He says that including high transportation costs, weak institutions, lack of strong and efficient infrastructure at borders and nonappearance of regional transit agreement are main factors for fragmented connectivity. In spite of the benefit of geographical proximity and economic and cultural similarities, these obstructions are punishing the regional trade and integration. Further, he attempts to distinguish the possibilities of regional connectivity and recognises the shapes of possibilities for cooperation in regional connectivity and trade facilitation. He shows all types of transport and plausible regional cooperation in the area of Maritime transport, air transport, and land transport and cross-border framework. He said, "An integrated South Asia could be achieved only by setting in place integrated overland connectivity and associated soft infrastructures at borders". In this context, Islam (2014) in his paper titled *"Regional Cooperation for Connectivity in Eastern South Asia: The issue of infrastructure",* has presented the infrastructure development issues and furthermore prospects of building up a vibrant regional connectivity network in the eastern sub-region of South Asia. Islam argues that Bangladesh may progress toward becoming sub-regional transport centre if the nation provides travel facility to India, Nepal, and Bhutan. He talks about potential conceivable outcomes of the Chittagong and Mongla seaports beyond this sub-regional

accessibility. The whole coastline of these two ports can associate two noteworthy areas similar to South Asia and Southeast Asia of Asia through its connectivity with Myanmar, Thailand, and China and alongside the North Eastern States of India.

Rahman et al. (2015) in their paper titled "*Trade and Transportation in Bangladesh: An audit of the State of Play",* they argue that transport facilitation occupies a focal point in trade discourse between India and Bangladesh. In any case, both nations emphasise that transport facilitation related issues should be given need consideration so as to make the region more integrated and raise the focused quality of producer's undertakings in a quick globalising setting. Along this line, the paper has made an attempt to show a point by point picture of transit assistance measures in Bangladesh. It has huge relevance to the transport network and regional collaboration in South Asia. Besides, the paper has given a broad overview of major infrastructure projects and initiatives. For example, these are road, rail, custom station, seaports, shipping, inland water transit, and development corridors in Bangladesh, which are linking other nations of the region. And also different projects which are in progress in the nation. The study shows that connectivity issues have been very important, and the country has given priority to it in the key national policy of Bangladesh. For example, "Six Five Year Plan (2011-2015) and the Ten Year Perspective Plan of Bangladesh (2011-2020)" have given emphasis to transport and connectivity related issues. As for as the "Seventh Five Year Plan (2015-2019)" is concerned it has given priority on building transport network so that it can encourage its domestic trade, as well as its transport and market linkages with neeighbouring countries.

1.2.4 India-Bangladesh Connectivity Links

In the context of bilateral connectivity, various authors have highlighted the significance of better regional connectivity for develop and advance intra-regional and bilateral trade and extend economic cooperation between India and Bangladesh. In this context, Thapliyal (1999) in her research paper "*India-Bangladesh transportation links: A move for Closer cooperation",* has studied the importance of infrastructure links and transit for India and Bangladesh and she talks about how both countries can benefit from regional connectivity. She argues that "with the help of transit links bilateral relation may extend from regional to sub-regional level then multilateralism". According to this study transit,

the link would connect both countries with East Asian open market. But this study has not given much emphasis on structural and useful issues which are the primary obstacle between India-Bangladesh economic relations. Rahmatullah (2010) has done a comparative study, and he points out in this connection that because of absent of integration of physical linkages between India and Bangladesh, logistics costs are very high. And its range is between 13-14 per cent of GDP, as far as it is concerned in the USA, it is very low, and it is only 8 per cent of GDP. There are some other studies from a trade and economic integration aspect in South Asia. With this regards, there is a need to lessen trade costs, despite falling tariffs, bilateral trade has suffered because of higher trade costs. De (2009) found that trade transport costs between India and Bangladesh are extremely high and its changes across goods and countries. The trade cost is much higher in landlocked countries like Nepal. Land border in India and Bangladesh are overcrowded and need unique consideration regarding diminishing time delays and transportation costs. In this way, higher trade costs limit trade as well as diminish the political will for more prominent regional cooperation. Kumar (2008) in her book *"The Indo-Bangladesh Border: Perspective on Cross-Border Trade, Regional Economic Cooperation, and Energy Issues",* has emphasised that India and Bangladesh are notoriously weak in facilitating trade at borders. Both countries experience the ill effects of over the top direct costs and time taken at border crossings, and wasteful aspects in transactions at the border. Also, poor infrastructure, congestion, high costs, and lengthy delays at borders blockade trade in the region. These issues are extreme at border crossings, a large number of which represent a critical obstruction to trade. In this regard, De and Ghosh (2008), in their article entitled "*Reassessing transaction costs of trade at India-Bangladesh border",* argued that "transaction costs of India's export to Bangladesh have increased despite simplification of documentation at borders". The paper concludes that the rent-seeking informal economy is profoundly established and makes trade transaction expensive at the border. Chaudhury and Basu in their report (2015), *"India-Bangladesh Connectivity: Possibilities and Challenges*", have emphasized the importance of India's connectivity with Bangladesh, because two neighbouring countries are situated very close to them particularly Myanmar on the east and China in the northern side. For India, Myanmar gives physical route to East Asia via Bangladesh's

territories. They say that India and Bangladesh are historically and culturally two close neighbours. Along these lines, a thick and increasingly gainful system of connectivity is imperative since India being the bigger and more resourceful, the two countries have more prominent obligation to start and seek after connectivity measures. They have given a brief picture of the existing state of rail, road, and waterways connectivity between them and their regional prospects and obstacles.

1.2.5 North Eastern States: Implications of India-Bangladesh Connectivity

NTDPC (2014) in its study *"India Transport Report Moving India to 2032, Volume II Main Report Part I",* has presented the detail pictures of transport development in North East India. This infrastructure development is related to road, railway, air, and inland waterways connectivity with neighbouring country Bangladesh. The report critically analyses how the region's inadequate transport connectivity severely limits the economic and social development of the region. In this process, FICCI (2014) in its study, "*Gateway to the ASEAN India's North East frontier*" has talked about the status of transport infrastructure like roads, railways, airports and inland waterways in Northeastern region. In these transport modes, the road is a crucial mode of transport in hilly regions in light of the fact that other modes of travel are excessively costly. At present, road infrastructure is moderately inadequate in the region. However, road density per capita is higher contrasted with the rest of the country. While the region's rail, air and inland waterways transport connectivity is relatively poor. The region has 11 airports, 2,600 km of railways lines and about 3,839 km of navigable river routes with inadequate capacity. The study has also highlighted the region's capability to turn into a centre of economic activity and trade for India and the sub-region because of its geographical position, long international borders, proximity with Bangladesh and its rich resources. In this context, FICCI (2015) in another study, "*Emerging North-East India Economically and socially inclusive development strategies*", gives a holistic overview of the present status of transport infrastructure where region's comparative advantage is visible. The study highlights various initiatives to enhance investment in infrastructure and connectivity in the region like Look Act policy, and BBIN initiative has also discussed.

1.3 Definition, Rationale and Scope of the Study

Regional connectivity, defined as "the level and effectiveness of regional networks to facilitate flows of goods, services, people and knowledge ought to integrate both physical and non-physical parameters to offer the most cost-and-time effective multimodal systems"(Xing, 2014: 2). In the context of South Asia, it "refers to the physical, transport, economic, information and communication technology (ICT), institutional and people-to-people linkages that comprise the fundamental support and facilitation means to achieve the economic, institutional, political-security and socio-cultural pillars towards realizing the vision of One South Asia" (ASEAN Secretariat, 2011).

This study undertakes and analyses intra-regional connectivity as it is intended to add to economic integration. Physical infrastructure development and transport connectivity through road, rail, and inland waterways act as an impetus for intra-regional trade. Also, it makes intra-regional trade quicker, less expensive, and simpler for the movement of people and goods across borders within the region. Better connectivity can reduce cost and time to transport goods for trade because the intra-regional trade cost is very high in the region. It is 114 percent in South Asia, while ASEAN has lower than 40 percent of the value of exporting goods (UNESCAP, 2018: 7). Regional connectivity in South Asia is today very much of relevance to the more extensive region and the world at large. This is on the grounds that physical connectivity is only a part of the bigger web of trade and economic integration and people-to-people links that are the characterising parameters of the South Asian region[10]. Therefore, regional connectivity is very significant for the region and improved connectivity in the region can usher in all-inclusive prosperity for the involved countries, and they could benefit a lot by adopting a regional framework of cooperation that can support, strengthen and stimulate the intra-regional connectivity. It also energises atomisation of production in a region and improves regional and worldwide trade, and it stimulates regional integration (De et al., 2019: 54).

[10] Ministry of External Affairs, Government of India (2018), "*Address by Foreign Secretary at the Regional Connectivity Conference: South Asia in the Indo-Pacific Context"*, [Online: web] Accessed 9 January2019,URL:https://www.mea.gov.in/SpeechesStatements.htm?dtl/30556/Address+by+Foreign+Secretary+at+the+Regional+Connectivity+Conference++South+Asia+in+the+IndoPacific+Context.

The study has examined the key connectivity issues that have contributed to the region's inability to develop as a more dynamic and integrated region in the world. The study has examined the connectivity initiatives taken by countries at regional, sub-regional and bilateral level to restore and expand regional connectivity including the recently initiated discussions about two projects "SAARC Regional Railway Agreement and the SAARC Motor Vehicle Agreement".

Against this background, the study has focused on India-Bangladesh connectivity issues that have obstructed the strengthening of economic links between both countries. The study has also emphasised on various initiatives taken by India and Bangladesh for reinforcing their relationship with regards to rail, road and inland waterways connectivity. As well as, the study has analysed different historical, political, and economic factors for fragmented connectivity networks between North Eastern Region of India and Bangladesh. It has also analysed reasons for high transportation cost of trade in Northeastern states of India. The study has examined the scope for cooperation in transit and connectivity in term of trade facilitation and economic growth at a bilateral level. Geographical proximity and land connectivity between India and Bangladesh provide a massive chance for common transit framework for cross-border trade. The advancement of proper transit arrangement between the two them is a pre-imperative for the smooth flow of goods and services via road, rail, and riverine networks.

1.4 Objectives of the Study

The main objectives of the study are to examine the status of existing modes of connectivity in the region, including, road, rail, and inland waterways between counties in South Asia. And it has analysed the existing physical and non-physical barriers to connectivity in South Asia. The study has many objectives and the first objective of the study to examine the initiatives and trends toward restoring broken regional network and regional transit cooperation in South Asia. And secondly to analyse connectivity as an important tool for ease of cross-border movement of goods, vehicle, and people among four countries Bangladesh, Bhutan, India, and Nepal. Thirdly, the study tries to analyse the significance of transit and connectivity for region's landlocked countries, and also the study analyses the importance of connectivity and infrastructure for economically and

socially inclusive development of Northeastern region of India and Bangladesh. Lastly, the aim of the study is to analyse the major barriers to transit and connectivity between India and Bangladesh.

1.5 Research Questions of the Study

The aim of this study is to answer the following questions: firstly how does regional connectivity serve as the cornerstone of regional economic cooperation and integration in South Asia? Regional connectivity has been for front agenda between South Asian countries, and there exists no regional connectivity set up between them till now while there is the huge potential of transit and possibility of trade cooperation. These questions rise here; what are major physical and non-physical challenges related to transit and connectivity in South Asia? And what are the reasons-historical and political-for fragmented connectivity links in the region? How can fragmented connectivity links be rejuvenated, improved, and extended for infrastructure linkages between SAARC member states? What are the regional initiatives undertaken in this context? Other questions are; how will better connectivity help low income and landlocked countries like Afghanistan, Nepal, Bhutan, and Bangladesh to connect with large economies like India and Pakistan for share development? And how do deeper cooperation in the field of physical connectivity and transit facilitation lead to significant economic gains for India and Bangladesh? Does connectivity play a catalytic role in expanding the trade and investment flow between India and Bangladesh? The last question is; how does regional connectivity provide an opportunity for India's North Eastern region and Bangladesh to become a transit hub?

1.6 Hypotheses of the Study

There is a debate about the absence of regional connectivity arrangement between South Asian countries. Some scholars say that South Asia could not achieve the fast pace of regional trade due to fragmented connectivity and the existence of physical and non-physical infrastructure challenges in the region. There is another debate about better connectivity and access to neighbouring countries. Some scholars say that countries that have better connectivity and access to the neighbouring markets through improving

transportation facility may benefit by intra-and inter-regional economic activities. On the other hand, countries that have less proximity to transport facility may face greater connectivity challenges and relatively little access to the worldwide market. This study has made an attempt to examine the following hypotheses;

1. Physical barriers and lack of regional connectivity arrangement are the major constraint hindering the potential of regional growth and economic integration in South Asia.
2. Poor transportation infrastructure and connectivity impediments have limited the North Eastern Region of India and Bangladesh's opportunities to find markets within and outside the region.

1.7 Research Methodology

This study has made an attempt to study the status of connectivity in South Asia, with a particular focus on India's connectivity link with Bangladesh. The study has used the deductive method of research to draw particular conclusions about the research problem from general principles and explanations. It has analysed the relevant theories on regional connectivity arrangements and relevant information and data. Both primary, as well as secondary sources of information as including government documents and report like Planning Commission of India, Ministry of External Affairs, Government of India, "Ministry of Development of North Eastern Region" (MDONER), Ministry of Road Transport & Highways, and SAARC Secretariat statistics database, have been accessed for the aim of analysis. Data required for the study has been taken from different sources such as World Bank, UNCTAD, UNESCAP report on South Asia and yearly publications of SANEI, SASEC, CPD, "Research and Information System for developing countries" (RIS), ADB and ADBI. The study has also reviewed several government documents of India and Bangladesh, Nepal, Pakistan, as well as SAARC reports. Moreover, major connectivity related agreements signed among South Asian countries and the treaty between India and Bangladesh to evaluate their viability as far as tending to the issue of expanding bilateral trade between both countries has been examined. Secondary sources have also been examined based on information gathered from books, journal and newspaper articles as well as internet sources regarding this research.

1.8 Chapter

This study comprises six Chapters: the First chapter is the introduction of study that elaborates on the methodology, literature review and diverse issues of transit and connectivity in South Asia between and theoretical discourse around regional connectivity. The second chapter highlights the status of connectivity in the region and SAARC initiative to restored connectivity among member states, and regional road, rail, inland waterways, and maritime corridors are also covered. It also discusses the current transport connectivity arrangement at bilateral, sub-regional (BBIN) and regional level in South Asia. It highlights the significance of BBIN-MVA for North Eastern of India. It has also analysed the status of various regional and sub-regional projects in the region and their pace of implementation. Chapter three of the study theoretically investigates the challenges faced by landlocked countries in South Asia, and it highlights how geographical disadvantage affects their access to the sea and also limits them from major markets in the region and the world as well. And it has discussed how they depend on neighbouring countries for transit routes and export and import of goods. It explores the potential of regional transit cooperation in the region and focuses on how physical connectivity can work as an imperative for economic integration. As well as, this chapter covers major connectivity challenges in region both "hardware" and "software" connectivity, including infrastructure development, and facilitation of cross-border transit are also highlighted. The Fourth chapter highlights various connectivity and transit issues, and road, rail and waterway connectivity links between India and Bangladesh. It also covers how countries can gain through connectivity links and transit facility in the long run and their implication for both countries. This chapter has analysed the India-Bangladesh bilateral trade under the inland waterways routes, and it has also highlighted recent initiatives taken by both countries to restore connectivity. The Fifth chapter of the study covers the implications of India-Bangladesh connectivity in the Northeastern states of India. As well as, this chapter highlights how inadequate infrastructure networks and transport links have limited the pace of economic development of India's Northeastern states. This chapter has analysed the trade trends between NE India and Bangladesh. This chapter has critically analysed the NER's export to Bangladesh as well as its import from Bangladesh. This chapter also highlights the significance of efficient and low-cost

transport infrastructure for North-eastern states to improve exports potential and finding markets for their products within and outside the region as a consequence of transport connectivity between India and Bangladesh. It has analysed how cross-border networks are established with Myanmar and Bangladesh and through them to countries of Southeast Asia. This chapter has also analysed the various initiatives taken by the Government of India to restore connectivity within the region and cross border connectivity with neighbouring countries. The last chapter of this study has summarised the findings and suggests policy implications.

Chapter II

Status of Connectivity in South Asia

2.1 Introduction

Connectivity, as it exists today in South Asian countries, dates back to the Mughal era when Sher Shah Suri constructed the original Grand Trunk (GT) road which begins from Kabul in Afghanistan and passes through Pakistan and India, and it terminates at Chittagong (Bangladesh). Further, the development of surface transportation networks, consisting of roads and railways took place under the British era in the parts of the empire. This development was undertaken for strategic as well as developmental and trading purposes. Hence, to a certain extent, there still exist connectivity linkages between the majorities of countries of the region. People have communicated and interacted across boundaries, for business, government purposes, and social activities from time immemorial. However, these linkages which South Asian countries inherited from the British do not appear to have been exploited for mutual benefits (Khan and Mahmood, 1995: 73). In fact, transport connectivity existed in South Asian countries since ancient times. And growing trends of communication and trade expanded connectivity within the region in the form of exchanges of goods, money, people, thought, and culture. However, the conceptualization of connectivity is recent. The English word can be found in the 19th century, but outside specialist fields, such as topology, contemporary use is derived from modern information and communication technologies (ICT), especially the internet. Its use in economic diplomacy is metaphorical but intuitive- the state of being connected applied to arrangement or understanding among countries (ASEAN, 2016: 15; Hawke and Prakash 2016: 3). Regional connectivity is defined as a network of regional infrastructure that facilitates the change and flow of services, vehicles, labour, capital, people and knowledge in a cost and time effective way (UNESCAP, 2017: 23).

2.2 Significance of Regional Connectivity

Connectivity is of primary concern as it leads to the integration of the economy, by bringing people closer, promoting trade and leading to better contact between people and nations. In a connected region, countries exchange goods and ideas without barriers, furthermore, economic liberalism and openness are much more appreciated as it will lead to greater prosperity as well as a reduction in poverty coupled with economic and infrastructural growth (RIS, 2012: 1). Connectivity plays a much more critical role through transport in regional economic cooperation, and better transport connection would enable South Asian countries to be physically and commercially linked to each other. This could, later on, become an important principle for further desegregation of the regional economy in the worldwide system and trade regime (ADB, 2003: 1). Therefore, establishing cross-border physical connectivity is being considered as one the major priorities of South Asian countries with the intention to enhance trade and investment as well as increment individuals to individuals contact within and beyond the region (Moazzem, 2017: 51). The concept that spillover is positive, which is more beneficial for smaller countries has to be taken into account because these smaller countries face huge constraints due to their dynamics in the region. To lead to better and more spaced out development, it is, therefore, a necessity that the nations of this region to exploit their position and build up better connectivity among each other especially when the growth rate of this region is 6.9 per cent per annum. In just about six decades, Gross Domestic Product GDP) has increased three-fold[11]. The benefits of economic growth in the region, however, have not been translated into the reduction of physical and non-physical barriers and trade costs.

2.3 High Costs of Intra-Regional Trade

It is significant to note that trade between South Asian countries is quite low. A very plausible factor for this low intra-regional trade is the inadequate transport and communication facilities and higher transport costs in the region. According to Wells and

[11] World Bank (2018), *South Asia: Overview*, [Online: web] Accessed 20 May 2018, URL: https://www.worldbank.org/en/region/sar/overview.

Brassloff (1979), “the existence of transports costs may well affect the profitability and patterns of international trade. If the cost of transporting a product from country A to country B is greater than the difference in the domestic price of the product in the two countries, then some trade which would have taken place in the absence of transport costs will no longer occur”. On the other hand, if the cost of transporting a commodity from a country A exceeds that of transporting it from another country, because of its nearness to the importing country. It is obvious that the nearer country has an advantage over the farther one (ICWA, 1982: 12). Unfortunately, this aspect is mostly left in the dark in the trading arrangement of South Asian nations.

In the region, Afghanistan, Bhutan, Maldives and Nepal are geographically disadvantaged countries. Their exports to and imports from the region other than India are more expensive due to higher freight costs. Therefore, these countries face major constraints because of weak land transport links with other countries of the region, particularly India, Pakistan, and Bangladesh. Nepal and Bhutan’s trade is dependent on transit facilities provided by India. For example, about 50 per cent of Nepal’s trade and 90 per cent Bhutanese trade are moved to and from India (ADB: 2003: 1). Nepal’s major access to the outside world goes through Indian Territory via road and rail links. Nepal’s major exports and imports pass through Kolkata. Then it transports through a road-rail link combination consisting of two systems, meter, and broad gauges. This process is time-consuming and results in high transport costs and handling charges (Khan and Mahmood, 1995: 7). In a study conducted with the help of the Nepalese Government, “Nepali importers have been paying demurrage charges worth $68 million per year at the Kolkata port as the port starts levying demurrage charges, if Nepal bound cargo is not dispatched within 14 days. As per traders, it takes a minimum of two weeks to complete the port procedures to dispatch cargo to Nepal” (The Himalayan, March 7, 2018).

ESACP-World Bank International Trade Cost Database concludes that trade costs in the sub-region have declined slowly but still varies widely across the sub-regions. EU and East Asia have the lowest trade costs than other sub-regions. The overall cost of trading goods among the three largest EU economies is equivalent to a 42 per cent average tariff on the value of goods traded. Within the East Asian sub-region, the three countries such

as Korea Republic, Japan, and China have the lowest levels of intra-regional trade costs, and even here it is 51 per cent of tariff equivalent (ADB, 2017: 4). South Asia has been most promising in the reduction of such costs since 2003. However, South Asian Countries, particularly Bhutan, face the region's highest trade costs as it faces trade costs that are prohibitive, which sometimes exceed to 186 per cent tariff equivalent (ibid).

2.4 Low Intra-Regional Trade

South Asia has significant potentials and has made significant progress in integration with the global economy. However, integration within the region has remained limited. Several connectivity barriers and higher trade costs prevailing in the region have significantly impacted regional trade, which remains limited. And intra-regional trade has been lagging even in the face of the region's increasing engagement with the global economic powerhouses (EXIM Bank, 2014: 9). In this regards, several steps have been taken, and policies have been formulated to reduce trade costs and increase intra-regional trade with South Asian economies (UNECAP, 2017: 5). In fact, bilateral and multilateral preferential trade arrangements have been applied over the past two decades. Under the purview of the South Asian Association for Regional Cooperation (SAARC) in association with sever other similar kinds of agreements among states in the case of this development too. Trade and connectivity have not made much progress, and transport costs and connectivity obstacles are believed to pose a greater impediment to trade and be the cause of higher trade costs compared to the tariff in the region (Prasai, 2015: 6).

As far as total intra-regional trade is concerned, the share of SAARC is just at 5 percent of the total trade of the region as compared to 52 percent in the NAFTA, 58 per cent in the EU and 26 per cent in ASEAN region (Bhunia and Nataraj, 2014: 2-3). Over the years, Intra-regional trade had grown from approximately three per cent in 1990, and it reached 5.58 per cent of total trade in 2015, but it remained very low (ARIC, 2016). While, other regimes in the Asian sphere have performed much better if we take into account the same time frame, for instance, the share of the ASEAN's share has expanded from 17 to 25 per cent, and there is a 7 percent increase in trade to 45 percent from the previous 38 percent in terms of the ASEAN+3. Generally, less than 2 percent of the GDP

of the SAARC is the intra-regional trade while it is more than 20 percent of that of the ASEAN (Prasai and Nag, 2017: 1).

2.5 A Historical Outline

Regional connectivity is not presently new for the subcontinent. In the past, the region was well connected through the Grand Trunk Road that was a part of an ancient network connecting Kabul to Peshawar and Lahore which further extended to its east including Delhi and former united Bengal upto Chittagong, what is now in Bangladesh. Emperor Given its potential, Sher Shah Suri (1530-45) even built facilities such as rest-houses for the comfort of the travelers for their journey (Singh, 1991: 173-223). This trans-national connectivity route was made possible during the Mughal era with the arrival of Babur (1526-30), the first Mughal Emperor who came from Central Asia. He and his successors continued the expansion of the Road with a long term perspective of developing it which continued up to 1700. The development has led to the political unification of South Asia as a unified territory. The Mughals were simultaneously following a 'peace' approach in Persia as well as South Asia for friendly and cordial relations with neighbours. The Mughals were visionary as protection and development of Grand Trunk essentially required 'peace' and promoted a flourishing trade across regions (World Bank: 2018: 29). By 1650, Babur and his successors also created a network of land routes from Gujarat in the west to the Bay of Bengal in the east, from Lahore in the north to Central India going further deep south along the Godavari River. Thus, several territories were acquired under the Mughal rule, thereby, unifying the 'Hindustan'. The impact of all this change is seen in the increasing volumes of trade as fruits, and food items were commodities of trade between Central Asia and India (Alam, 1994: 208-209). Alam further explains that markets in Delhi sold fruits from "Persia, Balkh, Bukhara, and Samarkand," which the Emperor Jahangir could get easily. After the Mughal era, European discoverers uncovered maritime links from Western Europe and Africa via the Arabian Gulf to the Indian Ocean and beyond (World Bank, 2018: 29-30). When they found a new sea route, several merchants reached out to South Asia for selling their goods in the mid-1600s, and they built up a strong maritime route between Bengal and Gujarat. And Gujarat's Surat port especially boomed as well as it turned into the centre of the international trading

system, and it achieved huge prosperity (Moosvi, 1990: 313). In this way, it is seen that the East India Company and the Dutch East Indies Company set up the maritime connectivity in the western frontier of the region in the early 1600s.

Later, development of maritime transport took place in the middle of the 18th century onward; East India Company built up an intense connectivity network over the Way of Bengal throughout the 1700s to make an overwhelming commercial and political position in South Asia. The city of Calcutta became an integral part of the ascent and proceeding with the thriving of the East India Company in Bengal and throughout the South Asian region. EIC made this international connectivity by its innovative improvement and exploratory undertaking and private venture for worldwide oceanic travel and making and extending the indispensable new port to increase trade and make certain of company predominance. Throughout the following century, the city was changed into a business center, and it turned into the centre of regional, international, and global trade (World Bank, 2018: 31-33). In the nineteenth century, from 1953-1929, British introduced a railroad in India close by the conviction that rail could empower the British to deal with and scatter the rising population of India and even more quickly send its troops. In 1953, the first track was started between Bombay and Thane, which is now known as the "Great Indian Peninsula Railway" (ibid, 38). By 1853, after the building of first railway track, railway line began to spread in the bigger cities of the Indian the subcontinent. In the southern part of the continent, in1859, a rail track was started from the Presidency. And British made two more tracks, the 80-km link from Trichinopoly to Negapatam, and the Madras-Arakkonam-Kancheepuram line in 1861 and 1865 respectively. Moreover, the most important day of Indian railway history came into existence on March 7, 1870. When two very important rail links "Great Indian Peninsula Railway" and "East Indian Railway" were get connected to each other at Jubbulpore (now Jabalpur), this is 2,127-km long railway linkage, which connects Kolkata and Mumbai via Allahabad. And this route is presently known as the "Howrah-Al-Mumbai Line" (ibid. 39). In this way, it is seen as that during the late 19th century; rail connectivity spread the most parts of the South Asian subcontinent. Later, this rail connectivity got further strengthen in the first and second half of the 19th century; the region ended up a standout amongst the best-

connected regions of the world. But after the partition of the subcontinent in 1947, this integrated connectivity broke down, and the regional connectivity got divided.

It is clear that South Asia does not have the same level of connectivity as the other developed regions of the globe. The region is also among the least interconnected regions economically. It is an irony that before 1947, the sub-continent had well-developed transport links with territories of which now form the part of Pakistan and Bangladesh (ICWA, 1982: 65). There were no such international borders. Communication linkages which could once take a traveller from Chittagong in Eastern Bangladesh to Peshawar in the North West of Pakistan through India are broken up into separate railroad systems. The integrated riverine inland water transportation network of Eastern India and Bangladesh since 1965 diminished. At the level of communication, it is necessary to contact Calcutta (Kolkata) from Dhaka via London or Hongkong. Today it would be no exaggeration to say that except Nepal and Bhutan, South Asia is marginal to the external economic transactions, each of the member states (Sobhan, 1989: 23).

It is very significant to understand that political and diplomatic issues have coloured connectivity in South Asia. Such a negative atmosphere has never been conducive to the development of transportation and connectivity in the region. However, with a change in the atmosphere, many initiatives are being presented so as to challenge the dormant nature of connectivity in South Asia (NTDPC, 2013: 621). Post-1947, the territories of former British India were divided into two independent states of India and Pakistan. Also, that other state formed South Asia. Initially, almost 7,400 km of land borders were created, and transport interfaces between countries operated, however, these links were disconnected because of political issues. For example, due to the Indo-Pak war of 1965, all forms of transportation were suspended between both the nations and that was later on restored after Bangladesh came into existence in 1972 and became a sovereign nation (Rahmatullah, 2012: 127).

2.6 Transport and Infrastructure Development Cooperation in South Asia

After the creation of Bangladesh, North East India became a unique part of India attaining the feature of being a landlocked territory, which thus depended on its

connectivity with the rest of mainland India based on the narrow 'chicken's neck' area. Geographically, India connects East and West Asia, and due to its geographical location, it connects most countries in the region. This region is in a position to offer a lot of support for creating an effective atmosphere for various avenues to regional cooperation arrangements which consist of the ASEAN, the Bangladeshi-China-India-Myanmar (BCIM) initiative, the "South Asian Association for Regional Cooperation and the Bay of Bengal Initiative for Multilateral Technical and Economic Cooperation" (NTDPC, 2013:626).

In this process, countries of South Asia have finally realized the requirement for creating better facilities for transport facility in the region for better development and connectivity in the region. This has been the result of improving political relations and strengthened regional cooperation among them. During 12th SAARC Summit, the member countries of SAARC decided to integrate the transport system of the South Asian region. The 13th Summit recognized the importance of transit among member countries to enhancing intra-regional trade. Even there is no mention of continuity of 12th Summit resolution regarding the integration of connectivity network of the region Islam and Nag, 2010: xxix). At 16th SAARC Summit which was held in 2010 at Thimphu in Bhutan. Its member states concluded "2010-2020 as the Decade of Intra-regional Connectivity in SAARC" to generate more emphasis on connectivity in South Asia on an intra-regional level. Key infrastructure projects include the Petrapole-Benapole corridor, Bagdogra Airport, the Wagha-Lahore rail links, and the Colombo Port Expansion. They unanimously acknowledged the importance of creating newer avenues for developing infrastructure that would cater to transit facilities, especially for the landlocked countries that had no other means[12].

However, during the 18th SAARC Summit Kathmandu, in Nepal 2014, the members renewed their commitment to bring out chances for creating regional connectivity without any hassles in order to upgrade existing infrastructure such railways, roads, waterways, energy grids and other infrastructures such as air and water links in order to ensure that there is proper flow of services, capital, technology, and people. Member

[12] https://www.adb.org/sites/default/files/linked-documents/47341-001-sd-01.pdf.

countries also considered it to be important that South Asia should be connected with the remaining zones of the surrounding region as far as the transport network and also ordered the building of necessary arrangements for the same (SAARC Secretariat, 2014: 2). But this progress could not come into existence due to the cancellation of 19th SAARC Summit, which would have otherwise happened in Pakistan on 15-16 November 2016. Except for the Maldives, the most countries withdrew from the conference above due to a non-conducive atmosphere created by Pakistan, even though they affirmed their commitment to improve relations and bring better decisions forward (The Hindu, September 28, 2016).

2.7 Transit Arrangements in South Asia

In South Asia, there are three landlocked countries-Afghanistan, Bhutan, Nepal, and the North Eastern states of India. By Definition, landlocked countries are those that do not possess any access to a large water body such as an ocean or a sea. Apart from being disadvantaged, they are also underdeveloped and do not have a significant voice in the world (Chowdhury and Erdenebileg, 2006: 3). Having no proper access to seas, the constant issues related to economic and political isolation and the distance from main centers of production create issues within the landlocked countries to achieve development (Chowdhury and Erdenebileg, 2006: 18). Their transportation problems are associated with remoteness and isolation from the coastal area; consequently, they are completely at the mercy of their neighbouring countries for transportation and shipping. (ibid, 25). For example, Afghanistan is dependent on Pakistan's ports of Karachi and Bandar Abbas (Iran) for its international transports, while the Bandar Abbas port is utilised for offering a helpful guide in the war-ravaged nation. On the other hand, on the eastern side of the region, the landlocked countries such as Nepal and Bhutan are solely dependent on different Indian ports for their international commercial goods. Bhutan utilises Kolkata port, and Nepal utilises both the Kolkata and Haldiya port for their trade and commerce (Kharel, 2009: 2). Bhutan and Nepal are fully dependent on India, due to the fact that the Himalayan mountain range is restrictive in terms of trade through China, and the dependence on India is also severe in terms of its net exports and imports. Afghanistan is dependent mostly on Pakistan and India as these two countries are its

major trading partners through its dependence on these two states is not that high when compared to the dependency of Nepal and Bhutan on India and Pakistan (ibid).

There are numerous international conventions which foster landlocked states to have access to the sea as well as exercise their right to sea routes and transit, on the other hand, there are domestic issues which can only be solved through bilateral or in some cases multilateral diplomacy (Chowdhury and Erdenebileg, 2006: 119). In this context, Article 1 of the 1921 Barcelona Convention defines "Transit as including persons, baggage and goods, and also vessels, coaching and goods stock, and other means of transport" (ibid, 120).

Furthermore, UNESCAP, during its 48th session, received Resolution 48/11 on road and rail transport modes in association with help assistance measures. It is believed that the nations, which had formerly not accepted the suggestions, would consider the idea of accepting and heeding to these international conventions in view of facilities related to land transportation which were held under the domain of the "Economic Commission for Europe" (UNESCAP, 2007: 82).

i. "Convention on Road Traffic, 1968
ii. Convention on Road Signs and Signals, 1968
iii. Customs Convention on the International Transport of goods under Cover of TIR Carnets (TIR Convention), 1975.
iv. Customs Convention on the Temporary Importation of Commercial Road Vehicles, 1956.
v. Customs Convention on Containers, 1972.
vi. International Convention on the Harmonisation of the Frontier Controls of Goods, 1982.
vii. Convention on the contract for the International Carriage of Goods by Roads (CMR)".

These conventions, under the support of the UN, create important frameworks in order to develop mutually agreeable frameworks for the smooth flow of goods, people services, and vehicles across the border. In any case, the majority of the South Asian nations have

not yet agreed to a large portion of these Conventions (De and Kumar, 2014:9). Recently, two countries, Bangladesh and Sri Lanka, have signed the Convention on Road Traffic, while, India and Pakistan are already a member of both the Convention on Road Signs and Signals. Meanwhile, Bhutan, Maldives, and Nepal have not yet signed any of the above UN Conventions. It is interesting to note that no other South Asian nation has marked the "Customs Convention on the Temporary Importation of Commercial Road Vehicles or the Convention on the International Transport of Goods under TIR Carnets", except Afghanistan. Moreover, some nations have marked a few of the conventions yet have not renewed themselves regularly, which may pose to be a bigger problem in the near future (De and Kumar, 2014: 9-10).

2.7.1 Bilateral Transit Arrangements in South Asia Region

SAARC leaders decided to conclude two regional agreements in order to counter the scarcity of bilateral and multilateral trade and transit pacts, for example; the Regional Motor Vehicle Agreement and Railway Agreement, the Inter-Governmental Group (IGG) formed experts groups in July 2009 to negotiate the "Regional Motor Vehicle Agreement and Railway agreement". The agreements were supposed to be presented at the sixteenth SAARC Summit in Thimphu in 2010. However, with the deadline being passed, it could not be presented at the seventeenth SAARC Summit in Addu, Maldives. It is interesting to note that these agreements could not be inked at the eighteenth SAARC Summit in Kathmandu (Ojha, 2014: 17). There are some bilateral agreements between South Asian countries.

2.7.2 India-Bangladesh Agreements

India-Bangladesh bilateral trade agreement took place in 1972, regarding the provisions that were already there in the Bilateral Trade Agreement, which was signed on the 28th of March 1972. Because of this understanding, both the countries chose to give most–favoured nation status (MFN) to each other. On the same lines, both the countries concluded a bilateral agreement on the 4th of October 1999, which was christened as the "Protocol on India Water Transit and Trade", whose renewal occurred in 2007 for transit and bilateral trade and commercial exchanges between both the countries (De and

Kumar, 2014: 10). During the PM Narendra Modi's state visit to Bangladesh from 6-7 June 2015, both the countries again renew PIWTT) with new measures for trade facilitation. They also signed the Coastal Shipping Agreement, which led to further cooperation in these aspects, and it was agreed that both the nations need to agree on the aspect of dredging of the inland water protocol routes in order to realise their full potential with assured Least Available Depth (LAD). With the help of international funding in order to provide necessary help for improving the navigation ability of the routes that were envisaged in the Framework Agreement[13].

2.7.3 India-Bhutan Agreement

India's transit arrangements with Bhutan are dependent on a treaty that came into force as early as in 1949, and hence it has been updated including more provisions that are relevant. The treaty gives provision for a free trade regime between India and Bhutan. Under this treaty, Bhutanese goods get duty-free transit facility for trade with third countries. This treaty was last renewed on July 28, 2006, and it was legitimate till July 29, 2016. (Indian Express, November 12, 2016). According to its arrangements, the new understanding was to come into power on a commonly chosen date. As consented to by the two India and Bhutan, the new concession to Trade Commerce and Transit among India and Bhutan has come into power with impact from 29th July 2017[14]. The Royal Bhutan Customs oversees all transit activities and the cargoes from Bhutan which are not interfered by the Indian customs in any manner and are only subjected to customary checks. Containers arriving at Kolkata are unloaded, and then they are checked into other containers and then sent to various. There is no relevant railway and as a result of which there are many issues that the small landlocked country faces. In order to enter into India, Bhutanese cargo is unloaded at Phuntsoling and then taken up by Indian trucks to Kolkata

[13] Ministry of External Affairs, Government of India (2015), *Joint Declaration between Bangladesh and India during visit of Prime Minister of India to Bangladesh, "Notun Projonmo-Nayi Disha*", [online: web] Accessed on 10 June 2015, URL: http://mea.gov.in/bilateral-documents.htm?dtl/25346/Joint_Declaration_between_Bangladesh_and_India_during_Visit_of_Prime_Minister_of_India_to_Banglade.

[14] http://pib.nic.in/newsite/PrintRelease.aspx?relid=169333

The protocol of the agreement signifies bilateral trade routes that also signify transit points and other procedures. It is interesting that even though there is no mention regarding transport, it is an implied and understood event between both the countries as transit is provided between them (De, 2015: 3).

2.7.4 India-Nepal Transit Agreement

The bilateral trade relations between India and Nepal are governed by the "Treaty of Trade and Commerce 1950". Also, during the period between the 1960s and 1990s, new agreements were brought into the fold between both the countries. After democracy was restored and democratic processes in Nepal, a new treaty was brought into existence on the 6th of December 1991. On the same lines, India and Nepal inked a "Treaty of Transit" on 5 January 1999, which was renewed and then revised for many times since then (De, 2015: 3). Under this treaty, certain operational modalities have been set out. (i) India allows freedom for Nepal to allow transit of goods meant for a third country through routes that are mutually agreed upon by transit. (ii) permission is allowed for trucks from Nepal to pick up cargo from the closest railway to get transit cargo, (iii) transit traffic is allowed to be exempted from customs and other charges (iv) warehouse/storage facilities are awarded to Nepal for goods awaiting transportation and clearance (Chowdhury and Erbenebileg, 2006: 101).

2.7.1.4 Bangladesh-Bhutan Agreement

Both countries signed a bilateral trade agreement on 12 May 2003, which offered MFN status to one another. The Protocol of this arrangement characterises "Burimari (Bangladesh)-Changrabandha (India)-Jaigaon (India)-Phuentsholing" (Bhutan) as travel path for two-sided commerce between Bangladesh and Bhutan. Here India, therefore, offers its position as a transit route provider between both the nations (De and Kumar, 2014: 12).

2.7.5 Bangladesh-Nepal

Both countries have not proclaimed any bilateral trade pact but rather than again, have a transit pact that was arrived on the 2 April 1976. The transit pact and the resulting

Protocol offer for transit rights to Nepal with the end goal to get access to third country markets, yet do not permit any bilateral trade that takes place over the land joined to it giving transit rights to Nepal with the ultimate objective to gain access to other countries and their markets. But they do not allow any transit trade. Both countries consented to an arrangement entitled "Operational Modalities for an additional Transit route between Nepal and Bangladesh", which gives terms for the utilisation of "Banglabandha (Bangladesh)-Phulbari (India)-Kakarbhitta" (Nepal) as a travel route for two-sided commerce between them. Where, India offers transit rights to both of them for their reciprocal bilateral trade across countries (De and Kumar, 2014: 12).

2.7.6 Afghanistan-Pakistan Agreement

Afghanistan is another landlocked country that has no access to any sea route, and hence it depends on its neighbours for access to sea routes. The main commerce and travel route those are accessible to Afghanistan through Pakistan to Karachi which has rail connectivity to the Khyber Pass and a road linkage to Peshawar and Chaman, where the goods are transported with the help of trucks to the Afghan border (Chowdhury and Erdenebileg, 2006: 91). Afghanistan also shares its largest share of trade with Pakistan, on which it also depends on transit to India and other countries. In this manner, both countries marked the Transit and Trade Agreement in 1965 with the objectives of conceding each other the opportunity of transit. Under this agreement, two routes were identified by both countries, for example (i) Karachi to Torkhum via Peshawar, and (ii) Karachi to Spin Boldak through Chaman from Karachi port. In the Protocol, there was an arrangement to incorporate extra routes. After the establishment of Port Qasim, extra routes were incorporated in 1988 (De and Kumar, 2014: 12). Both countries renewed the Afghanistan-Pakistan Transit Trade Agreement (APTTA) in 2010, which permits for the flow of goods between them. According to Article 4 of APTTA, the routes for transit would consist of[15] ;

i. "Maritime ports in Pakistan
ii. Airports in Afghanistan and Pakistan for air to air transit only.

[15] http://www.commerce.gov.pk/?page_id=507

iii. Transit rail/road routes through Pakistan and Afghanistan, and
iv. A land station between the Contracting Parties, or between one Contracting Party and a third area".

The APTTA allows the Pakistani traders to send their goods to Central Asia through Afghanistan. It was also thought that there should be coordination between government authorities and private partners from both countries to address any issues applicable to transit trade agreement (Ahmad and Shabbir, 2017: 127). However, besides having these provisions, a major concern is that the implementation of this idea is still not quite up to the mark and the progress of transportation of cargoes remains delayed and often access to India is not allowed. Land transit for trucks from India seeking to reach Afghanistan is still under question, and still, now Indian trucks have no access to Afghanistan through Pakistan (UNESCAP, 2015: 50). Afghanistan is requesting Pakistan to include India in the agreement above in order to develop coordination and development in the region. And therefore Afghanistan in due interest is in favour of India to be included, and as a mark of warning, it has declared that it would restrict access to Pakistan right to transit its goods to Central Asia through Afghanistan (The Indian Express, September 16, 2016).

2.8 Regional Connectivity Networks in South Asia

In the region, transport integration is very weak, and there are several factors for weak integration, and these are political conflicts, poor connectivity, and barriers to trade in cross-border investments. Although there have been many studies which have identified the needs for better connectivity, however, there has been very little progress in this regard (NTDPC, 2013: 635).

2.8.1 Road Networks

Road transport is one of the most important modes of communication and transportation, and it has been catering to a lot of people in the world, where South Asia has around 10 per cent of the total road coverage in the world the percentage of paved roads differ from country to country. It is 47.7 percent in India and 53.9 per cent in Nepal in 2008. And it was 65.4 per cent in Pakistan in 2005 and 81 percent in Sri Lanka in 2008. A vast piece of regional road networks is in India and Pakistan. And four-lane divided highways,

where quite surprisingly under 5 percent of the road corridors require physical enhancement and another under 5 per cent are for the most part in the border areas which requires extending (NTDPC, 2013: 635; Table 2.8.1).

However, it is imperative to understand that the absence of a bilateral transport agreement between all the countries is one of the key issues that has been so far unaddressed. And as a result of which there are requirements for the goods that are being exported or imported to be transshipped across the borders using trucks of various countries, which is quite a cumbersome process (ibid).

Table 2. 8.1: Cleared Roads Networks in SA (% of Total Roads)

	2003	2004	2005	2006	2007	2008	2009
South Asia	57.0	55.7					53.9
Afghanistan		23.7	27.5	29.3			
Bangladesh	9.5						
Bhutan	62.0						
India		48.6	47.0	47.7	48.2	49.5	
Maldives			100.0				
Nepal	53.9	55.7	56.1	55.9	55.1	53.9	
Pakistan	60.0	64.7		65.4			
Sri Lanka	81.0						
World	49.4	45.0					64.9

Source: NTDPC (2013), *India Transport Report: Moving India to 2032, Vol. II Main Report Part II*, p. 634

Table 2.8.2: Major Road Routes in the South Asian Region

Existing Road Routes in the Region			
	Corridor	Countries	Basis of Selection
1	"Lahore-NewDelhi-Kolkata-Petrapole/Benapole-DhakaAkhaura-Agartala".	Pakistan, India, and Bangladesh	"Potential to carry major intra-regional traffic and potential to providing shorter route leading transport cost savings".
2	"Kathmandu-Birgunj/Raxaul-Kolkata/Haldia".	Nepal & India	"Access to Landlocked Nepal to Indian ports".
3	"Thimphu-Phuentsholing-Jaigaon-Kolkata/Haldia".	Bhutan & India	"Access to landlocked Bhutan to Indian ports".
4	"Kathamndu-Kakarvitta-Phulbari-Banglabandha-Mongla/Chittagong".	Nepal, India & Bangladesh	"Access to landlocked Nepal to Bangladesh ports".
5	"Sandrop-Jongkhar-Guwahati-Shillong-Sylhet-Dhaka-Kolkata".	Bhutan, India & Bangladesh	"Potential to Providing shorter route leading to transport cost savings".
6	"Agartala-Akhaura-Chittagong"	India & Bangladesh	"Shorter access to Chittagong port for Indian North Easter States".
7	"Kathmandu-Nepalganj-NewDelhi-Lahore –Karachi".	Nepal, India 7 Pakistan	"Potential of the route to future traffic".
8	"Thimphu-Phuentsholing-Jaigaon-Burimari-Mongla/Chittagong".	Bhutan, India & Bangladesh	"Access to Landlocked Bhutan to Bangladesh ports".
9	"Maldha-Shibgunj-Jamuna Bridge (Bangladesh)".	India & Bangladesh	"Potential to provide direct connectivity to carry future traffic".
10	"Kathmandu-Bhairahawa-Sunauli-Lucknow".	Nepal & India	"Potential to the corridor to carry future traffic".

Source: SAARC Secretariat (2006), *"SAARC Regional Multimodal Transport Study (SRMTS)"*, p.17-18

2.8.2 Asian Highway Network

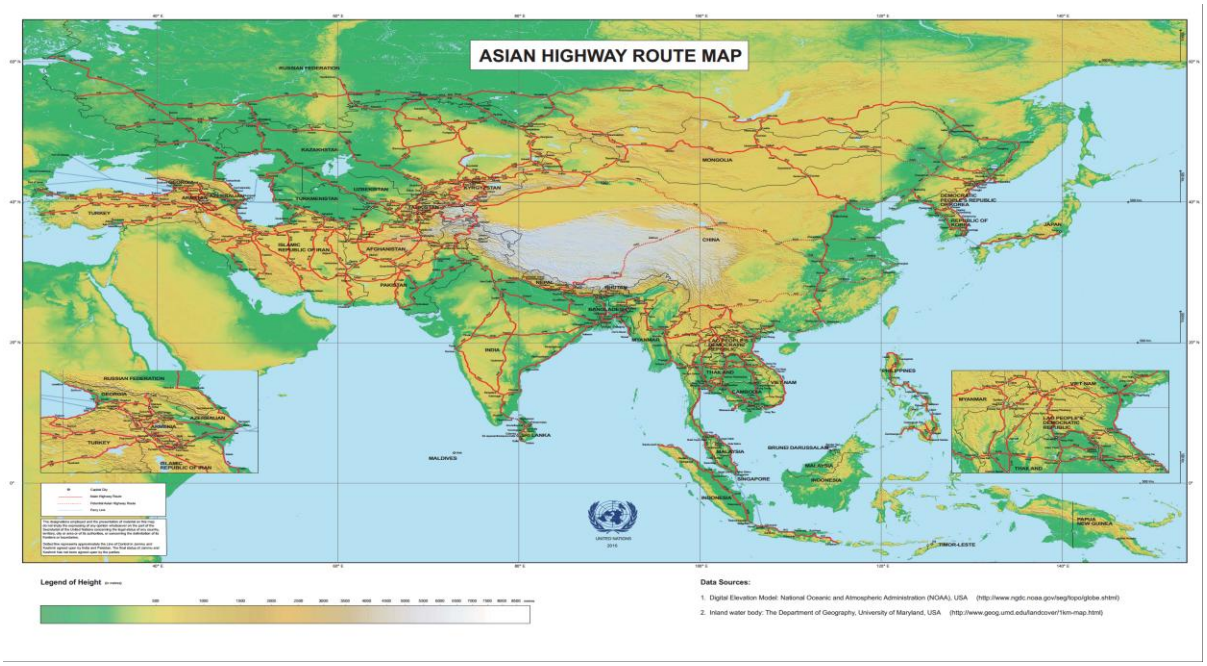
The Asian Highway (AH) network, is a revolutionary concept that was brought out in the arena of transportation in order to assist in the development of transport in Asia just as in the eastern Asian and eastern European region. It is aimed to gain improved connectivity and linkages for all the landlocked countries that otherwise have severe transportation issues. The Asian Highway network now contains more than 145,301 km of the road going through 32 countries (including 7 South Asian nations). The network stretches out from Tokyo in the east to Kapikule, Turkey in the west and from Torpynovka, Russian

Federation in the north, to Denpasar, Indonesia in the south (UNESCAP, 2015:47; Map 2.8.2).

The Asian Highway network provides important links between the different nations of the region (UNESCAP, 2013: 10). In any case, it is imperative to take note that the poor road quality is the biggest deterrent for the proper functioning of the highways. This often results in loss of time as well as higher operating costs for all the countries, even though there have been significant efforts to improve the condition of the roads there have not been many changes that have been brought for the same (ibid).

The Asian Highway project started in the year 1959, which the idea of promoting important connectivity. From 1960 to 1970, plausible routes were distinguished and observed. However, a significant part of advancement was not up to the mark, and there was an urgent requirement for political and economic changes to show up (UNESCAP, 2015: 45).

Map2.8.2: Asian Highway Network



Source: UNESCAP (2016), *Asian Highway Route Map*, [Online: web] Accessed 20 December 2017, URL: https://www.unescap.org/sites/default/files/AH-map_2018-2.pdf

In South Asia, the Asian Highway spans more than 25,141 km of roads of total AH network length, and it accounts for 17.30 per cent of total AH link. The spreading of the

AH is dependent on the geography and the location of the countries. It can be seen in table 2.8.3 that in South Asia, India represents the biggest national port of Asian Highway, with 11,900 kilometers. Four other South Asian countries have more than 1,000 kilometers of AH network; Pakistan (5328 km), Afghanistan (4020km), Bangladesh (1760km) and Nepal (1313km). At the other end, two countries with under 200 kilometers of AH network. While Maldives (0km) and Bhutan (170km) have, respectively (Table: 2.8.3).

The average quality, of the road network, also varies according to the countries in question while some countries have managed to increase their standard, as indicated by the endorsed minimum standard (Class III[16]) determined in the Intergovernmental Treaty on AH (UNESCAP, 2011:42). However, in South Asia, the quality of the road network is still one of the most important difficulties for many countries. Also, around 40 percent of the Asian Highway network in Afghanistan and Bhutan do not come up to the standards set up by the class III standards, while in Pakistan and Sri Lanka around 20 per cent Asian Highway fall in the same disdainful (ibid).

Table 2.8.3: Asian Highway Network in South Asia

State of the AH Network in SA

Country	Primary	Class I	Class II	Class III	Below Class I	Other	Total	Status
	Km	Km	Km	Km	Km	Km	Km	(Year)"
Afghanistan	0	10.00	2,549.00	0	1,461.00	0	4020.00	2015
Bangladesh	0	311.00	1,400.00	44.00	5.00	0	1760.00	2013
Bhutan	0	7.00	116.00	0	47.00	0	170.00	2015
India	90.00	7,066.72	1,070.00	3,556.00	177.00	0	11900.62	2015
Maldives	…	…	…	…	…	…	….	…
Nepal	0	0	218.00	1,082.00	13.00	0	1313.00	2013
Pakistan	357.00	1,116.00	275.00	2,442.00	1380.00	0	5328.00	2015

[16] Roads are divided in three categories as class I, class II and class III. Class I refers to asphalt, cement,or concrete roads with more four or more lanes. Class II refers to the doubles bituminous treated road with two lanes. Class III is the minimum desirable standard usually described as a two-lane (narrow) road. Roads classified below class III are road sections below the minimum desirable standard (ADB; 2016 and United Nations Economic and Social Commission for Asia and Pacific, URL: http://www.unescap.org/resources/status-asian-highway-member-countries..

Sri Lanka	**0**	**60.00**	**519.00**	**71.00**	**0.00**	**0**	**650.00**	**2015**
Total	**447.00**	**8,570.72**	**6,147.00**	**7,195**	**3,083**	**0**	**25,141.00**	**2015**
Percentage							**17.30%**	**2015**
Total Asian Highway Network Length=145,301.91 km								

Source: ADB (2016), "*Key Indicators for Asia and the Pacific 2016 47the Edition"*, ADB and UNESCAP: Manila, Accessed 10 December 2016, URL: http://www.unescap.org/resources/status-asian-highway-member-countries.

Note: … indicates that data are not available

2.9 Rail Connectivity in South Asia

Rail network in the region is one of the noteworthy rail linkages in the world. It is stretched out more than 77,000 kilometers in the region. Of which 70 per cent is located in the three nations, India, Pakistan, and Sri Lanka. The rail networks are divided into two categories in Bangladesh, and the country has about 75 per cent meter gauge (1,000mm) and 25 per cent broad gauge rail networks respectively. Two international rail networks connect India and Pakistan. Three rail links exist between India and Bangladesh and two between India and Nepal. Bhutan does not have any rail network (UNESCAP, 2013: 6). Before, independence of sub-continent, railways played a very primary role in the functioning of the region. Even though the presence of railways was much lower than that of road networks, different countries also had different qualities and types of rail networks with Bangladesh only having 33 percent of the broad gauge of the total railway available and India and Pakistan had an average quality network (De and Bhattacharyay, 2007: 23).

Between India and Pakistan, there is restricted cargo development by rail. The containerised payload is as of now not permitted, and cargo amounts are restricted to one freight train for each week. Two passenger train is operational between them. The first train is Samjhauta Express, which run from Delhi to Lahore via Attari-Wagah-Lahore twice in a week. This train is running since 1976[17]. The travellers need to change the trains at Attari-Wagah border. The second train isThar Express serving, which was

[17] https://mea.gov.in/Portal/LegalTreatiesDoc/PA76B1694.pdf

started in 2006. It starts from Jodhpur and goes to Karachi via Munabao-Khokrapar route weekly. This train goes upto Munabao on the Indian side where the travellers land and they need to complete some cross border paperwork at Munabao border for further journey to Khokrapar to Karachi in Pakistani train[18].

In the case of Indo and Bangladesh, a fortnightly passenger train, Maitree Express is operation since 2008. This train connects Dhaka and Kolkata via Gede and Darsana. since 2008. Moreover, a cargo train service from "Singhabad and Petrapole in India to Rohanpur and Benapole in Bangladesh" is also functional with restriction. And generally, a few wagons cross the border weekly. The crew and locomotive of both trains need to change at the border before entering into Bangladesh (UNESCAP, 2012: 6-8). Also, the Jamuna bridge suffers from capacity constraints, which need upgrading as it is not able to support the movement of larger vehicles over the bridge (Wahab, 2010: 1-2).

As far as India and Nepal are concerned, there are as of now two rail links, Of which one is a53[19] km narrow gauge rail link. It connects Jayanagar (India) to Jankapur and Bizalpura in Nepal for the traveller. The second rail link is a 5.4 km long BG cargo service, which connects the Inland Container Depot in Birgunj to Raxaul (India), and it is extended to Kolkata (UNESCAP, 2013: 8; Table, 2.9.1).

In 1947, the Indian rail network was separated into two particular systems, with the North Western Railways and the Bengal Assam Railway that also extended into the new nation of Pakistan. That time there were two railway networks inside the state of India which were the 1855 miles of the "North Western Railways" and 1942 miles of the "Bengal Assam Railway". Whatever remains 5026 miles of the Northern Western Railway and 1613 miles of the Bengal Assam Railway, were granted to Pakistan (NTDPC, 2013: 637).

[18] https://mea.gov.in/bilateraldocuments.htm?dtl/5957/Joint+Statement+IndiaPakistan+talks+on+Munabao++Khokhrapar+train+service.
[19] https://www.irfca.org/faq/faq-inter.html

Table 2.9: Rail Indicators

	Rail Line (total route, km)				Rail Network, Length per Land Area (km per thousand square km)			
Regional Members	**2000**	**2005**	**2010**	**2014**	**2000**	**2005**	**2010**	**2014**
Afghanistan	... …	…	…	…	…	…	…	
Bangladesh	**2,768**	**2,855**	**2,835**	**2,835**	**21.3**	**21.9**	**21.8**	**21.8**
Bhutan	… …	…	…	…	…	…	…	
India	**62,759**	**63,465**	**63,974**	**65,808**	**21.1**	**21.3**	**21.5**	**22.1**
Maldives	…	….	…	…	…	…	…	….
Nepal	…	….	….	…	…	….	…	…
Pakistan	**7,791**	**7,791**	**7,791**	**7,791**	**10.1**	**10.1**	**10.1**	**10.1**
Sri Lanka	**1,44**	**1,449**	**1,463**	…	**23.1**	**23.1**	**23.3**…	
South Asia	**74,765**	**74,869**	**76,063**	**76,434**	**9.45**	**9.55**	**9.58**	**6.30**

Source: Asian Development Bank (2016), "*Key Indicators for Asia and the Pacific 2016*", ADB: Manila, p. 217

Table 2.9.1: Regional Rail Networks

	Network	**Countries Served**	**Basis of Selection**
1	"Lahore (Pakistan)-Delhi/Kolkata (India)-Dhaka (Bangladesh)-Mahishasan-Imphal (India)".	Pakistan, India, and Bangladesh	"Potential growth of intraregional traffic, Reduced distance and shorter transit time".
2	"Karachi (Pakistan)-Hyderabad-Khokrapar-Munabao-Barmer-Jodhpur (India)".	Pakistan & India	"Shorter route for Intra-regional traffic, Access to Karachi Port and potential third country traffic".
3	"Birgunj(Nepal)-Raxaul-Haldia/Kolkata (India)".	Nepal & India	"Access to landlocked Nepal, the Potential route for a third

			country and bilateral traffic".
4	"Birgunj (Nepal)-Raxaul-Katihar (India)-Rohanpur-Chittagong (Bangladesh with links to Jogbani (Nepal) and Agartala (India)".	Nepal, India, and Bangladesh	"Access to Chittagong Port for Indian and Nepalese Traffic, Shorter route for the North Eastern States of India through Bangladesh".
5	"Colombo (Sri Lanka)-Chennai (India)".	Sri Lanka and India	"Restoration of old rail ferry link to provide passenger and goods access from island Sri Lanka to mainland South Asia".

Source: SAARC Secretariat (2006), "*SAARC Regional Multimodal Transport Study (SRMTS)",* p.21

Recently on 7th April 2018, India has taken landmark decision to counter China's infrastructure offense in Nepal. Nepal's PM KP Sharma Oli during his visit to India, both countries agreed to build up a new rail link between Kathmandu in Nepal and Raxaul in Bihar. It is India funded railway link, and it will lead to the connection from Nepal to the Indian railway network (The Times of India, April 7, 2018). Both countries agreed to complete the stretch of railway lines from Jayanagar to Janakpuri/Kurtha and Jogbani to Biratnagar in 2018. Also, India has shown re-commitment to complete staying stretch of two continuous rail link projects on a priority basis. These routes are such as (a) Jayanagar-Bijalpura-Bardibas and (Jogbani-Biratnagar. Three different connections will likewise be taken up (i) New Jalpaiguri-Kakarbhitta (ii) Nautanwa-Bhairahawa, and (iii) Nepalgunj road to Nepalgunj[20]. These links will lead to cross-border linkages and also enhance growth and development. Further, India showed it "deep commitment" to strengthen ties with Nepal. In this regards, on 12 May 2018, India extended an Rs 100 crore package to develop Janakpur and also invoked restore mythological links between the two countries (Ghimire, 2018:2-4). As well as, India and Nepal agreed to start 'Janakpur-Ayodha' bus service to increase the transport network between the two

[20] Ministry of Foreign Affairs, Government of Nepal (2018), "*India-Nepal Statement on Expanding Rail Linkages: Connecting Raxaul in India to Kathmandu in Nepal",* [Online: web] Accessed on 8 April 2018, URL: http://mofa.gov.np/india-nepal-statement-on-expanding-rail-linkages-connecting-raxaul-in-india-to-kathmandu-in-nepal/.

neighbours. Both countries also agreed to run buses on eight more routes. These include Patna-Janakpur, Kathmandu-Varanasi, Bodh Gaya-Kathmandu, and Nepalganj to Delhi (Dashi, 2018: 1-2).

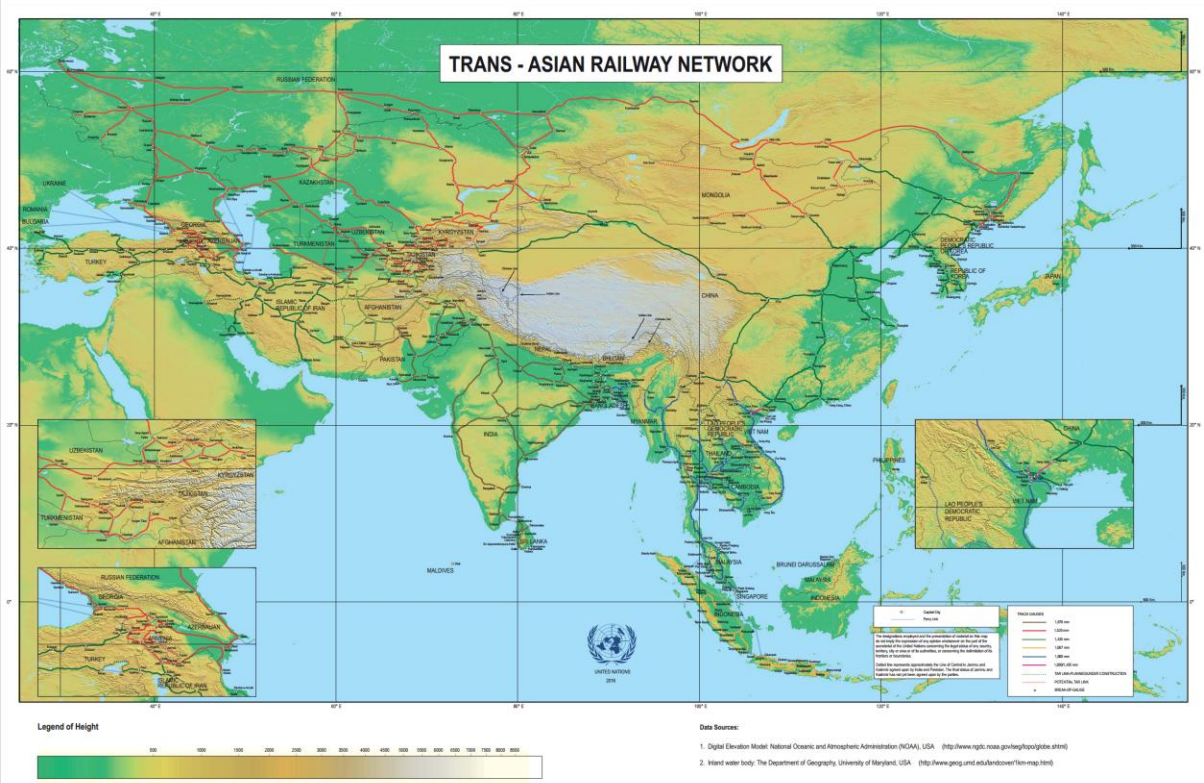
2.9.1 Status of the Trans-Asian Railway Network

The Trans-Asian Railway (TAR) was started as an undertaking in the mid-1960s, going for giving a constant, 14000 km rail network between Singapore and Istanbul (Turkey), with the further objectives of extending the connectivity to Europe and Africa. This was done with the idea of shortening distance and reducing the time for transit between the countries and regions, including increasing trade and global growth (UNESCAP, 2007: 130). However, during 1960, the 1970s and mid-1980s, cross-border flows were restricted and were greatly hindered by the political tensions that plagued the region which led to slow growth and effects and this seriously hampered the implementation of the project. It is now seen as an important step to organise a coordinated, multi-purpose transport network covering the entire of Asia. It was commanded by the "Ministerial Conference on Transport" held in Busan, the Republic of Korea in Nov. 2006 (UNESCAP, 2009: 83).

The Intergovernmental Agreement on the Trans-Asian Railway Network became activated on the 11 June 2009. The Trans-Asian Railway network is made up of 117,600 km of railway lines which serves 28 member nations, and also serves as a route to cultural exchanges between the countries. However, the network now serves a much larger territorial coverage and population[21]. China, India and the Russian Federation are the main three nations as far as the length of their TAR line. Beyond the completion of feasibility studies and detailed design studies on the most of the Trans-Asian Railway missing link. Work by these countries has also been accomplished on the ground to put in place some of the missing links. It is most significantly the case in the ASEAN region, including the Yunnan Province of China (UNESCAP, 2015: 53).

[21] http://www.unescap.org/our-work/transport/trans-asian-railway/about.

Map 2.9.1: Trans-Asian Railway Network



Source: UNESCAP (2016), "*Trans- Asian Railway Network Map"*, [Online: web] Accessed 20 December 2017, URL: https://www.unescap.org/sites/default/files/TAR%20map_1Nov2016.pdf.

The Trans-Asian network passes through many countries which have different operation procedures, and one of the major problems encountered is the difference in track gauges that are present in this network. (UNESCAP, 2009: 84). A break-of-gauge happens in the occasion when various nations have distinctive railway gauges, and this discontinuity of tracks lead to difficult issues between the countries in question as there has to be a change of tracks and locomotives in accordance (Ibid). The major railway links that make up the TAR are included five distinctive track gauges. These are1,676 mm, 1,520 mm, 1,435 mm, 1,067 mm and 1,000 mm respectively (UNESACP, 2007: 132).

2.9.2 Trans-Asian Railway: Missing Links

There are 10,500 kilometers of "missing links" in the TAR network (UNESCAP, 2009: 85). A missing link occurs due to physical nonappearance of tracks between the railway networks of various countries, which imply that there are different infrastructural settings

between the different countries. This missing link is also a serious form of an impediment as if forms as a source of concern for the different countries that percent the proper functioning and streamlining condition of rail networks and proper coordination between these countries. According to ESCAP estimates, "these constitute approximately 9 per cent of the TAR network, and these are mostly located in the ASEAN sub-region". While these linkages can be restored by using trucks, using rail networks is frowned upon because higher freight costs are involved (UNESCAP, 2013: 17).

Table 2.9.2: TAR Network: Missing Links in South Asian Region

Link	Linked Countries	Distance (km)	Expected cost (US$ million)
Dalbandin-Gwadar	Pakistan	515.0	1250.0
Dohzari-Gundum	Bangladesh	129.0	300.0
Kalay-Jiribam	Myanmar	127.0	98.0
	India	129.0	649.0
	Total	256.0	747.0
Sangan-Heart	Iran	77.0	78.0
	Afghanistan	114.0	75.0
	Total	191.0	15.30

Source: UNESCAP (2012), *Growing Together Economic Integration for an Inclusive and Sustainable Asia-Pacific Century*, United Nations Publication: Bangkok, p.68

2.9.3 Status of Trans-Asian Railway Network in South Asia

Across South Asia, various initiatives are being undertaken. Historically, Afghanistan did not have any network worthy of a name, and before 1990, only a couple of railway lines from Central Asia (one from Turkmenistan and one from Uzbekistan) managed to serve the Afghan border without any further extension. Afghanistan was not one of the nations that embraced the Intergovernmental Agreement on the Trans-Asian Railway network. Anyway, the circumstance is slowly undergoing a metamorphosis with some new initiatives coming into play, which can greatly change the nature of transport in the war-ravaged country (UNESCAP, 2015: 50). In 2010, Afghanistan effectively competed and dispatched of 75 km line selection between Khairaton and Mazar-i-Sharif. Also, the

country has decided to start working on a rail improvement groundbreaking strategy meaning to make rail network with neighbouring countries. In 2014, the Government of Afghanistan attempted to have its arrangement perceived as a feature of Trans-Asian Railway system and because of that county is offering a chance to have long-range transit and communication between Central Asia and Iran. (UNESCAP, 2013: 19-20). Different routes in Afghanistan have likewise been talked about, for example, a connectivity network from Kunduz to Torkham (Pakistan) through Kabul or a branch line from Pakistan Spin Bodak with a future expansion to Kandahar (UNESCAP, 2015: 55).

Pakistan is embarking on a "National Vision-2025" master plan, which objectives to increase the current market share of rail from 4 per cent to 20 per cent in the country through the modernization of its infrastructure. The most prominent project is the building of a 662km line from Havelian to Khunjrab that will link the railhead of China at Kashgar. The plan also calls for the construction of a 900km line section to connect the Gwadar port to the existing network at the Mastung on the Spezand-Koh-i-Taftan line. The estimated cost of this line is $1.5 billion, along with two cross-border sections with Afghanistan from Chaman to Kandahar and from Peshawar to Jalalabad. The project has received renewed interest under the China-Pakistan Economic Corridor project despite the high construction cost of $10.5 billion (UNESCAP, 2015: 56).

In India, the beginning of development on the underlying 343km two fold track electrified section which runs from Kanpur in North India and Khurja. From this juncture, it is a part of the Delhi-Kolkata committed cargo corridor denotes another important direction in the direction of improving freight transport in the region. Apart from developing the domestic rail link in the country, India is also committed to building up the tracks and increasing the network coverage in the region (UNESCAP, 2013: 21). In this context, India has started working at the Jiribam-Imphal rail segment as a primary step to connect Northeast India with Myanmar. At the same time, India is working with Bangladesh to put the 11km Agartala (India)-Akhaura (Bangladesh rail link which will lead to further communication between both the countries and will also link the Northeastern states of India with Bangladesh (ibid, 22).

In this regards, Asian Development Bank is playing an important role, and it is providing $500 million in loans to Bangladesh to improve railway infrastructure as part of an ambitious project to boost the national economy and facilitate regional trade with India and Nepal. Moreover, ADB and Government of Bangladesh signed two agreements for $400 million and $105 million respectively on June 28, 2015. They will be used to upgrade a 72km stretch along the 320km Dhaka-Chittagong railway corridor (Sharma, 2015: 1).

India and Sri Lanka signed an MoU to build a bridge across the Palk Strait in July 2002 with the objective to join the island nation with South Asia's mainland through road and rail. The envisaged bridge is between Dhanushkodi (South-East of Tamilnadu state) and Talaimannar (North-West Sri Lanka). The length of the bridge is around 44 km[22]. In this way, the railways in Sri Lanka are also enjoying a revival. India is giving financial and technical help to Sri Lanka in the north of the country. It recently extended an $800 million credit for the finish of the 43 km segment Madawachi-Madhu portion of the Colombo-Talaimannar line (UNESCAP, 2013: 22). Therefore, improving the railway service in Sri Lanka is very important for the country's infrastructure development. Meanwhile, China is supporting rail development in the south of Sri Lanka. The 26.8km section between Matara and Beliatta is under construction, and in 2014, the China National Machinery Import and Export Corporation was granted a $590 million contract to build the 88km extension from Beliatta to Kataragama (UNESCAP, 2015: 57).

2.10 Inland Waterways Connectivity

In South Asia, Inland Water Transport (IWT) is only available in India and Bangladesh. IWT is one of the ways for India to deliver goods into its own Northeast through Bangladesh. In this regard, it is imperative to note that it is one of the cheapest modes of transport in terms of cost per kilometer as well as for freight and passenger movements, in addition to that it is also a very efficient means of transportation (NTDPC, 2013: 642). Inland waterways transport is in fact supposed to be one of the cheapest ways of transit

[22] Ministry of External Affairs, Government of India (2002), *India-Sri Lanka joint statement*, [Online: web] accessed on 4 April 2018, URL: http://www.mea.gov.in/press-releases.htm?dtl/13710/IndiaSri_Lanka_Joint_Statement

and transport and is a very viable option for passenger and goods movement. The biggest inland waterways are set up in India and Bangladesh owing to the massive volume of water available. The Palk Strait is viewed as the piece of South Asia's Inland Waterways.

Four inland waterways links are known to be present between India and Bangladesh. These routes use the main five rivers Brahmaputra/Jamuna, Padma/Ganga, Meghna, Hooghly, and Bhagirathi. These routes are intended for transportation as well as traffic, and there are a number of ports to cater to these (NTDPC, 2013: 636). The existing and potential inland waterways corridors are shown in table 2.10.

Table 2.10: Existing and Potential IWT Corridors

	Corridors	Length	Countries served
1	"Kolkata-Haldia-Raimongal-Mongla-Kaukhali-Barisal-Hizla-Chandpur-Narayanganj-Aricha-Sirajganj-Bahadurabad-Chimari-Pandu".	1,439	India and Bangladesh
2	"Kolkata-Haldia-Raimongal-Mongla-Kaukhali-Barisal-Hizla-Chandpur-Narayanganj-Bhairabbazar-Ajmiriganj-Markuli-Shepur-Penchuganj-Zakiganj-Karimganj".	1,318	India and Bangladesh
3	"Rajshahi-Godagari-Dhulian".	100	India and Bangladesh
4	"Karimganj-Zakiganj-Fenchuganj-Sherpur-Markuli-Ajmiriganj-Bhairabbazar-Narayanganj-Chandpur-Aricha-Sirajganj-Bahadurabad-Chilmari-Dhutbri-Pandu".	1,231	India and Bangladesh

Source: SAARC Secretariat (2006), *SAARC Regional Multimodal Transport Study (SRMTS)*, SAARC Secretariat, Kathmandu, p. 22.

2.10.1 India-Nepal New Connectivity through Inland Waterways

In the context of Nepal, during Nepal's PM KP Sharma Oli visit to India, Nepal signed inland waterways agreement with India on 7 April 2018 for the movement of cargo. The agreement was considered under the trade and transit agreements, which will provide extra access to the sea for Nepal. This new step would empower the efficient movement of cargo and reduce transportation cost. This decision is about allowing cargoes are originating in and bound for Nepal to use Indian inland waterway as an additional mode of transport. And this additional connectivity will also have an enormous impact on

Nepal's economic growth and business[23]. This waterway connectivity will reduce trade costs and time because Nepal third country's trade is dependent on India and both the states are looking forward to creating more chances for minimizing the time taken as well as other forms of wastage which will be mutually beneficial. This new connectivity through inland waterways will certainly reduce trade costs involved (The Himalayan, March 7, 2018). It is estimated that "once the agreement is operational, Nepali trader will not have to issue necessary document from Kolkata in India while export and imports of goods will be hassles free" (ibid).

Currently, India-Nepal trade can take place through 27 transit points, of which airports direct flights between the two countries is also included. As well, for third-country seaborne trade, Nepal can use India's ports at Kolkata, Haldia, and Vishakhapatnam though 19 designated routes. Similarly, cargoes on trains loaded from any of these ports have to route to Birgunj. Under this agreement, Nepali cargoes may get access to India's National Waterway 1 (NW-1), which is 1,620 km stretch from Haldia to Allahabad in Ganga-Bhagirathi-Hooghly river system. The Ganga and Brahmaputra rivers have powered India's inland water transport since ancient times (Singh, 2018: 1-3). However, the importance of inland waterways shrunk due to the advent of the railway in India and the partition of India into different countries. In the meantime, Nepal can get full access to Indian inland waterways, if country enables to establish similar connectivity with Bangladesh waterways through Indian waterways. As in Southern Asia, Bhutan has already the same agreement with Bangladesh to allow Bhutan's cargo to be transported through Bangladesh's designated inland waterways (ibid).

2.11 Regional Maritime Gateways

Strategically situated at the crossing of the Indian Ocean, Arabian Sea, and the Bay of Bengal, South Asia has its history, commerce, politics, and culture defined by maritime connections across the Indian Ocean. In ancient time, South Asia served as a passageway for the diffusion of commerce and culture. The region was connected with Bay of Bengal

[23] Ministry of External Affairs, Government of India (2018), *India-Nepal Statement on New Connectivity though Inland Waterways* [Online: web] Accessed 20 April 2018, URL: http://mea.gov.in/bilateral-documents.htm?dtl/29796/IndiaNepal_Statement_on_New_Connectivity_through_Inland_Waterways.

trading system by the sea route that pursued from the mouth of Indian Ocean through the Pak Strait to Sri Lanka and India, the Arabian Sea, the Persian Gulf and the Red Sea and Roman Ports in the Mediterranean (Toccheto et al., 2014: 15). Thus, maritime gateways were responsible for a great part of the connectivity in South Asia. These gateways consisted of Chennai, Chittagong, Colombo, Karachi, Kolkata, and Mumbai. Before and after the partition of the subcontinent, these ports have performed a significant task in the imports and exports of commercial goods over the region. The major imports and exports from and to regional countries are moved from Bombay (Mumbai), Karachi, Madras, Calcutta, Kandla, Tuticorin, and Chittagong. The major part of traffic to and from Pakistan is handled at Bombay. For Sri Lanka, the bulk of exports are shipped from Madras followed by Bombay. As far as the import is concerned, it arrives mostly at Madras and Bombay. The large volume of exports to Bangladesh was transported from Calcutta followed by Madras and Bombay. While the large volume of Imports was landed at Calcutta and to a lesser degree at Madras, however, there was a larger inflow of imports at major ports other than Calcutta, Bombay, and Madras (ICWA, 1982: 48). In recent years, also due to the growth in containerization, other gateways have been making a substantial contribution in handling regional trade. Moreover, several other very important ports can do as such. For example, Kochi, Haldia, Tuticorin, JNPT (Nhava Sheva, South of Mumbai) in India, Mongla in Bangladesh and Bin Qasim in Pakistan. Additionally, the port of Male is exceptionally relevant for creating chances for good connectivity between the Maldives and the rest of the region due to it being an island (NTDPC, 2013: 636-37). The identified gateways are shown in table 2.11.

Table 2.11: Identified Maritime Gateways

SAARC State	The Cost Line		Principal Ports for SAARC Trade
	Facing	Coastal Distance	
Bangladesh	Bay of Bengal	580kms	Chittagong Mongla
India	The Arabian Sea on West Coast	7,517kms	Kandla, Mumbai, Mumugao, New Mangalore, JNPT, Cochin
	The Bay of Bengal on East Coast	n/a	Chennai, Haldia, Kolkata, Paradip, Vishakhapatnam
Maldives	Indian Ocean	Comprises of Islands 1190 corals and stretches 470.	Male
Pakistan	Arabian Sea	1,100 kms	Karachi Port Bin Qasim
Sri Lanka	Indian Ocean	1,600kms	Colombo Trincomallee

Source: SAARC Secretariat (2006), *"SAARC Regional Multimodal Transport Study (SRMTS)"*, SAARC Secretariat: Kathmandu, p.23.

2.12 Air Connectivity

Air transport is one of the key forms of connectivity, which is faster than any other forms, and the most important role of air connectivity is to achieve economic development and growth. Since it is the fastest form of transportation and connectivity, it is critical for integration on all forms of scale as well as is evident for creating much more chances for generating tourism and other forms of employment[24].

Air transport has constantly been growing over the last two decades, but South Asia is far slower than the rest of the world in terms of air connectivity, although it has good connectivity status with the rest of the world, it falters on the intra-regional level in the same manner. However, the growth potential for regional trade is high if South Asian

[24] World Bank (2016), *Air Transport: A Brief History*, [Online: web] Accessed on 12 January 2017, URL: http://www.worldbank.org/en/topic/transport/brief/airtransport.

countries lower the trade barriers and give relaxation personal travel restrictions (De, 2014: 6-7). In this regard, there is evidence that two South Asian countries India and Sri Lanka, have adopted liberal aviation policies. One of the major issues is that the connectivity between capital cities is very weak, and the costs involved are quite high. There are a lot of barriers which are regulatory in certain countries in the region, and there is an urgent need to reduce regulations and restrictions for smooth travel between countries. Apart from the twenty airports which were considered to be regional aviation gateways, there are other five of them which can be considered to be in the near future as the key airports for travel (NTPDC, 2013: 639).

Air network and travel are now known to have contributed greatly to economic development and growth and not to mention in terms of increasing connectivity. Table 2.12 shows that airlines in the region have carried a bigger number of travelers than cargo did in 2015, contrasted with 2000. Alternatively, the region has borne witness to the fact that an incredible growth in air traffic in recent years.

Table 2.12: Air Connectivity in South Asia

South Asia	Carrier Departure Worldwide (Number of takeoff)				Freight (million ton-km)				Passenger Carried (thousand)			
	2000	2005	2010	2015	2000	2005	2010	2015	2000	2005	2010	2015
Afghanistan	**3,409**	**….**	**21,677**	**23,533**	**7.8**	**….**	**108.0**	**33.1**	**150**	**…**	**1,999**	**1,930**
Bangladesh	**6,313**	**7,399**	**19,300**	**37,219**	**193.9**	**183.5**	**164.4**	**182.7**	**1,331**	**1,634**	**1,819**	**2,907**
Bhutan	**1,138**	**2,467**	**3,053**	**4,640**	**….**	**0.3**	**0.4**	**0.5**	**34**	**49**	**182**	**163**
India	**198,426**	**330,484**	**623,197**	**787,998**	**547.7**	**774.0**	**1,631.0**	**1,833.8**	**17,299**	**27,879**	**64,374**	**98,928**
Maldives	**5,970**	**4,520**	**…**	**….**	**13.2**	**0.0**	**…**	**…**	**315**	**82**	**….**	**….**
Nepal	**12,130**	**6,255**	**45,990**	**19,395**	**17.0**	**6.9**	**6.5**	**4.5**	**643**	**480**	**918**	**510**
Pakistan	**63,956**	**48,905**	**64,932**	**65,750**	**340.3**	**407.9**	**333.0**	**183.2**	**5,294**	**5,364**	**6,588**	**8,658**
Sri Lanka	**5,206**	**19,712**	**20,921**	**30,927**	**255.7**	**310.4**	**339.0**	**381.4**	**1,756**	**2,818**	**3.008**	**4,912**

Source: Asian Development Bank (2016), *Key Indicators for Asia and the Pacific 2016*, ADB: Manila, p. 219

Note: …indicates that data are not available

2.13 BBIN-MVA: Sub-Regional Road Connectivity

Skirting Pakistan, Bangladesh, Bhutan, India, and Nepal (BBIN) marked a road connectivity pact on 15th June 2015 to create the way for greater economic and trade

cooperation in the region. This pact seeks to open up vehicular traffic in the region for creating economic cooperation (The Indian Express, July 1, 2015). Undoubtedly, it is the most revolutionary development in the whole field of the transport network in South Asia. Within the matter of a few decades, motor vehicles have become an integral part of the South Asian transport system, and it has produced significant changes in the socio-economic life of the countries of sub-region[25].

The BBIN countries comprise a dynamic sub-regional atmosphere that is efficient regarding land transport connectivity. The framework agreement has listed 30 priority transport network ventures with an expected cost of over US$8 billion, and objective of the project is rehabilitating and upgrading the remaining sections of trade and transport corridors (Chaudhury et al., 2016: 7).

It is estimated that if these transport corridors could be changed into economic corridors, then these corridors would be probably generated intra-regional trade in South Asia to the extent of almost 60 per cent and with rest of the world by more than 30 percent. It is also expected that ties will be strengthened between the Himalayan kingdom of Bhutan with Nepal, Bangladesh, and India. Trade ties with Bangladesh will be intensified, with India allowing transit to Bangladesh for trade with Bhutan (ibid, 8).

Recently, under BBIN-MVA to boost further connectivity, Bangladesh, India, and Nepal started commercial and passenger bus services. These buses will travel between Dhaka and Kathmandu through Banglabandha and Phulbari borders of Bangladesh and India, and through Panitanki and Kakarvita borders of India and Nepal (Dhaka Tribune, March 29, 2018). Besides Dhaka to Kathmandu route, these countries have proposed other bus services include (i) Guwahati to Kolkata route via Shillong, Dwaki, Dhaka, Benapole, and Petrapole, and (ii) Chittagong to Siliguri route via Dhaka and Burimari[26].

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[25] Ministry of External Affairs, Government of India (2015), *Joint Statement on the meeting of the Ministers of Transport of Bangladesh, Bhutan, India and Nepal on the Motor Vehicles Agreement,* [Online: web] Accessed on 20 January 2016, URL: http://www.mea.gov.in/bilateral-documents.htm?dtl/25365/Joint+Statement+on+the+meeting+of+the+Ministers+of+Transport+of+Bangladesh+Bhutan+India+a.

[26] SASEC (2018), *BBIN initiatives for boosting bus service in the subregion; Sets Dhaka-Kathmandu trial rum*, [Online: web] Accessed on 18 April 2018, URL: https://www.sasec.asia/index.php?page=news&nid=849&url=bbin-initiative-boosts-bus-services.

2.13.1 Challenge with Implementation

Bangladesh, India, and Nepal conducted a trial bus service keep running on 24-25 April 2018. Two transport services left Dhaka, Bangladesh for Kathmandu, Nepal carrying delegates from the three countries and the ADB. The MVA empowers the commercial bus services (The Times of India, April 25, 2018). The route utilised for the preliminary run goes through Siliguri, India, and has a length of 1,200 kilometers. It is shorter by 100 kilometers contrasted with the Lalmonirhat-Burimari-Changra-Shligururoute as of now taken by travellers to Kathmandu. But Bhutan did not join this trial services because the treaty could not get approval in its parliament (The Daily Star, April 24, 2018). However, the MVA itself is confronted with several issues at the implementation level. There is a fear psychosis in the mind of Bhutanese that the execution of the pact would incite a convergence of vehicles from different nations influencing its transporters and it will also lead to environmental degradation. Moreover, seamless transit adds chances of militants sneaking into India through the rest of countries. There are likewise worries of undocumented migrants and related transnational violations (Bose, 2018: 1-2).

Some other challenges are facing the sub-region in its realisation of the goals of MVA. The constraints for the successful implementation of MVA are generally three infrastructural, procedural, and functional (Chaudhury et al., 2015: 14).

The present condition of road infrastructure in the region is an obstruction for effective implementation of the MVA. There are inappropriate water and sanitation facilities at ports. There are also issues of parking, poor regulatory and institutional arrangments, insufficient customs processes and lack of testing and standard related institutions that are influencing the best possible execution of BBIN-MVA (Dorji, 2018: 1-2). Moreover, “double-locking system” has been introduced at the border which applies on Nepalese trucks going through Indian territory and technical issues identified with customs procedures, and so on., are likely going to posture genuine difficulties in such manner. On the off chance that the border infrastructure does not improve, the corridor would not operate properly (Chaudury et al., 2015: 16).

Functional issues contain specialised perspectives. There are as of now bilateral transit arrangements among the four countries which are in different phases of usage. A large number of these two-sided settlements are yet to be executed effectively. It is as yet uncertain whether BBIN-MVA overrides these bilateral understandings or reinforces them (ibid).

Another vital functional aspect is the necessity for smooth communication and coordination among the ministerial department in these countries. Lack of coordination, sufficient infrastructure, appropriate access, and low intra-regional trade and lack of appropriate trade facilitation continue to remain major barriers to smooth cross border trade (Chaudhuri and Nayak, 2018:24). There is one other functional issue that of cabotage confinement, which suggests that trucks moving from one country to another, cannot get goods from the countries they go through and neither would they be able to bring once from their destination. It also implies that trucks would return empty, which expands the expense of business (Rashid, 205: 1-2).

2.13.2 The Significance of BBIN MVA

Despite the challenges, the BBIN Motor Vehicle Agreement is one of the payoffs of the considerable efforts that have been put by different countries to help in transportation across the borders. This agreement is a revolutionary one as it will allow the easy passage of cargo, passengers and any other forms of goods and services from one place to another international crossing border and thus lead to better transportation without the usual logistical and administrative hassles that are so frequently encountered (ADB, 2015: 1).

The agreement will enable vehicles to have access to each other's region and dispense with the requirement for transshipment of commercial goods and materials starting from one place to another at the border. In this way, this pact will eliminate the consumption of time and costs between countries and encourage smooth transactions, which will lead to a boost in trade. Also, it will potentially diminish a portion of the informal trade that occurs among these countries (Pal, 2106: 4). According to UNESCAP-World Bank data, "intra-regional trade cost can be more for a South Asian country to trade with another country within the sub-region than with one outside. Like bilateral trade costs within

South Asia were, on average 244 per cent of the value of trade, in comparison to the figure of 121 per cent for the region's trade with East Asia". This higher cost of trade is usually blamed on the different non-tariff barriers which the BBIN would try to address and find a solution to (ADB, 2015: 2).

This agreement will give a boost to the landlocked Bhutan and Nepal with small domestic markets. It is imperative for these countries to have access to the global market for both exports and imports. These countries will get the benefit due to easier cross-border flow of vehicles and commercial goods and BBIN MVA as well as with expected BBIN rail network agreement. This agreement will make it easier for the countries to access the ports of India and Bangladesh for intra-regional and extra-regional trade (Pal, 2016: 4). In this regard, Ministry of Indian Railways is planning to link neighboring countries like Bhutan, Myanmar, Bangladesh, and Nepal by using proper rail connectivity. Indian Railway Minister Suresh Prabhu consolidated this move when an agreement was signed between the Indian Railway and UNESCO on 20 January 2017. He said, *"We have neighbouring countries like Bangladesh, Bhutan, Myanmar, and Nepal. We have a very cordial relationship with them. We want to increase railway connectivity with these countries, and we are trying to develop it, and he said investments of Rs3-3.5 lakh crore would be made in the railways while the amount of had been Rs 35,00-40,000 crore a year earlier,"* (The Economic Times, January 20, 2017).

2.13.3 The MVA and North Eastern States of India

The Northeast region will get profit altogether from BBIN MVA and rail network. Northeast has been confronting significant difficulties because of the weak transport network. BBIN agreement will decrease the distance of around a thousand kilometers between the Northeastern states and Kolkata port, as well as it will also enable these states to get access to the Chittagong port in Bangladesh. BBIN can open huge business opportunity in the region. As well as, this sub-regional pact will enable landlocked states Nepal and Bhutan to access ports in India and Bangladesh. In this respect, Tripura has a huge advantage, and it can utilise Bangladesh's Ashugunj and Chittagong ports for export and import of commercial goods. Additionally, traders of Kolkata and the Northeastern states can access to Mongla port from their places (Pal, 2016: 4).

The most important benefit of the BBIN MVA for India-based companies is the fact that they can travel through Bangladesh in an unrestricted fashion. Even though both the countries have an agreement related to transport, there are restrictions which cause issues for example, vehicles are not permitted to travel in excess of 150 Kilometers across the border, and such situations when carriers would like to transport more than the designated distance they would have to change vehicles which proves to be very cumbersome.

In order to avoid such issues, many drivers have to take a detour in order to complete their journey, for example in order to reach Agartala a driver must take many permits in order to travel through Bangladesh, or can circumvent a journey that would last around 450 kilometers in order to save oneself from administrative and diplomatic hassles.

The BBIN MVA will bring considerable ease in terms of transportation from mainland India to other far-flung regions of the Northeastern states. Even though the Northeastern states are regional economic powerhouses in their own right, lack of good connectivity has kept this region still on its tenterhooks, and it will be sometime before this region can come up to par with the rest of the country[27].

Northeast India is one of the most important regions of the country, especially because it has a wide coverage of pristine forests and also has many important minerals and other natural resources that could prove to be critical for the development of the country. It is also important for the country in terms of trade and its long borders with Myanmar, Bangladesh, Bhutan, and China. Due to its strategic location, it is very important for India. Even though the importance of this region is recognised, there are not many serious efforts being given to bringing proper connectivity between the northeast and the rest of India (RIS, 2011: 17). In the light of the matter, Bangladesh can offer connectivity through its territory for India to reach out to the Northeast region whereas in the same way India too can respond and offer connectivity between Bangladesh and the remaining South Asian countries. Therefore, the BBIN trade routes can facilitate more trade opportunities in this region and this region can again reclaim its rightful place as the

[27] http://www.indiabriefing.com/news/bbinmotorvehicleagreementunlocksnortheastindia10941.html/.

center for flourishing trade with East and South East Asian countries (Acharya and Marwaha, 2012: 29).

2.14 Status of Implementation of Connectivity Initiatives

2.14.1 Status of Regional Projects

In spite of the way that regional connectivity projects in South Asia have been started early, however, the progress of execution gives off an impression of somewhat slow. SAARC Motor Vehicle Agreement is a noteworthy connectivity activity for South Asian nations but has not yet marked. During the eighteenth SAARC Summit held in Kathmandu, the draft of SAARC MVA was talked about, and it was chosen to conclude it the right way. However, till date, very little advancement occurred towards finishing this understanding (Rahman et al., 2017: 78-79). It is very interesting to note that Bangladesh, Bhutan, India, and Nepal, a sub-group of SAARC nations, has marked an MVA called BBIN-MVA in September 2015 (De, 2017: 112). The Follow-up progress of SAARC MVA has been eased back because of different inside and outer reasons raised by part nations. BIMSTEC transport network initiative has been constrained inside a strategic appraisal study embraced by ADB. Another initiative, BCIM-EC has gained moderate ground till date a joint report group has been planning special domain proposals for the particular governments. The subsequent processes of the Joint Study group have not yet been concluded. Regardless of having a more extensive responsibility of nations towards setting up Asia-wide transport network under AH and TAR projects, as parts of which different regional and sub-regional steps have been arranged, growth till date seems to be slow (Maozzem, 2017: 65). Absence of equivalent dimensions of political commitment of member countries towards executing region-wide transport network is by accounts a major concerning factor behind gaining moderate ground of those initiatives.

2.14.2 Status of Bilateral Projects

Distinctive bilateral projects are observed to be at various phases of execution. Nonetheless, the advancement of these projects is better, contrasted with those of regional ones. India-Bangladesh transport undertakings have gained huge ground over the last several years. While a part of the transport network projects is identified with AH and

TAR, various tasks are not related to those initiatives. India-Nepal connectivity projects have not gained much ground throughout the years. Similarly, the India-Bhutan project's speed has been slowed. Over the last few years, various new bilateral projects have been started, which incorporate Afghanistan-India connectivity via Iran, for which a tripartite pact has been marked between India, Iran, and Afghanistan. On the other Nepal, China is investigating a conceivable outcome to build up a railway link between them (Moazzem, 2017: 66). South Asian nations, with the help of their development partners, have gained generous ground in creating a regional and domestic infrastructure to upgrade connectivity (Regmi, 2017: 48).

In contrast, several bilateral projects have made limited progress over the last several years. In spite of started very early, Bangladesh-Bhutan and Bangladesh-Nepal measures have not performed well. And connectivity with these nations is now talked about under sub-regional connectivity of BBIN MVA (ibid).

2.14.3 Differences in the Pace of Implementation

Diverse connectivity projects are at different phases of execution. A general perception is that projects which are being executed bilaterally have gained more ground contrasted with those which are to be executed regionally. In other words, countries are showing deep interest in those projects where bilateral interest is better coordinated in terms of trade, investment, and other monetary purposes. However, different reasons have been distinguished as respects the assorted dimension of execution of various ventures. A conceivable outcome would be that a portion of the regional projects may lose their significance to an individual nation. This may influence other countries which depend on the regional initiative (Moazzem, 2017: 67).

On the other hand, a major challenge in executing a project is the absence of sufficient participation among regional countries towards actualising region-wide cross-border projects. Such circumstance has developed attributable to political, economic, and security angles among countries of the region.

2.15 Conclusion

The development of regional transport network and connectivity is gaining prominence in South Asia. Many policies, initiatives, and projects are being implemented by South Asian countries to enhance regional transport connectivity. South Asian countries have gained extensive ground regarding progress in terms of the development of the regional and domestic infrastructure related to transportation. Varying infrastructure standards, missing links in railway lines, need to develop and operate dry ports and financing their development, existing non-physical and procedural barriers at borders and transport issues are some of the challenges faced by South Asian countries. There is some progress in improving cross-border transport such as BBIN MVA among Bangladesh, Bhutan, India, and Nepal, and the SAARC MVA is supposed to be finalised in the near future. There is an urgency to implement the MVA in a way that it increases benefits among the member states. Many sections of roads and railways networks have been improved, and upgrading and building of some portions of missing links have been planned.

Chapter III

Transit and Physical Barriers to Regional Connectivity in South Asia

3.1 Introduction

Regional connectivity in South Asia is particularly significant because of its potential to transform the sub-region into a land bridge between Europe, Central Asia, and South-East Asia. The geographical location of South Asia gives the opportunity to be the world next middle-income region. Connecting it to East and Southeast Asia can turn it into an engine of global growth (World Bank, 2018: 9). The historical point of view, trade patterns along the Silk Road or the Grand Trunk road between Chittagong and Kabul are evidence that vast possibilities for inter-regional connectivity exist. Regional connectivity links both places and people by strong physical infrastructure, which is vital for the flow of goods, labour, and information. South Asia's 1.7 billion people live with limited internal connectivity that remains fragmented and ineffectively sorted out. Without upgrading its internal connectivity, the region is unable to serve as an economic door to and through Central, South-West, and South-East Asian countries situated at its boundaries (UNESCAP, 2018: 15). However, things may not all come together so easily because some key issues such as physical infrastructure gap, lack of regional transit arrangement and inadequate transport facilitation have restricted the regional connectivity, especially for landlocked countries.

3.2 The Burden of Landlockedness

In South Asia, Afghanistan, Bhutan, and Nepal are landlocked countries. They depend entirely on neighbours India and Pakistan for transit. They face various physical and non-physical connectivity challenges that affect the transport costs of their international trade. These challenges lead to high transport cost in the region. Therefore, the costs of trading within South Asian remain very high, and it costs more than other developing and least developed sub-regions of the world. For example, it is 20 per cent less expensive for India to trade with Brazil, which is thousands of miles away than with its immediate neighbour Pakistan. Inadequately developed land transportation is a key factor for behind

high trade costs[28]. Landlocked developing countries (LLDCs)[29] are a group of the poorest developing countries without access to the sea. They do not have direct access to international maritime transport. LLDCS have exceptionally constrained limits to get access to seaports and also depend upon a set of commodities for their exports. Currently, there are about 38 landlocked countries in the world having no access to seaports (Uprety, 2006: 4-5). Transit countries are those having access to the sea or third countries. These countries have the sovereign authority whether to grant transit access or not to the movement of people and goods from landlocked countries to reach out to the sea or third countries. In South Asia, India and Bangladesh are transit countries for Bhutan and Nepal and Pakistan for Afghanistan (Casal and Semale, 2015: 270). Geographically disadvantageous countries have to face the challenges posed by lack of seaports, remoteness, and detachment from world markets that have added to their underdevelopment. They pay high transportation cost to trade, thereby, hindering to their participation in international trade (UNCTAD, 2005: 5).

3.3 Remoteness and Isolation from Major Markets

In the context of Bhutan and Nepal, they depend to a great extent on India's eastern coast for their global trade. Bhutan and Nepal have to ship overseas their export items after transportation to the nearest ports in Kolkata and Haldia. These ports are situated on the east coast of India. In a similar way, imported goods from the overseas markets first enter into these gateway-ports. Then, ship these goods through Indian roads and, finally, transport to their final destination in Bhutan and Nepal (De, 2015: 1).

These landlocked countries are in a disadvantaged position due to the absence of access to and the sheer distance from the sea. The causal effect of the long distance from the sea on the development process of these countries is taken into account. Even within a transit country, when the distance from the sea increases, then the pace of development in

[28] http://www.worldbank.org/en/news/infographic/2016/05/24/the-potential-of-intra-regional-trade-for-south-asia.

[29] Landlocked Developing Countries (LLDCs) are developing countries that lack territorial access to sea. Therefore, they face the double challenge of development and limited access to international markets. Currently, there are 32 LLDCS, of which three are in South Asia. Exports and imports of LLDCs are required to transit through at least one neighbouring countries, and often have to changes the mode of transport (UN-OHLLS, 2016-1-3).

remote areas from the sea becomes slower. In the case of South Asian landlocked countries, territorial distance from the sea and coast is substantially compounded by many problems. They need to cross an international border where they are incapable of regulating the border crossing process. Accordingly, the delivered costs of imported goods become higher. And exported goods also become less competitive and attractive for foreign direct investment (UNESCAP, 2003: 1).

3.4 Absence of Direct Access to the Sea

These problems of territorial access to the sea can be seen at border crossing routes and transit ports. Bhutan, Nepal, and India's Northeastern region pay substantially higher trade costs compared to the world's average for trade in goods. Moreover, their transit neighbouring countries do not give the required appropriate infrastructure and logistics services. Thus, transit countries force the landlocked countries to depend on them even more. And this dependency of landlockedness is turned into a true sense of developmental trap (Casal and Selame, 2015: 272). The high trade cost can be tackled through the restoration of the regional connectivity in the region (De et al., 2010: 141).

Therefore, smooth transit transport is very crucial for these landlocked countries. But these countries are denied from territorial access to seaports and to carry their international trade to and from the sea. Therefore, landlocked countries are dependent on more than one country for the transport of their goods by land routes (UNESCAP, 2003: 4). In South Asia, Pakistan and India always have exploited landlocked Afghanistan, Bhutan, and Nepal, and they control what these countries can sell and buy. In the case of Nepal, Rajkumar et al. (2006) consider that "India has historically exploited Nepal's siege to impose abusive conditions that figured among causes of the Ten-Year War. For example, Kolkata's port charges particularly high tariffs for Nepalese cargoes". Thapa (2009) argues that it is true that India has exploited Nepal. But Nepal can avoid these high transports cost. He says there are two available options for Nepal. First, "if Nepal could make a tunnel under the Indian Siliguri corridor, which is around 20 km broad so that the train and road can go through it. Then via this tunnel goods could reach the Bangladeshi river system to the sea. Secondly, Nepal can make 165 km of the Kosi waterways properly navigable and reach the sea through the Ganges" (Thapa, 2009: 127-

128). But Thapa's argument is irrational because tunnel making under Indian soil without proper permission from Indian states violates India's sovereignty.

Transit is very important for Afghanistan because it depends upon the attitudes of its immediate neighbour, Pakistan. Pakistan imposes a restraint upon Afghanistan, which lacked the advantage of increased competition and cooperation that such a location could have afforded in other circumstances. Transit offers a major opportunity for Afghanistan, and the country considers itself to be a key transit crossroad between warm water ports of Iran and Pakistan and landlocked countries of Central Asia. But in this geostrategic struggle, Afghanistan is compelled to accept the subordinate role in the decisions making processes which affect the transit trade and economy (Gopalakrishnan, 1980: 7 and Arvis et al., 2011:50). To avoid the overdependence of transit route through Pakistan, Afghanistan has explored a viable alternative transit route through Iran to reach India via Chabahar port. Chabahar port, near Iran-Pakistan border, is situated at the mouth of the Gulf of Oman in the Arabian Sea. It is estimated that this transit route will not only open up a new gateway for trade and travel to and from Afghanistan but also will improve trade among the three countries and the more extensive region of Central Asia (The Indian Express, October 30, 2017). Afghanistan has chosen the alternative route because, at present, Pakistan does not permit trucks carrying Afghan goods to enter at Indian border Attari, Punjab, and it also does not allow for reloading their trucks with Indian goods. Afghan trucks unload their goods at Torkham before entering Afghanistan-Pakistan border. Then goods are loaded into Pakistan trucks and these trucks carrying Afghan goods reach to the India-Pakistan border at Wagah. After unloading the goods at Wagah border, the trucks return empty into Pakistan[30]. This long transshipment process leads to high opportunity and the marginal cost of trade through Attari-Wagah LCS.

[30] Roche, Elizabeth, "India sends wheat shipment to Afghanistan via Chabahar port", *Livemint*, October 29, Accessed 30 October 2017, URL: https://www.livemint.com/Politics/lxmYQHtlukr2FFkYG3ZqoI/Indias-first-wheat-shipment-leaves-Irans-Chabahar-port-for.html

3.5 Theoretical Understanding

Theoretically, it is argued that countries approaching the sea have favourable position over landlocked countries, and they get the most extreme advantages of global trade. Generally, significant powers have had simple access to the ocean. This access to the sea has additionally altered the route of the global economy and the result of expansive scale threats. Some scholars contend that in the present century, the countries having maritime assets will decide the future of the global economy and security issues (Kemp, 1981: 17). In Asia, there are two major rising economies China and India. They have built major modern centres close to coastal regions and in these areas. In these coastal areas, they have developed strong transport and communication networks that give immediate and quick access to the ocean. Some other coastal countries have likewise been accepting a decent measure of FDI because of their ocean connections (Nayak, 2016: 103).

In contrast to developing countries with access to the ocean, landlocked countries economic development is slower; basically, in view of their long distance from seaports and poor infrastructure, they have to face challenges of higher transportation costs, bulky clearance procedures in the transit countries (Lahiri and Masjidi, 2012: 507). According to Carcamo-Diaz (2004), "landlocked countries are vulnerable to negative shocks not only affecting themselves but also transit countries". In this context, Limao and Venables (2001: 455) in their study analyse that distance cost and transport cost are proportionate to each other. And they estimated that "expansion of 1000 km of transit route distance via ocean adds US$ 190 to transport costs while a comparative increment in the land distance adds US$ 1,380 transport costs". UNCTAD (1974) concluded that "experience proves that the absence of access to the sea constitutes major obstacles for the economic and social development of landlocked countries." These countries' access to the sea is affected by their distance from the seaport. They face additional transport costs in international trade. Some analyst observes that at the global level, the landlocked countries' distance from their major cities to the important ports shift from 670 km to 2,000 km. But in South Asian counties, distance from the sea is much higher than other regions like EU and ASEAN. For example, Afghanistan's distance from seaport is the highest in the region, and it is 2,000 to 10,600 km, while Bhutan and Nepal's distance

from seaport is 800 km and 890 km via road and rail respectively (Uprety, 2006: 20). In the context of India's Northeastern region, which is a landlocked territory and an average distance of their capitals is only 450 km-700 km. But, due to lack of direct connectivity, a container from India's Northeast is required to travel around 1,400 km -1,650 km to reach out Kolkata port, which is the main access port for the region. In this situation, if Bangladesh provides transit facility through its territory, then consignment from India's Northeast need to head out the much lower distance to reach Kolkata port (Rahmatulla, 2012: 129).

3.5.1 Game Theory

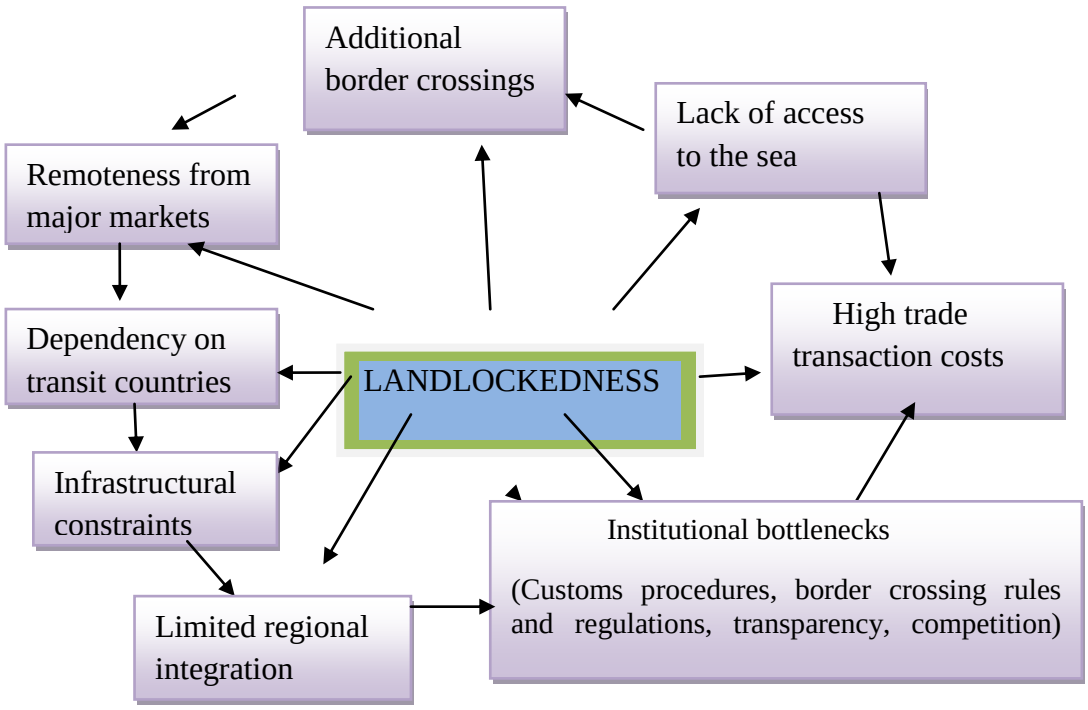
Lahiri and Masjidi (2012) have analysed the landlocked country's relationship vis-à-vis transit country in the game theory model. They say that "a landlocked economy with more neighbours is in a stronger bargaining position and has to make smaller adjustments in domestic policy to achieve a similar response from a coastal neighbour". But the bargaining power of landlocked countries is restricted by many factors. In fact, some landlocked countries share borders with other landlocked countries. For example, Nepal, it touches borders with two countries. It has exceptionally constrained bargaining power in light of its restricted access to the ocean and adverse geography from the China side. As well as, a landlocked country's bargaining choices are additionally confined if it has disputed territory with it's one of the essential transit neighbour countries. In that circumstance, the transit country might be reluctant to give boundless access to the landlocked country. So that it can stop the misuse of that facility by hostile state components. For instance, there is a fear perception in China that if it provides free trading passages to Nepal, then Tibetan separatists can use this route against the Chinese state (Nayak, 2016: 104).

3.5.2 Dependency Theory

Another school of thought on the landlocked country's relations with the transit country is the dependency theory framework. This school of thought depends on different concepts and practices relating to landlocked countries' access to and from the sea. They consider that landlocked countries depend vigorously on the transport arrangement of

transit countries (Uprety, 2006: 15). In other words, landlocked countries are completely encased via land, including that they have no shoreline on vast oceans, as opposed to close oceans or crisp water bodies. They have the trademark disadvantage contrasted with countries with coastlines and remote-ocean ports. In such condition, the trade becomes very difficult and costly. On this ground, a landlocked country must access most outside business sectors through global transport paths linking them to ports in neighbouring countries (World Bank, 2014: 1). In this manner, geographical variables put landlocked nations at a particular weakness in the development procedure. As they cause generously higher transport costs and other exchange coasts when contrasted to beach front countries (Figure 3.5.2). They make a noteworthy deterrent in bringing basic items and sending out products. Therefore, these countries find themselves marginalised in the global economy (Chowdhury and Erdenebileg, 2006: 3).

Figure 3.5.2 Dependency of being Landlocked



Source: UN-OHRLLS (2013), "*The Development Economic of Landlocked: Understanding the development costs of being landlocked*", New York: United Nations. p.4

In South Asia, this dependency can be seen in the context of Nepal's access to Kolkata port. India provides a transit facility between Nepal and Bangladesh over "Chicken neck"

only for the bilateral trade between the two but not for a trade with a third country. And Nepal's consignment has to go through congested Kolkata port. If transport cooperation is made possible between them, then Nepal could have utilised Bangladesh's Mongla port, which has the extra limit and strategically placed with an immediate broad gauge rail connection from Birgunj (Rahmatullah, 2009: 15). In the case of Afghanistan, the country is surrounded by Iran, Pakistan, Uzbekistan, Tajikistan, and Turkmenistan in South-Central Asia. Of which, three are landlocked countries. Pakistan's port of Karachi and Bandar Abbas port of Iran give transit facility for Afghanistan's global cargo mobility and trade. The rail network which starts from the Iranian border to the Persian Gulf ports of Bandar Abbas, Bandar Khomeini, and Khorramshahr provide significant trade and transit routes to Afghanistan via Iran. Bandar Abbas seaport is very crucial for humanitarian aids imports because it has all modern facilities as sufficient infrastructure and customs clearance process; therefore, it works successfully. Apart from this, there is one more available transit route for Afghanistan through Pakistan. It is rail-road linked transit route, and it starts from Karachi by railway to the Khyber road to Peshawar and goes to border point of Chaman. From here trucks transport the goods to Afghan Border points. Karachi port is strategically very significant for Pakistan. It handles the country's major regions as well as global trade. Generally, Afghan goods move duty-free from Afghanistan to Pakistani ports (Chowdhury and Erdenebileg, 2006: 90-91). Jeffrey Sachs (2004) argues that "a landlocked country is in the distant, distant periphery (of economic development). Being landlocked is a major barrier to international trade because the costs are simply much higher". He further said that:

> "Coastal countries do not like to help their landlocked neighbours. The weaker, the better is often the reasoning, from a strategic point of view. So, they do not build the roads, and they do not give access to the ports "(Sachs, 2004: 15).

Some other scholars like Paula Casal (2007) in his study *"Why Sufficiency Is Not Enough"* and David Miller (2012) in his study *"Territorial Rights: Concept and Jurisdiction"*, have put their arguments in a similar way, and they say that "landlocked countries are completely dependent on transit neighbour for access to international markets". This dependency can take many forms. They are not only dependent on them

for transit infrastructure and political relations with neighbours. But also, they are dependent for peace, stability, and administrative processes within transit neighbours (Faye et al., 2004: 43). Thus, the landlocked countries are forced to live at the mercy of the transit country upon which they have little control. Moreover, higher trade costs, cumbersome paperwork, and bureaucratic procedures make everything slower and more expensive for landlocked countries. Casal and Selame (2015) have similar argument stating that "the landlocked cannot pressure the neighbours to improve matters, as beggars cannot be chooser, and the landlocked must avoid tensions that could leave them entirely cut-off. This allows transit countries to exploit the power they have over those they keep effectively besieged". Collier (2007) explains that "the reason behind why landlocked countries are burdened contrasted to inland regions which are part of bigger countries like India. Because, their neighbours do not provide the required infrastructure, logistics, and stability, forcing the landlocked to depend on them even more. Consequently, landlocked turned into a genuine development trap" (Collier, 2007: 53).

3.6 International Legal Agreements for Transit

Traditionally, Landlocked countries have needed to battle for the privilege of free access to the ocean to partake in global exchanges. Keeping that in mind, numerous multilateral and two-sided pacts have been marked ensuring the right of transit of landlocked countries via neighbouring territories (Uprety, 2006: 23). Currently, there are 38 LLDCs in the world. Of which, 16 countries come in the least developed category. The vast majority of their neighbours are developing countries. Thus, they are unable to give resilient infrastructure for the support of transit trade. In these landlocked countries, Botswana is an exception in which Botswana is a special case because it has minimised the geographical disadvantage and uses air transportation for trade. Its outer trade generally is diamonds, which relies on air transportation (Nayak, 2016: 4).

Rights of LLDCs to the opportunity of access to and from the ocean have been the subjects of a few international treaties. For example, "the Barcelona Statute on Freedom of Transit (1921, Article V of GATT 1947, the New York Convention on Transit Trade of Landlocked countries (1965), and other UN Conventions on the Law of the Sea" (UNCLOS III) (1982). These conventions were dealt with the various problems

connected with the access to the sea of the landlocked developing countries. They emphasised the need for free and easy access as well as the development of transport facilities. The rights of the landlocked countries and that of the littoral states were recognised (Gopalakrisnan, 1982: 15). Article V of GATT states that:

> "Goods including baggage and vessels and other means of transport shall be deemed to be in transit, when the passage across the territory of one of the contracting parties constitutes only one portion of the complete itinerary starting and terminating beyond the borders of said country, and there shall be freedom of transit throughout the territories of contracting parties for goods going to or originating from the contracting party. The principle of non-discrimination is established" (Uprety, 2006: 58).

UNCLOS III (1982) convention also deals with freedom of transit, and its Articles 125 articulates right of accessibility to and from the sea of non-coastal countries. This article fully states that:

> "Landlocked states shall have the right of access to and from the sea for the purpose of exercising the rights provided for in this convention including those relating to the freedom of the high sea and common heritage of mankind. To this end, landlocked states shall enjoy the freedom of transit through the territory of transit states by all means of transport" (Bayeh, 2015: 28).

The article further maintains that "the terms and modalities for exercising freedom of transit shall be agreed between the landlocked states and transit states concerned through bilateral, sub-regional or regional agreements" (ibid).

These rules are additionally synchronised with reciprocal and multilateral understandings. The issues of LLDCs were discussed at the UN in the mid-1950s. The UN General Assembly passed Resolution 1028 (XI) on 20 February 1957. UN perceived the LLCs' requirement for sufficient transit facilities in advancing their worldwide trade and asked part states to give them satisfactory transportation services (UNCTAD, 2009: 1-2). In this regard, Switzerland took a step to sort out the problems of LLCs. And it organised a gathering of non-coastal countries to guide access to the ocean on February 10-14, 1958 in Geneva. Two South Asian countries (Afghanistan and Nepal) were among the participants (Uprety, 2003: 206). After that, several UN-funded studies took place, and these studies found that LLDC economies have not improved substantially. Further, different measures have been taken to reduce the obstacles of the LLDCs. In that effort,

an “International Ministerial Conference of Landlocked and Transit Developing Countries, and Donor Countries and International Financial, and Development Institutions on Transit Transport Cooperation” was held in Almaty between August 25 and 29, in 2003. And it was entitled “Specific Actions Related to the Particular Needs and Problems of Landlocked Developing Countries” (UNCTAD, 2003: 1; 2014: 2). The primary objective of these conferences was to review the current situation of transit transport systems in the world. These were steps towards the implementation of the global framework for transit transport cooperation of 1995 and the foundation of a new worldwide structure for creating effective transportation frameworks in landlocked and transit countries (Nayak, 2016: 5).

3.7 Complexity of Transit Procedures in South Asia

Generally, transit happens between landlocked nations and nations with access to the sea. In certain examples, transit happens from one nation to the destination nation, and borders are crossed just once. In some different cases, the transit shipment crosses many borders, and in some other cases the cargoes originate and end up in the same territory.

South Asian countries of Afghanistan, India, Nepal, and Bhutan require transit access for movement of goods and persons. In the case of India’s northeast, a consignment destined for the capital city of India’s Northeastern states that begins from different areas of India travel through Bangladesh, because other Indian routes are too long and cost ineffective (Wulf and Sokol, 2005: 244). In South Asia, transit takes place through two corridors. First, the corridor that starts from Karachi to Afghanistan and inevitably past to Central Asia. Second, the corridor that goes via eastern India connecting Nepal and Bhutan to the Bay of Bengal plus connecting Northeastern Region via Bangladesh (Arvis et al., 2011: 216). In fact, in the region, surface consignment mobility to and from the landlocked countries has been administered by respective settlements between each landlocked country and its transit neighbours India and Pakistan.

Currently, Bhutanese and Nepali trades are handled entirely through Kolkata and Haldia ports. The consignment reaches its destination, first, through the overland part of Indian rail, and afterward by Indian and Nepali truckers. This process has worsened

transportation, thereby making it slow and expensive in eastern South Asia. At present, Bhutanese trade with India and is comparatively tiny. And it is handled by India truckers between Kolkata and Siliguri. Then from Siliguri, it is transferred to Bhutan's trucks (ibid.).

Practically, it can be said that South Asia has the least modern transit systems compare to other regions. It is because of landlocked countries' weak capacities and labour-intensive logistics practices and limited transport markets. In this way, all consignments are transhipped at the border from transit country's trucks to the landlocked countries.

3.7.1 Bilateral Level

At present, goods are transhipped at the border between trucks for respective trade between India and Bangladesh, Bangladesh and Nepal, and Bhutan and Bangladesh. Movement of cargo trains is not permitted across borders. In the case of cargo trains between India and Bangladesh, rail wagons are pulled out by Indian trains to their destinations inside Bangladesh (Rahmatullah, 2012: 127).

Since 2010, Bangladesh's Prime Minister's state visits to India, both countries are discussing a transit treaty via land. If this transit treaty comes into existence, then it will take transit through their separate countries for their trade as well as for Bhutan and Nepal. Potentially it will develop new transport routes in the Bengal region to decrease transhipping and to introduce transit under sub-regionalism. In 2011, a very positive development took place, and a sub-regional transit arrangement was signed between India, Bhutan, and Nepal. During Indian Prime Minister state visit to Dhaka in September 2011, India and Bangladesh signed a bilateral document to encourage overland cargo movement in eastern South Asia (De, 2012: 188). In northern South Asia, Afghanistan and Pakistan have modified their bilateral transit arrangement. At this stage, the transit supply network stays broken at the border. But after 2010, security constraints have affected transit issue severely (Arvis et al., 2011: 11).

According to Arvis et al. (2011),

> "Bilateral transit agreements are key building blocks in the region that are shaping the organization and political economy of transit systems. In the absence of implemented regional arrangements, bilateral agreements are needed to make transit possible and to complement regional agreements (Arvis et al., 2011: 88)".

Thus, De (2014) has a similar view, and he considers that "transit is an intrinsic substance of any cross-border movement of goods and vehicles and exercises significant influence on international trade".

The absence of cross-border transport pacts has created hurdles for the movement of goods, vehicles, and people across the region. As a result, there are transport inefficiencies at the interface due to lack of smooth transport movement. FICCI (2010) in its report, "points out that the SAARC countries have about 3.8 million km of the road network, which accounts for about 10 per cent of the world's road networks and the railway's networks spread over 77 thousand km". However, due to lack of transport arrangements, the smooth movement of cargos, road and rail vehicles and wages across borders have become very difficult. This is genuine, especially in the case of India and Bangladesh, and India and Pakistan (Rahmatullah, 2009**:** 14). At present, Bhutan and Nepal also are facing restrictions on the movement of their goods through India to Bangladesh. That is bound for third-party states. The region has a huge potential of transport connectivity. It accounts for 25 important ports and has one of the biggest water frameworks on the planet. In any case, the absence of limits and far has blocked the free flow of goods across the border. Thus, it can be said that the absence of regional connectivity arrangement is one of the biggest hindrances that restricts the growth of regional trade and has made transshipment of goods very costly (Alburo, 2010: 17).

That is the reason some experts argue that setting SAARC regional railway system will be the ideal approaches to push ahead now, which alone can lead to the successful resolution of physical and non-physical hindrances to connectivity. But South Asia has not yet prevailed to finish up a regional transport agreement for easy flow of goods and vehicles across the region. Thus, it can be said that the transport sector remains a key issue in the region (De, 2012: 187).

3.7.2 India's Centrality

India has always played a pivotal role in shaping trade and connectivity in the South Asian region. As it is the only country that shares international borders with almost all neighbouring countries. And the other countries do not have the same geographical position, and they do not share borders with each other except India. India also plays a dominant role in the region because of its size, geographical location, and economic performance. Now all the countries of the sub-region can take advantage of India's emerging market, which is the largest economy of the region (ADB, 2008: 73). India has a critical role in regional trade. Transit through India is necessary for all the other countries to access each other's market. Enhancement of intra-regional trade is, therefore, a function of India providing transit regions to the other economies. Further, owing to its larger market size and diversified production base, India as the region's major exporter is among the top-ranking trading partners for almost all countries in the region. The same doesn't hold for other South Asian countries' contribution to India's total imports. Therefore bilateral trade is naturally in favour of India (Batra, 2013: 26). India has signed bilateral transit agreement with three SAARC countries-Bhutan, and Nepal and Bangladesh (Inland waterways transit and trade treaty). And SARRC regional connectivity negotiations are on with South Asian countries. India is also a member of other regional and sub-regional connectivity arrangements, like BCIM, BBIN and Chabahar Connectivity.

Due to its geography and economic centrality, India plays a very important part in transit framework. Both as it gives transit services to Nepal and it looks the same from Bangladesh. Hence, it is to India's greatest advantage to go into a bilateral transit pact with the country just like India has with Nepal. So that it can get access to the remote NER's territories at lower cost and time. However, Bangladesh has been demonstrating its reluctance to offer travel facility to India. As, it fears that spillage of Indian merchandise into the country will damage its economy (De et al., 2010: 155). Ahmed et al., (2010) think that:

> "Transit would address the issues of leakage of goods by allowing members to implement additional inspections of such goods and publishing a list of sensitive

items Thus, India and Bangladesh could take into account the suggested measures in framing a bilateral treaty on transit" (Ahmed et al., 2010: xxiv).

South Asia is facing constraints to increase regional economic integration through connectivity. Among these constraints, building infrastructure is a key concern. The infrastructure will support the continuing growth and development of South Asian economies. It will also link them together, particularly with a larger market like India and region with whatever remains of the world. In order to achieve this objective, it is required the proper coordination and integration of existing national, sub-regional, and regional infrastructure (Bhattacharyay, 2010: 4).

3.7.3 Regional Level

South Asian countries do not have smooth transport connectivity. Regional connectivity has been affected adversely by the lack of transit arrangements. Therefore, regional transit has become the foremost critical factor in the region, and it is hindering South Asia to achieve its regional connectivity goal. Generally, goods are transported by road across the region. And they are mostly subjects to transshipment at the borders. European Union and ASEAN have regional transit agreement for movement of products and vehicles and people over the region. But South Asian region does not have the same. Bilaterally, India, and Pakistan give such facility to landlocked countries Bhutan, Nepal, and Afghanistan (Kumar, 2015: 455). But there is no such type of bilateral arrangement between India and Pakistan, and India and Bangladesh for smooth inter-country vehicles movement. Therefore, the transshipment of cargoes takes place at the border from one vehicle to other (De and Kumar, 2014: 11).

3.8 Historical Factors: Snapped Links and Consequences

Adjacent region of South Asia has had deep historical links since ancient times. These inherited routes had provided transit along with people for the mobility of goods, services and culture. The cross-border connectivity had encouraged the crossroads of the idea, art, and science. Apart from cultural exchanges, trade of goods such as spice, silk, and tea, religious impacts conveyed over the region. In fact, over the past centuries, both land and maritime connectivity networks were functional with wide-ranging capacity (Datta, 2017:

2). In the pre-colonial period, India had occupied the central position for the trading network. It was a vast "U-shaped anchor of trade." This shape provided the route for "Indian, Chinese, Malay, Arab and Western" traders to reach everywhere. Thus, merchants in these countries took benefit of India's key location (Frost, 2012: 64). During 1400-1800, India's trade with Southeast Asia and Europe had been witnessed a compositional shift. India's major exports items to Southeast Asia were mostly "silk/textile, ceramics, slave, diamonds, rice, iron and steel items, and shipping services". While major imports were "pepper, spices, rice, sugar, elephants, tin, copper, cinnamon, teak, and rubies". Trade between them had witnessed very high. The Middles East and Europe were regions with whom India used to obtain silver through its trade (Rana, 2012: 26). That time Silk Route was operational, and India was connected with the Central Asian countries through this route. This historical commercial route was functional from the second century B.C. until fourteenth century A.D. Asia and Eastern Europe were connected via this route and it was extended from Asia to the Mediterranean Sea, China, India, Persia, Arabia Greece and Italy. The route incorporated a group of commercial posts and markets and goods storage, transport, and trade of goods facilities were being provided at these trading points[31]. It was also called the Silk Road. The road linkages among India and the Central Asian countries also existed. India was using that route for major exports and imports items from and to Central Asian Countries. India traded "cotton and silk textile, pulses, rice, and imported horses, camels, sheep, and cotton by that route" (Rana, 2012: 27).

But with the passage of time, cross-boundary linkages became fragile with British colonial establishment came into existence. Intra-regional inter-dependency diminished and new arrangement took place that weakened intra-regional linkages across the border (Datta, 2017: 2). South Asian countries relationship with two great pathways of trade and travel was nourished by the flow of merchandise, people, cultural connection, cash, and thoughts. Of which, one route was the expanded vein of desert trails and mountain passes, which is today popularly known as the "Silk Road". The second route was a

[31] https://www.investopedia.com/terms/s/silk-route.asp.

maritime highways network. Also, it was extended from the coastline to open oceans (Frost, 2012: 58).

British gave integrated connectivity to South Asia. After the partition of India, this connectivity got fractured. Various reasons like–historical, political, and economic have been responsible for this fragmented connectivity as well as, the connectivity network of the mainland countries of South Asia has been developed only in a national context. Next to no thought is given to cross-border problems of hard and soft infrastructure and equipment design. Therefore, this is needed to rebuild connectivity inside the region with greater political harmony (Rahmatullah, 2011: 1).

Before 1947, goods for NE India used to go through territories of East Pakistan. Nevertheless, the flow of goods and cargoes across these territories was continued by the rail and inland waterways transport until the India-Pakistan war in 1965. But after the Indo-Pakistan war, it was suspended. Later, after the division of East Pakistan from West Pakistan in 1971, only the IWT route was restored. But the restriction was imposed on the movement of goods via road and rail transport. Currently, with heavy restriction, limited rail, and bus transport services are functional between India and Bangladesh and India-Pakistan (Rahmatullah, 2012: 128). In the context of India-Sri Lanka land connection (bridge or tunnel), both countries were connected through Palk Strait. Railway service was also functional between Talaimannar and Dhanushkodi in Tamil Nadu until 1964. But after that, it was suspended (Waqif, 1997: 8; Phukan, 2016: 5).

3.9 Political Factors

South Asia has inherited history and culture since ancient times. However, issues of national identity and internal consolidation such as political pressures and doubt between countries have restricted the immense potential of economic integration. Therefore, intra-regional integration is extremely constrained. But, in this volatile region, regional integration can enhance stability, if common interests are built across the border by South Asian countries (Phukan, 2016: 6).

Thus, the political conflicts and unfinished regional issues between South Asian countries are the major cross-cutting concerns. These issues have constrained regional connectivity

and transport corridors. UNESCAP (2017) in its study "*Unlocking the potential of regional economic cooperation and integration in South Asia: Potential, challenges and the way Forward"*, has shown that the progress of the regional connectivity is "slow and halting". And it is caused by political conflicts and inward-looking policies. Therefore, these barriers have made the speed of regional connectivity and integration much slower compared to bilateral connectivity agreements (UNESCAP, 2017: 15). Thus, sub-regional and bilateral treaties such as BBIN, and India-Bhutan connectivity agreement, India-Bangladesh inland waterways agreement and India-Nepal land connectivity agreement are the preferred approach (Llanto, 2011: 29). It is very important to keep in mind that within South Asian countries, there are political problems and issues of mistrust. India's demand for transit through Bangladesh has been the core issue in their bilateral relations for many years. In fact, the political factor has always played a hindering role in locking intra-regional connectivity potential in the region. The 18th SAARC Summit at Kathmandu could not finalise three pacts in regional roads, rail, and energy connectivity because Pakistan blocked the inking of SAARC connectivity agreements. Pakistan said that they needed the approval of their "internal process" (Times of India, 26 November 2014). Moreover, recently, India and Nepal experienced a political standoff where Nepal accused India of creating trade blockages. Moreover, Bhutan decided to stay out of a sub-regional road connectivity agreement that would link the country with Bangladesh, India, and Nepal. These controversial issues have not yet been tackled completely and on occasion cause disruptions (Pal, 2016: 6).

The issue of connectivity agreement has been a bone of contention between the countries of the region. Often it does not match with the declared ambitions. Therefore, it can be said that the absence of a political will, and strong leadership, institutional shortcomings and capability and asset have been the biggest blocking barriers of intra-regional connectivity. Raihan (2016) argues that "the political rivalry between India and Pakistan has often constrained the region from becoming a functional regional forum". The 19th SAARC summit 2016 cancellation casts a dark shadow over the progress towards a unified South Asia. There is also no positive indication that the situation will improve shortly. All this suggests that the critical drivers as political, economical for connectivity

are very weak. So, it is a formidable challenge to make effective regional integration (Raihan, 2016: 18).

The other dimension of transit that is already existing connectivity is denied to Afghanistan for extraneous geostrategic and political reasons. For example, Pakistan has denied Afghanistan access to the largest regional market and traditionally the largest buyer of Afghanistan's export, which is India. The Grand Trunk Road, including its modern motorway sections, runs all the way from Kabul to Kolkata. From Tokram to Wagah- Attari is the shortest, fastest and cheapest mode for Afghan exports to be brought to India, but this route is not full-fledged operational for exports it is just allowed for a handful of commodities. In reverse route, India's export to Afghanistan is completely blocked, and this is in utter violation of all norms and transit rights of landlocked countries. Further, despite Pakistan's professed love for Afghanistan, Pakistan is directly and willingly hurting Afghanistan with this policy (RIS, 2016: 38). Some analysts estimate that Afghanistan's GDP growth rate could increase if Pakistan removed the regressive transit barrier which has imposed on Afghanistan as well as India.

India is willing and capable of playing its due role in helping Afghanistan convert the advantages of geography into opportunities for regional economic development, but this cannot be fully substituted for easy road connectivity until Afghanistan-Pakistan Transit Trade Agreement does not amend suitably. Afghanistan's transit trade through Pakistan was highest a value of US$3.46 billion in 2015-16. In the six months of the financial year, 2017-18 (July-Dec), Afghanistan's transit trade increased up to US$ 1.4 billion (Altaf, 2018: 2).

3.9.1 Legislative Constraints

In South Asian countries, essential legislation is often increasingly comprehensive. It requires extra subtleties for optional administrative inclusion. In other words, it can say that Parliament has more command over the usage of exercises and producing income for the national spending plan. Because of this complex procedure, legislators have to spend a lot of time before submitting a draft and proposal to Parliament (Bayley, 2016: 144). For example, Bhutan's Parliament rejected regional BBIN motor vehicle pact, because

the upper house (National Council) of Bhutan's parliament voted against the deal on fears of environmental destruction and degraded security, while earlier, the National Assembly, the lower house of Parliament had approved the agreement[32].

3.10 Key Security Issues in Intra-Regional Connectivity

South Asia consists of eight states, and its size and capabilities are different. The region is characterised by high levels of insecurity in its inter-state and intra-state and human dimensions. Although, most emerged as independent nations in 1950. However, they suffer from internal and external conflicts. The nature of the security challenge has been changing, and they are still unable to settle down the conflicts. Even some countries have become the epicentres of conflicts. Security threats have increased from bilateral rivalry to arms smuggling, drug, human trafficking and terrorism. Thus, transit has become a sensitive issue in South Asia. There is also a perception in some countries that if they provide transit to India, then it might create a security problem for them (Richter and Wagner, 1998; Thapa, 2011: 4-5). The landlocked countries, Afghanistan, Bhutan, and Nepal depend not only on transit and trade from neighbouring countries but also on access to seaports (Ahmed, 2013: 2). Some countries perceive that flow of goods, people, and vehicles across the border might generate potential security threats to the transit country. Security has been a major issue of tensions at all borders in South Asian countries. Thus, high perceived security threats and multiple security procedures often make cross-border trade much difficult. It also adds extra time and costs as well (World Bank, 2008: 95).

Bangladesh allows transit to India in the air and river routes, but it does not allow land transit to India. Therefore the issue of road-transit is still not resolved, and it never allowed India land transit due to threat to India's perceived national security. Cross-border movement of goods, vehicles, and migration have created security challenges for India and Bangladesh. Both countries have a concern that certain insurgent groups and criminals and extremists by transit route are taking shelter in their land (Ghosh, 1998:

[32] Gyeimo, Dawa, "Bhutan's Parliament rejects regional motor vehicle pact", *The Third Pole*, November 17, 2016, Accessed 8 October 2017, URL: https://www.thethirdpole.net/2016/11/17/bhutans-parliament-rejects-regional-motor-vehicle-pact/.

131). In order to avoid such threats, generally, multiple security procedures take place. And it adds to the border clearance time and cost. After multiple inspections, Indian trucks cross Petrapole and Benapole Land Customs Stations (World Bank, 2008: 101). As far as Nepal is a concern, India and Nepal share the border. Security is much_relaxed compared to other South Asian countries that can create a security threat for India. And the civil conflict in Nepal has led to increased border vigilance (World Bank, 2008: 108).

The security issue between India and Pakistan is one reason for the lack of container movements across the border. Sea freight also follows the international standard. And its security level is substantially higher in ports (World Bank, 2008: 113). In the context of Afghanistan, various official organisations are involved in border security and cargo clearance along with Pakistan's border. Therefore, the issue of security has been a major problem for the movement of freight on the highways of Afghanistan. It has made it very difficult for Afghanistan to harness its potential role as a transit seeker from Pakistan and as transit provider to Central Asia. If it becomes possible, then Afghanistan will turn from landlocked to land linked (World Bank, 2008: 117). Thus, the issue of security has proved to be the greatest impediment to the movement of cargos across the border and the regional trade. The states of South Asia can overcome this challenge by regional transit arrangement (Ahmed, 2013: 2).

3.11 Intra-Regional Physical Connectivity Barriers

Intra-regional connectivity between South Asian countries is adversely affected by some infrastructure gaps, cumbersome procedure and poor facilitation at the borders. The nature of the transport framework is one of the main preconditions for trade. It remains an issue in South Asia, where roads are often unpaved, and some ports and rail links have major bottlenecks because of insufficient capacity. The journey between countries is still far from seamless, due to the difference in gauge and technical changes containers need to be often transhipped during the two to three days' journey (OECD, 2015: 11).

3.11.1 Road Connectivity Barriers

In South Asia, the number of intra-regional lands border crossing points is far below that is expected and possible for more cost-effective and faster movements of the vehicle.

Several critical ones are not currently available for regular use. It is particularly evident in the examples of the Wagah point between the two Punjabs, the rail ferry service between Tallemannar (Sri Lanka) and Rameshwaram (India), the rail and road routes between Southern West Bengal and Bangladesh. Road and rail support services are inadequate, and fast-track routes, with passes around congested areas and vehicle repair and maintenance facilities, are inefficient. These factors add to delay the cross-country transporter and travelers. Intra-regional land connectivity potential of the Asian Highway (AH) and the Trans-Asian Railway (TAR) Networks linked with rail, road, inland water, and sea routes remains grossly underexploited, particularly in India, Pakistan and Bangladesh (Waqif, 1997: 8).

In South Asia, the quality of road infrastructure is extremely underdeveloped. There are many substandard roads in regional transport networks (UNESCAP, 2017: 32). Total road network comprises of 8,800 km. Out of a total length (for ten road routes identified), 36 per cent of the network is four or more lanes paved road, and 57 per cent represents two lanes paved roads respectively. The rest of the roads about 7 per cent are of low quality. It has a thin path (3.5 to 5.5 mm) and bad surface conditions as well. This section is mostly located in Bangladesh, Bhutan, India, and Nepal (Rahman et al., 2015: 120). Absence of parking, migration and customs workplaces, baggage scanning equipment, and telephone and warehousing a few at border posts, and the absence of EDI/IT are some acute infrastructure problems at borders. In addition to this, the non-physical challenges such as the use of cumbersome and complicated customs procedures, lack of transparency in the inspection are also working as stumbling blocks for the flow of goods over the region (Rahmatullah, 2010: 185.).

For example, at Lahore-Wagha border crossing points, Pakistan, warehousing/storage and loading and unloading facility to the international standard is not available to handle the cargo. In such condition, cargo must be transhipped through trucking services. While the Indian side, at the Bagha border point, trucks also suffer from space problems for unloading the goods for checking. In the context of Attari-Delhi-Kolkata-Petrapole, the Barasat-Petrapole section has restricted pavement (only 5.5m wide). And the road goes through urban areas as a result remains congested, resulting in slow transit (SAARC

Secretariat, 2006: 31). In Bangladesh, at Benapole, the capacity of infrastructure is insufficient to handle the current level cargos. The road from Brahmanbaria to Dharkhar is a narrow two-lane road in good condition, and Dharkhar to Akhaura section is a single-lane road, and its condition is poor, which slows down the speed of both freight and passenger transports (ibid.)

In Nepal, the surface condition of the road is patchy and below standards. So, due to the poor quality of roads, truckers have to travel 276 km long distance to reach Birgunj from Kathmandu. This long distance can be minimised to 120 km, once a new "Fast Track Road[33]" is opened to traffic. In this existing route, some part faces frequent landslides. Of which, there is a 36-km section from Mugling to Narayanghat. Besides it, some bridges are only single lane like along the Hetauda to Pathalaiya section. It becomes a major constraint when traffic increases. Barging border point also faces problems of congestion due to the inadequate customs yard (SAARC Secretariat, 2006: 37).

In Bhutan, the roads are very narrow (3.5m wide pavement). The Thimphu-Phuentsholing route, which is 172 km long, has some sharp bends. Though the road is in good condition, it faces frequent landslides during monsoons. There is a steep slope at some points, where the road surface becomes slippery in winter when the road gets icy due to the low temperature. Because of steep gradients, there is weight limitation with the six-wheel truck is being allowed to carry a maximum of 8 tonnes within Bhutan (ibid, 40).

3.11.2 Rail Connectivity Barriers

Rail network connectivity between South Asian countries is poor. In Afghanistan, Bhutan, Maldives, and Nepal, there are no cross-border rail links. Moreover, rail connectivity is restricted due to technical problems of different gauges, track structure and signaling (track widths) in India, Pakistan, and Bangladesh. These problems have restricted the railway potential in the region. Therefore, that expands costs, lower service levels and makes rail-less focused (ADBI, 2013: 20).

[33]The "Fast Track Road" is a project supported by Asian Development Bank and it was started in 2008, which was dreamt by a least four Nepali generations. The Fast Track is proposed along the Bagmati corridor which begins at Sano Khokana and travels through Chhaimale, Gausel, Malta, Thingen, Budune and Chhatiwan and reaches to Nijghad where it meets with the Mahendra Highway, (Shrestha, 2014: 2).

Railway connectivity has been confronting stream challenge from various other modes of transport, especially waterways and road transport. It is found that waterways transport has a cost preferred position for bulk goods movement, while road transport is better for high esteem items (Rahman et al. 2016: 317). Rail transport is also considered cost-effective, fuel efficient, and environment-friendly system for the transportation of medium and long-distance bulk containers. Post-1947, the British railway system, which spreads across the South Asian mainland, got distributed in different railway networks disconnecting regional rail linkages primarily in India, Pakistan, and Bangladesh, the historical regional rail linkages gradually paved way to the growth of national railway systems and restoration of inter-country movements. As the intra-regional trade grows, the regional rail connectivity would assume greater importance to tap the huge growth potential for the movement of goods and passengers among South Asian states (SAARC Secretariat, 2006: 141). Afghanistan, Bhutan, Maldives, and Nepal still do not have a railway system. In contrast to other regions, the European Union has a continuous and uniform rail network. And it plays an important role for the carrying of goods and people over the region. Though in South Asia, inter-country rail connectivity is weak, and the region experiences the absence of harmonization of railroad measures. Particularly, in the case of India-Bangladesh border trade, which takes place through roadways. And truly a few cargos are conveyed by the rail network. A cross-country rail linkage is absent between two countries. However, it was genuinely settled before 1947. While the rail gauge between India and Pakistan is like some degree. But such gauge conversion is absent between India-Bangladesh due to different gauges (De and Bhattacharyay, 2007: 23). But the construction of the 15-km Broad Gauge track between Agartala (India) and Akhuara (Bangladesh) will improve connectivity between them as well as between India's Northeast states and central India (UNESCAP, 2017: 41). Thus, cooperation among South Asian states will pave the direction for a "one track one system" in the region.

According to De and Bhattacharyay,

> "South Asian countries need to follow the EU model in setting up a uniform network. India, with its vast experience, can play a major role in totally overhauling the railway system in South Asia in general and Bangladesh in particular, and extending railway network up to all border customs points (De, and Bhattacharyay, 2007: 23)".

Railway networks in India, Pakistan, and Bangladesh are characterized by historically inherited multi-gauge networks, which add to problems of transshipment within the railway system. In these countries, inadequate attention has been paid to promote more cost-effective long-distance movement of freight by rail, though India ranks higher than South Asian countries in this respect. Relatively low levels of electrification of railways combined with the absence of high-speed rail routes for bulk traffic between India, Pakistan and Bangladesh further add to unit costs of transportation (Waqif, 1997: 8).

Despite the workload, the physical barriers are those factors that adversely affect the smooth flow of intra-regional rail traffic on the identified route. Regional rail connectivity has been facing some physical challenges. In some countries, rail infrastructure is very poor, and rolling stocks assets are an insufficient number. Also, some countries suffer from rolling-stock interoperability across the borders, and they use different gauges, braking system. There are some other physical barriers also like deficient loop lengths, missing rail connections of shorter lengths, which remain an obvious obstacle to the development of rail services in some parts of the region. In the India-Bangladesh context, load restriction on bridges, the absence of coordination in gauge change programs. Thus, these obstacles hold back the rail system from working as a constant framework (Rahmatullah, 2010: 186). For example, interchange of freight trains with Bangladesh at Gede-Darshana interchange point and with Pakistan at Wagah-Attari is restricted to daylight hours only. There are restrictions on the movement of broad gauge train and containers over the Jamuna Bridge. Also, Metre Gauge from Tungi to Dhaka and Tungi to Shabhazpur and Chittagong via Akhaura restricts any potential through the movement of broad gauge freight wagons to the port of Chittagong and the interchange point at Shahbazpur with India without transshipment or gauge change (SAARC Secretariat, 2006: 62).

3.11.3 People to People Connectivity Issues

In South Asia, the movement of people is constrained by the need for obtaining visas and foreign exchange (except India-Nepal travel). These barriers add to the difficulties for legitimate intra-regional travelers like people in business, officials, professionals, which discourage common people for intra-regional movement within South Asia. It is also constrained by relatively inadequate tourism facilities, which is high priced and low quality (ibid.). Across South Asia, very few bilateral and tri-lateral passenger and freight trains services are functional. The "Maitree Express between Kolkata and Dhaka and Samjhauta Express between Delhi and Lahore" are active. But they are not in regular mode. Under regional Framework, it has been decided by SAARC countries to direct showing keep running of a goods train between Nepal, India, and Bangladesh. Later, it could be reached out to other SAARC countries. But these trial services have yet to be started (Kumar, 2015: 130). In order to boost bilateral connectivity, two bus services were started by India and Bangladesh on April 3, 2016. The bus services will run between Kolkata to Agartala via Dhaka and from Dhaka to Guwahati via Shillong. These two bus services would also connect West Bengal to India's three North East states through Dhaka (The Hindu, April 3, 2016). Furthermore, a new passenger train services were also announced from Kolkata to Khulna and rail link between Birol and Radhikapur for goods train. This train service has been named as Maitree Express-II, but the train and bus services are very limited.

3.11.4 Inland Waterways Barriers

Among South Asian countries, only Bangladesh and India have an organized network of inland waterways and services that are catering for transit and inter-country movement of freight traffic between these two countries (SAARC Secretariat, 2006: 82). But there is available potential for inland water, and river transport, which is the cheapest alternative remains grossly underutilized between them. Even though India and Bangladesh have started to explore some opportunities using Ashuganj inland port in Bangladesh (UNESCAP, 2017: 18). Both inland and sea navigation networks have much lower than potential carrying capacities because IWT has been facing acute problems. These are: (i) inland waterways route requires regular dredging of the river. But, Bangladesh does not

have enough assets to make digging a fastidious, profoundly composed procedure on fixed interims (ii) Lack of assured fairway, risky, and unsure fairways confine the speed and have been found to cause visit groundings. Accordingly, fuel costs and the framework have been turned out to be very costly and less reliable. (iii) inaccessibility for 24-hours navigation facilities (iv) deficiency of terminal and cargo handling facilities. (v) The inland waterways transport has a limited number of vessels which run Eastern between NE India (vi) IWT is dominated by Bangladeshi vessels (vii) Single direction traffic remains a crucial issue in trading with Bangladesh. Except for jute, there is not much interest for things from Bangladesh in India. (viii) Renewal of the protocol is considered the principal obstruction to IWT routes between India and Bangladesh (Chaudhury and Basu, 2015: 34-35). As a result, inland waterways have been gradually losing its importance as a low-cost and bulk traffic carrier (Waqif, 1997: 9).

3.11.5 Maritime Connectivity Barriers

Maritime shipping is the backbone of transportation and international trading system. It can transport expansive volumes at a low cost per unit of cargo. Maritime connectivity is very important for the countries that have access to the sea. It has the potential to provide impetus to regional transport connectivity. That's why patterns of land transport advancement would, in general lead to significant trading centre in coastal areas (UNESCAP. 2017: 24). Maritime connectivity faces far more complex challenges of connecting to international markets via sea, and it is poor in the region. Particularly, South Asian landlocked countries face additional challenges as their trade flows and costs largely depend on the efficiency of customs and other border agencies of neighbouring transit countries. Also, they have fewer, less frequent and more costly transport connections (UNCTAD, 2017: 100).

The inefficient handling capacity of ports is the most immediate problems which are affecting the efficiency of shipments for export and import. The regulatory procedures also restrict the smooth movement of transit cargos, and a loading mechanism produces long unnecessary and unpredictable delays. They also add to the informal payments and the loss of cargo. Thus, these non-physical hurdles discourage the use of larger vessels and schedule shipping services (Subramanian and Alnold, 2001: 90).

Passenger ship transport within the region is practically unavailable. The inter-country movement of goods by sea routes is constrained by the hangover of highly nationalistic and protective shipping protocols and agreements and none of which covers all the major South Asian countries. The handling charges at shipping terminals and freight tariffs are contrary high, especially in India, in comparison to those in Singapore and Colombo. In result, need to divert the traffic. The requirement furthers such diversion of shipping traffic from India that foreign vessels which load cargo at Indian ports for Karachi and Chittagong have to obtain specific coastal licenses. India also imposes an entry tax on Nepalese goods traffic through India's territories and requirement off-loading and reloading at entry and exit points. It leads to the transport cost of Nepalese trade through some of these difficulties is gradually ameliorated (Waqif, 1997: 10).

Another set of problems arises from the lack of simplification and harmonisation of administrative procedures and formalities and technical and quality standard and norms affecting, which are affecting costs and delays in intra-regional movements of goods.

3.11.6 Air Connectivity Barriers

Air connectivity has been the fastest growing mode of transport network over the last few decades in most parts of the world. It has made vast advances in both passengers as well as cargo transport. But at present, the state of air connectivity in South Asia is one of the lowest in the world compared to other regions (SAARC Secretariat, 2006: 116-17). The air links in the region have improved over the years, but many gaps remain, for instance, between India and Pakistan and also the existence of multiple bilateral agreements between countries. In the absence of an effective direct connection between the two neighbouring countries, business travelers have to take the more circuitous route through the Middle East, which adds to cost and time. Poor air connectivity not only affect business linkages but also it disallows the potential of tourism to be exploited between the two countries (UNESCAP, 2017: 18). Some physical barriers are also affecting regional air connectivity in the region. The absence of suitable infrastructure and ineffective activity of existing infrastructure act as a deterrent to the improvement of transport. The limit imperatives at many airports work for both travellers and freight. Some regional airports also suffer from runway length, shortage of parking areas for

aircraft. Some airports do not have enough space for passenger handling capacity and freight preparing facilities like green channel, and cold stockpiling. Moreover, its security and handling facilities remain major constraints as well (Rahmatullah, 2010: 187).

3.11.7 Poor Border Infrastructure

In South Asia, a great part of the trade among India and its neighbouring countries take place along land routes. But a few direct crossing border facility for the flow of road freight are available between them. At the India-Bangladesh border, the direct road transport movement is not allowed, then goods are mandatory to be transhipped (De et al., 2010: 159). However, it is also true that there is huge potential for land transportation. In this context, ADB (2005) concludes that "the potential for freight movement by road between the geographically adjacent countries of South Asia is tremendous, once such a through transport movement can be facilitated" (ADB, 2005: 10).

Poor border infrastructure is often a paramount physical barrier in the region for moving goods along transit corridors. Such a network includes efficient road and smooth operations at the border crossing. Such barriers prevent the smooth movement of vehicles across borders and manifest long queues and delays. These problems generally arise because of poor design of border crossing and partly to the nature of the location (ADB, 2016: 5). In South Asia, several border crossings are blocked and situated in border towns. They are situated there because cross-border trade takes place near the border link. Some regional road borders are congested due to substantial volumes of pedestrian, non-mechanised transport, and cars and bikes just as cargo traffic. Major road routes are not connected with better rail connectivity and maritime transport. In some countries, the borders are blocked by retail exercises, for example, between India and Bangladesh. Accordingly, poor road conditions have had severely affected transport and trading costs (Bayley, 2016: 145).

Against this adverse situation, some South Asian countries have a very important role. Particularly, India is putting resources into the advancement of generally in "integrated check posts" at its mainland borders, which touches with Bangladesh, Bhutan, Nepal, and Pakistan. So as to resolve this problem, some countries are improving access to and

diminishing congestions at border points and ports. They are also trying to ameliorate the logistics issue in border towns and creating large border terminal connected by bypasses. They are upgrading as well as expanding the process of the road link in the South Asian region along with significant trading routes (ibid, 146).

3.11.8 Limited Inland Clearance Depots

In developed nations, the presence of inland clearance depots ease the problem of the congestion by smooth clearance process at the border, and in this process, the border crossing works just as a "checkpoint," and it also accelerates the handling of cargos. In other words, normally driver and vehicle go through security check up at the border while the cargos are exempted from the checking process. In the region, the utilisation of ICDs is restricted. In the case of India and Bangladesh, ICDs are basically connected by rail network with their seaports. It is on the ground that state rail networks have advanced toward getting to be "custodian" of the load in transportation between the port and ICD (Bayley, 2016: 146).

After analysis of these issues, it can be said that physical processing is the major cause for cross-border flow of exports and imports through land borders rather than border infrastructure. Land ports at the border have risen as a major stumbling block for the seamless flow of goods across borders. Generally, merchandises are needed to be transhipped, which takes valuable time at the borders. In the context of India-Bangladesh, about 90 per cent of trade between them is gone through 17 land ports. It faces the inadequacy of storage facilities, and there is no godowns and warehouses for proper storage of goods. That leads to waste and pilferage. Often goods have to be offloaded at the border. And inside the importing countries goods are not permitted to be conveyed to warehouses. Ports also do not have an adequate storage capacity that rises storage dwell time due to increased trade volume. At the Petrapole-Benapole border, the vehicle's unloading time is much higher than physical clearance time. All these factors undermine the smooth flow of trade and add to trade cost (Regmi, 2017: 36).

Some land ports do not have an adequate human resource to manage customs clearance work. Generally, the customs officer at the border point lacks appropriate knowledge

about tariff classification, and they send documents to head office, which delays the process. Particularly, it becomes more challenging when goods are exported under preferential treatment. Reason for complexity custom officers is not sufficiently prepared equipped to confirm the "authenticity of origin". Moreover, some land customs officers lack testing and laboratory facilities at the border ports. They need to send tests to pertinent institutions, which are often located in very far from border areas. This is exceptionally normal, in the case of Bangladesh when it exports "cement and fruit juice" to the NE Indian markets. Poor banking systems also delay the trade transaction and discourage trade (De, 2013: 22-23).

Trader practices also often create bottlenecks. UNESCAP (2017), in its study of Bhutan's Phuentsholing LCS, reveals that "if Bhutan's businessman imports a good from third countries, then importer has to file an import declaration manually upon arrival of the transaction at the customs station. As the clearing agents do not have the option to make a declaration through the Bhutan Automated Customs System (BACS) like an import from India". For these processes, a significant amount of time is needed to collect the considerable test copy of supporting records. Importers use godowns at storerooms while they manage the required monetary and documentation work included (UNESCAP, 2017: 12-13).

3.12 Cumbersome Cross-Border Procedures

In a globalised world, trade between economies has become much easier and important for the business. But in South Asia, excessive documentation and cumbersome procedures at borders, and inefficient port operations remain an important factor for increasing costs and time for export and import. And it minimises the trade potential (World Bank, 2016: 106). World Bank its Doing Business Report (2016) concludes that "time and cost associated with the logistics process of exporting and importing goods". Table 3.12 shows that South Asian countries deeply suffer from higher trade transport cost and complex trade procedures compared to countries of the world's other regions. Customs and regulative policy has become a major impediment for region's intra-regional trade.

Table 3.12: Time and Cost to Export across Borders in South Asia

Countries	Time to export (Hours)	Cost to export ($US)	Time to export Documents (Hours)	Cost to export Documents ($US)
Afghanistan	48	453	228	344
Bangladesh	100	408	147	225
Bhutan	5	59	9	50
India	106	413	38	92
Maldives	42	596	48	300
Nepal	56	288	19	85
Pakistan	75	426	59	307
Sri Lanka	43	366	76	58
Region	59	376	78	183

Source: World Bank group Flagship Report (2017), *Doing Business 2017: Equal Opportunity for All Regional Profile 2017 South Asia (SA)*, Washington D.C.: World Bank.

Note: Time is estimated in hours, and one day is 24 hours.

Table 3.12 shows that South Asian countries have got success in reducing required documents for export and import of goods. But landlocked country Afghanistan takes a lot of time to export and import goods comparatively to other countries in the region (Table 3.12). There is a huge deviation in time for exporting a good very widely across the region. It is 74 days to Afghanistan, and for Sri Lanka, it is only six days respectively. Therefore, it can be argued that there is a huge potential to get benefit by lessening the transport cost as well time. In order to resolve excess documentation, some countries have taken progressive steps, and they are now using electronic data exchange platform at some of LCSs in the region. For example, Petrapole and Raxual and Benapole and Birganj use ICEGATE[34] and ASYCUDA[35] , respectively. But many countries do not use

[34] ICEGATE stands for the Indian Customs Electronic Commerce/Electronic Data Interchange (EC/EDI) gateway. ICEGATE is a portal provides e-filing services to trade and cargo carriers and other client of customs department and is called trading partner. It links broad types partner with customs EDI through massage exchange, which makes customs clearance easier, Government of India, Ministry of Finance Department of Revenue, Accessed 29 June 2018, URL: https://icegate.gov.in/about_icegate.html

the online process, and they often manage the customs procedures physically. In the region, the customs offices still prefer hard copy form that extends excessive documentation, especially for imports (Kumar, 2014: 132).

South Asia suffers from higher trade costs and time for exporting goods to across borders that hurt the cost of export and intra-regional trade. Thus, inadequate and difficult transport procedures remain a major obstacle in the intra-regional border trade. Particularly, landlocked countries of the region take a considerable time for export and import. In the context of trade via a land route, an average a trade consignment takes a minimum of 59 hours to cross the border. After crossing the border, consignments need to complete a number of procedures for export. And it takes virtually 78 hours for export documents clearance from customs officials. A consignment for Afghanistan and Bangladesh takes the highest time for border crossing and document clearance in the region which is 276 and 247 hours respectively. While, in Bhutan's exports case, a consignment has the shortest time in the region, which is 5 hours for border crossing and 50 hours for document clearance (Table 3.12).

Table 3.12.1: Time and Cost to Import across Borders in South Asia

Countries	Time to import Across Border (Hours)	Cost to import Across Border ($US)	Time to import Documentation (Hours)	Cost to import Documentation ($US)
Afghanistan	96	750	324	900
Bangladesh	183	1,294	144	370
Bhutan	5	110	8	50
India	283	574	61	135
Maldives	100	981	61	180
Nepal	61	190	48	80
Pakistan	129	957	147	786
Sri Lanka	72	300	58	283
Region	116	645	106	348

[35] ASYCUDA stands for the Automated System for Custom Data. It is a computerized customs management system developed by UNCTAD and it handles transit. UNCTAD, 2018, Accessed 28 June 2018, URL: http://unctad.org/en/Pages/DTL/TTL/ASYCUDA-Programme.aspx.

Source: World Bank group Flagship Report (2017), *Doing Business 2017: Equal Opportunity for All Regional Profile 2017 South Asia (SA*), Washington D.C.: World Bank.

As far as the import sector is concerned, excessive documentation also remains a major bottleneck. Customs offices in the region still demand a large number of documents in hard copy. For example, Bhutan's cardamom exporter needs a total number of 24 documents from Bhutan to Bangladesh. Of which 2 to 8 copies of these documents are required during the business procedure. The total number of copies accounts to 71. Of which, an exporter needs to submit 52 copies to the private sector and 19 to the public sector. At the point when the one-time procedures are no included a sum of 16 documents, and 63 copies require to submit (UNESCAP, 2017: 49). Indian exporter to Bangladesh needs 17 documents at a few stages. While the greater parts of these are standard for global trade, and the administration will, in general, include necessities that are simply local. The manual and repeated procedures increase the cost of doing business, and that also leads to pilferage. Procedural bottlenecks work as a deterrent to cross-border trade and this also changes the composition and flow of regional trade (De and Bhattacharyay, 2007: 28).

Thus, high trade cost remains one of the significant obstacles to connectivity and intra-regional trade. Due to this high transportation costs, all South Asian countries and their regions are losing a lot on numerous fronts. For instance, a 20-ft. consignment needs about 30 days to travel from New Delhi to Dhaka through sea route (via "Mumbai and Singapore/Colombo to Chittagong". From Chittagong, it passes by train to Dhaka, which expenses around US$ 2,500. If Bangladesh provides direct linkage, then time and cost can be reduced, and a container will take only 4-5 days and cost around US$850 (Rahmatulla, 2012: 129).

Besides it, the region suffers from the lack of cross-border transportation framework. Therefore, improved transport network would integrate the region as well as decrease the transport and trade costs (De, 2013: 15). According to the World Bank (2003) estimate, "transport cost could be saved from the road to rail along the Kolkata-Kathmandu route at least 23 per cent of road cost". UNESCAP (2003) also estimates that "transit charges can be reduced and it is around 0.45 per cent of transport cost, insurance, and freight value for private cargo". At present, in the region, an exporter incurs an average of about US$

376 costs at the border and US$ 182 cost to export document compliance. Transaction costs are exceptionally high contrasted with different parts of the world (De, 2013: 15). Therefore, all these associated costs are impeding regional official overland trade.

In fact, the import takes more time than export in the region. Some of the South Asian countries such as Bangladesh in export documents or India in export do better than China, but South Asian countries cannot compete with China in export or import cost (Table 3.12.1). Therefore, the region can accomplish considerable productivity gains, and cost decreases by removal of restrictive policies and simplification of procedures Procedural complexities very often work as impediments to intra-regional connectivity.

3.12.1 Inadequate Capacity of Land Custom Station

Poor border infrastructure and transit system are a more prominent limitation to extending intra-regional trade in the region (Rahmatullah 2009: 13)). The most borders crossing between countries of the region are not properly developed to handle the traffic of cargos volume that passes through them. As a result, it faces severe traffic problems like congestion and delays in handling the shipment. Apart from this, some border posts do not have standard operating procedures and fast-track lane that increases time and costs in handling goods and vehicles (Phukan, 2016: 6).

Moreover, De (2013) in his study observes that:

> Mostly LCSs not only suffer from limited warehouse capacity but also, they suffer from a lack of banking and foreign exchange facilities in border areas. In some cases, banks are situated very far from the borders, like, Burimari, Panitanki, and Karkabitta. There is also inaccessibility of enough foreign exchange facilities at these borders. Some LCSs like Burimari, and Banglabandh (Bangladesh), Kakarbitta (Nepal) and Phulbari and Panitanki in India do not even have a foreign exchange facility". As well as, mostly LCSs in South Asia do not have adequate capacity to manage with goods in transit (De, 2013: 22).

3.12.2 Inadequate Transport Facilitation Measures

There have been restricted growth in the South Asian region in executing key institutional and strategy changes for infrastructure development. The region is lingering behind Latin America and Eastern Europe (Jones, 2006: 23). As well as, transport

framework is developed only in national context rather than regional context. South Asian countries have given very little attention towards the development of cross-border infrastructure, capacity, and uniform standard. The development of transport infrastructure in the region faces service quality and safety constraints (ADB, 2016: 4). While smooth transport facility at borders is considered as a pre-condition for raising region trade via important road and rail routes of regional significance (Phukan, 2016: 7).

South Asian countries are a member of some International Convention on transport facilitation. But they have not been succeeded to embrace revised versions of the conventions. Although some countries have bilateral trade and transit settlements, they are yet to finish up a regional transit arrangement (Bayley, 2016: 138). Landlocked countries, Afghanistan, Bhutan, and Nepal are dependent on the land route for trade. While every single other country in the region is profoundly reliant on sea trade through their ports, every other nation in the region are exceedingly reliant on maritime trade through their ports. Generally, long hour's processes at borders and ports create the problem of congestion and inefficiency of cargos. And, at some ports and land borders, computerised customs services are not started yet (ADB, 2016**:** 6-7).

3.12.3 Limited Usage of Information and Communication Technology

SAARC countries have not gained imperative ground in mechanising their customs services. And they have not installed and operated modern customs information and communication technology systems. Greater parts of the border offices, particularly, in the smaller countries of the region, have altogether lower dimensions of ICT improvement that is available inside customs. This lack of ICT means that the vital computerised documentation cannot be created at the border. The applicant needs to go proper office to get the important documentation and afterward pass on it to the border of the port to get clearance. Currently, physical procedures take place at both ends of the journey (ADB, 2016: 10).

Furthermore, there is a fear in some countries about the appointment and maintenance of ICT experts. The different border offices are frequently gone under common administrative pay scales, which are well beneath those being offered inside the private

segment. Also, some countries observe it progressively hard to attract ITC experts to work inside customs stations given these confinements. In addition, with the development of computerised applications, existing workforce turn out to be increasingly attractive to the private part and leave (Bayley, 2016: 141).

The South Asian region has positioned itself as a major production hub and exporter of IT and IT-enabled services. The improvement of ICT frameworks in the border offices can help to decrease these delays. And it also can provide a solution to diverse regional development challenges. Despite having this potential, a major obstacle to ICT connectivity is the low quality of cross-border IT and telecommunication foundation (UNESCAP, 2017: 20).

3.12.4 Different Technical Standard

Use of different technical standard by individual countries for standard and conformity assessment procedures is the greatest challenges in the region. In the region, the reason for technical standards is that the technical guidelines, standards, and similarity appraisal methods among SAARC countries differ widely (ADB, 2012: 2). Also, domestic bureaucracy, the inefficiency of the customs officers, also creates a problem.

In the region, there are no "mini laboratories" at borders for documentation and certification. Generally, goods are tested after an import at the borders. For example, Bangladesh exports its readymade garments to India via Tamabil-Dawki; it needs the Azo dye test, which is sent to Varanasi, Uttar Pradesh India in order to get clearance certificate[36]. This process of testing takes two months. Therefore, it has been a constant demand by some countries for more testing equipment near LCSs. Currently, most borders suffer from inadequacy of technical staffs to undertake complex testing. The main reason for the shortage of technical staffs is poor working condition and narrowing wage gap compared with jobs in other parts. Such facilities have been developed at some borders. But they are underused, ineffectively kept up and do not have essential testing materials (ADB, 2012: 17)). For example, Benapole land port, and Chittagong seaports

[36] CUTS (2019), "*A Bridge across for ever: Bridging Infrastructure Gaps in Bangladesh for Improved Regional Connectivity*", CUTS Policy Brief on Connectivity No.3, Jaipur: Consume Unity & Trust Society, p, 3.

have poor infrastructure, and some land ports are also underutilised as, Hili, Shonamasjid in Bangladesh (Phukan, 2016: 8).

3.12.5 Delays in Transit Traffic Systems

Landlocked countries, particularly, Afghanistan Bhutan, and Nepal, need several documents to finish the import and export, which is comparatively much higher than other global trends and the best practices. These excessive documents delay cargo clearance and caused congestion and increase transaction times (ADB, 2016: 12). For example, trade of Bhutan and Nepal takes place principally with India. And just a little extent of their goods takes place with another country, which is named as "third country trade". It is required for some documentation. It is clear that lack of transit mechanism is responsible for this situation ((Bayley, 2016: 148). Another case, in Kolkata, documents must be held up with Nepalese and Bhutanese experts, just as with the Indian specialists. In other words, when woolen carpets from Kathmandu to Europe are transported from Kathmandu to Kolkata port from where they are dispatched through Singapore to a European port. These are the regular issues in acquiring the required information from landlocked countries. As a result, such traffic is liable to a "double clearance" schedule (Srinivasan, 2012: 10).

3.13 Conclusion

Economic development and emerging opportunities for intra-regional trade have stimulated new direction of trade in South Asia. This upsurge has made an interest for landlocked nations of the region to move toward becoming "land-linking" nations. So that they can give significant travel facilities to their transit neighbours. The landlocked and transit nations can get profit from the efficiency of transit transport.

Greater regional connectivity and economic integration can achieve gains in the region and help tap into the closeness and demographic dividend that countries of the region enjoy. But several issues and challenges are restraining regional connectivity. Enhancing connectivity between South Asian countries is a multifaceted task that might usefully adopt two broad lessons from overland South Asia's history to the present arrangement system. First, South Asian leaders should explicitly recognise the unifying power of the

overland, and they should build an overland-South Asia into their vision of integration. Second, the countries of South Asia are naturally integrated; therefore, the government should implement strong policy to remove all barriers to their spontaneous interaction. In this context, over the last few years, Connectivity between India and Bangladesh has received a great boost from both countries pro-active stances on enhancing connectivity in South Asia. They have taken various steps to engage in different sub-regional connectivity projects through road, rail and sea routes. Both countries are working closer than ever before in every sector from culture and people to people contacts to mutually beneficial transport connectivity.

Chapter IV

India's Connectivity Linkages with Bangladesh: Road, Rail, and Waterways Networks

"*I also believe that together we have laid the foundation for a new relationship between our two countries, which will draw strength from our deep ancient links and prepare us to together address the opportunities and challenges of the 21st century. I will leave no stone unturned to translate our vision into reality, and our commitments into action". Prime Minister Narendra Modi 7th June 2015.*

4.1 Introduction

In a globalised world, transport infrastructure is a critical determinant of regional integration. It supports in making of an integrated and efficient transport network. And it is a basic component of the enabling environment of regional connectivity. Such integration is particularly essential to landlocked regions of South Asia, namely- India's North East and Bangladesh and the territory of Nepal and Bhutan. In fact, integrated transport infrastructure serves to end landlocked and semi-isolated status. In economic terms, it provides a shorter transport network and advantageous access to the outside world (The Daily Star, March 20, 2013). Moreover, a proficient transport linkage is an essential component of the empowering condition for economic integration at any level. It makes way for free movement of goods, vehicles, and people across the international border (The Daily Star, March 28, 2011).

Cross-border transit facility is an essential element of the broader issue of connectivity in South Asia. In the context of India and Bangladesh, it becomes more crucial. Transit issue has shaped their bilateral relations over the years (RIS, 2011). This issue remains a major bottleneck in their relations. In order to resolve this issue effectively for geopolitical reasons, India is looking for a direct transit route through Bangladesh to ease the transportation of its resources. The transit route through Bangladesh will save time and trade cost significantly between Kolkata and Agartala. To that extent, Bangladesh has denied such request because a section of people in Bangladesh feel that it might affect the

internal security of the country. Some other dissenters also argue that transit agreement would 'sellout' and destroy the country's infrastructure (Mamun, 2017: 1). However, besides these skeptical arguments, another school of thought is in favour of a transit agreement. They think that Bangladesh will draw great financial benefits from the transit. It will thereby reduce the trade gap that exists between the two countries. It will also open up greater economic opportunities and bring business by opening up a route between Kolkata and Agartala through the middle of Bangladesh. There is a possibility that consequently, India will endeavour to resolve water sharing and maritime border demarcations issues. In addition, India might lift some non-tariff barriers that are imposed on the goods imported from Bangladesh (Karim, 2006: 6).

4.2 The Land-Bridge Concept

The meaning of "Land–bridge transport" is a combination of two or more transport modes. In other words, a cargo movement from Pakistan to Bangladesh starts its journey from Pakistan's Karachi and go by ship to Mumbai port, and from here it is transported to Kolkata/Haldia via railway (land route) and then from there again shipped via the maritime route to Chittagong/Mongla port. Thus this analysis reveals that a cargo connects three modes of transport and passes through two maritime and one land transport route (Thapliyal, 1999: 1930). Mumbai port is the primary port in India that mostly handles country's imports while Kolkata port serves as an important port for exports. In turn, some empty vessels are generated due to the lack of imports from Bangladesh that leads to double expenditure, which must be repositioned in Kolkata through the railways. Pakistan and Bangladesh can use Indian railway services for their trade and efficient transport networks (Chaudhury et al., 2018). The land bridge transport is not a new concept it already exists in some part of the world like in the USA, European Union, and Australia and the former Soviet Union (ICWA, 1982: 33). In South Asia, the railway system of the Indian sub-continent can also act as a 'land bridge transport'. The railway transport connects Pakistan to Bangladesh through India. Rail journey starts from Pakistan's Sibi and goes via Rohri and Lahore Junctions. It enters into India through Amritsar. From Amritsar, it goes through Delhi and Mughal Sarai and Kolkata and Benapole in India. And it reaches out to Bangladesh railways via Goalnanda Ghat. From

Goalnanda Ghat, it takes ten hours steamer journey to reach Narayanganj. At that point from where the route stretches to Dhaka, Akhaura, Chittagong and Dohazari via a metre gauge line (Khan and Mahmood, 1995: 76). From Bangladesh, this rail link further expands till Myanmar which links South East Asian open market. As a road link connects India's Moreh to Tamu (Myanmar) via Guwahati, Nagaon, Silchar to Imphal. Then from Myanmar's Tamu, a road route connects to Thailand, China, and Laos (Thapliyal, 1999: 1929). The development of this land bridge concept can be only possible if all regional countries fully participate in such an arrangement.

4.3 Institutional Mechanism

According to Article V of the GATT (1994), "freedom of transit means the passage of goods, vessels and other means of transport across the territory of another WTO members via the routes most convenient for international transit" (WTO, 2012: 214). In accordance with the WTO framework, transit country can charge "transit fee" for the utilisation of the infrastructure facility and transport services. In return, these charges could be invested in infrastructure development, transport services and maintenance cost (The Daily Star, March 20, 2013).

India–Bangladesh transit connectivity is a little different situation from WTO provisions. Article V of GATT 1994 alludes to just through transit. In other words, transit as per GATT setting regularly includes at least three countries. On account of India's Northeast transit traffic, just two countries take part. As traffic begins in India, and it ends in India in the wake of going through Bangladesh. In this way, it may be considered a particular kind of transit arrangement which involves between them. That's why India is asking persistently for transit facility from Bangladesh. And India wants to resolve the issue bilaterally (The Daily Star, March 20, 2013).

There is greater dissent against connectivity than transit. As in connectivity, other countries involved as well. Corridor facility in the name of connectivity can be established through a bilateral agreement between two countries, but in order to provide transit facilities, three countries are to be agreed. India and Bangladesh both have signed transit treaty with Nepal and Bhutan. And India marked a treaty of transit with Nepal in

1999 and with Bhutan in 1995 (De, 2011: 449-450). Bangladesh signed transit treaties with Nepal in 1976 and Bhutan in 1980 respectively. But to operate transit facilities agreement should be made with India because Indian territory will be used to implement transit facilities between Nepal-Bangladesh and Bhutan-Bangladesh. It is very interesting to note here that Bangladesh did not sign any land route transit and connectivity treaty with India. Due to the lack of such a treaty, bilateral trade between them takes place in transshipment. The term "transshipment" means sending goods from the cargo of one country to the cargo of another (The Daily Star, March 28, 2011).

4.4 India-Bangladesh Existing Transport Connectivity

India-Bangladesh connectivity has thus far remained largely fragmented, even though road, rail, and waterways well connected the two neighbours in the pre-partition era. These connections were in operation till the 1965 war after which they were completely closed. Trade via waterways was resumed after the liberation of Bangladesh. But the road and rail links were stopped between the two countries. Transit and connectivity issue has always been at the forefront of India-Bangladesh bilateral discussions (Selim, 2012: 100).

4.4.1 Road Connectivity

Road transport plays the most important role in India-Bangladesh trade relations. Despite the fact that the road communication mode is very costly, road transport has a higher significance for trade and passenger movement between the two countries. The overwhelming trading activities between two neighbours take place through Petrapole (India) and Benapole (Bangladesh) land ports. In fact, around 70 to 80 per cent out of total bilateral overland trade takes through this route (Selim, 2012: 100). This route is highly congested because the route is only 5.5 metres wide (Rahmatullah, 2010: 185).

In the context of Nepal-Bangladesh, India provides road connectivity between these two countries over the "Chicken Neck"[37] to carry cargoes. However, goods are needed to be transshipped at Bangladesh border point. This route is more than 1300 km long.

[37]" Chicken Neck" is known as Siliguri Corridor, and is a narrow stretch of Indian territory that connects India's Northeastern states to the rest of India, with the countries of Nepal and Bangladesh lying on either side of corridor, and Bhutan lies on the north side of corridor.

Therefore, the transportation of goods by this route is very costly and very little trade activities take place. This route does not allow third countries to trade. So Nepal uses Kolkata port for its export and import traffic. But Kolkata port is often congested and does not have a direct rail link. Bangladesh's Mongla seaport has excess capacity and an immediate broad gauge link with Birgunj. In other words, Nepal can get direct connectivity through Rauxal Indian border point. But Mongla port provides accessibility to be utilised for third country trade of Nepal (The Daily Star, February 24, 2010). As far As Bhutan and Bangladesh trade are concerned, it takes place via Burimari and Tamabil land customs stations. The distance of Burimari from Samdrup Jongkhar's south-eastern town is around 400 km. The road network to Tamabil goes through Assam and Meghalaya (Rahman et al., 2015: 25).

Before the liberation of Bangladesh, some road links existed between India and Bangladesh. But in the independence period, these road links could not resume. Currently, three National Highways link India with Bangladesh. NH No.35 begins from Kolkata and passes via Barisal and Bongaon (in India) and reaches Dhaka. This highway connects Barisal to Petrapole. NH No-40 comes to Siliguri and Guwahati in India. And in Bangladesh, it goes to Chittagong and Dhaka via Comilla. In addition to this, there are also some state highways which connect both countries. And these routes pass through Murshidabad, Balur Ghat and Haldibari (Thapliyal, 1999: 1921-22). Table 4.4.1 shows that the Dhaka–Agartala route has the lowest distance, which is only 135 km. The average distance between Dhaka and Indian cities are given below is 990 km.

Table 4.4.1: Distance by Road between Dhaka and India's Some Cities

	Routes	Distance
1	Dhaka-Kolkata	466 km (via Benapole-Haridaspur
2	Dhaka-Malda	364 km (via Sona Masjid-Mahadipur
3	Dhaka-Guwahati	494 km (via Tamabil-Dawki)
4	Dhaka-Shillong	400 km (via Tamabil-Dawki)
5	Dhaka-Agartala	135 km (via Akhaura-Agartala)
6	Dhaka-Aizwal	436 km (via Akhaura-Agartala)

7	Dhaka-Delhi	1712 km (via Darshana-Gede)
8	Dhaka-Ajmer	1889 km (via Darshana-Gede)
9	Dhaka-Agra	1523 km (via Darshana-Gede)
10	Dhaka-Jaipur	1758 km (via Darshana-Gede)
11	Dhaka-Amritsar	2167 km (via Darshana-Gede)
12	Dhaka-Siliguri	537 km (via Chilahati-Haldibari)

Source: High Commission of India, Dhaka, Bangladesh (2018), "*Road Links: Distances between Dhaka and some Indian cities by road"*, [Online: web] Accessed 15 May 2018, URL: https://www.hcidhaka.gov.in/Distances_Roadlinks.

4.4.2 India's Road Connectivity with Bangladesh, Bhutan, and Nepal

Some transnational road networks connect India and Bangladesh. Both countries are signatories to the Asian Highway Network (AHN) project. AHN is a flagship artery in advancing transport connectivity within the Asian region. This proposed highway was started under the guidance of ESCAP (High Commission of India, Dhaka, 2018: 1).

Asian Highway (AH) route, AH-1 connects India and Bangladesh at Petrapole-Benapole, and AH-2 passes through Banglabandha-Siliguri-Kakarbhitta, near Siliguri. Further AH 48 extends from Thimphu-Phuentsholing-Border of India. In 2008, India approved the proposal for amendment of AH routes proposed by UNESCAP. The amendment to AH 2 includes the inclusion of Phulbari between the route passing through Banglabandha and Siliguri and has defined the route of AH 2 at this location as 'Banglabandha-Phulbari-Siliguri-Kakarbhatta.' The other amendment is providing a link to Bhutan by extending the route of AH 48 from Thimphu-pheuntsholing-Jaigon-Hasimara-Jailpaiguri-Phulbari and consequently connects with AH 2 at Phulbari in India[38].

[38] http://www.pib.nic.in/newsite/erelease.aspx?relid=36037

Map 4.4.2: India-Bangladesh and Asian Highway

Source: The Daily Star, (2009), "*Asian Highway: dream or a reality",* [Online: web] Accessed 15 May 2018, URL: https://www.thedailystar.net/news-detail-93162.

It is envisaged that this route would improve international trade among India, Bangladesh, Nepal, and Bhutan and also provide connectivity to Thimphu with India through the Asian Highway route.

4.5 Rail Connectivity

The Indian railway system is one of the best among the developing countries in the world. During the British period, the very important role was played by Railways for integrating Indian sub-continent. Even after the partition of Indian sub-continent, Railway played a positive role in integrating South Asian states. And the railway allowed cross-border movement of bulk goods. Nonetheless, region railway connectivity faces gauge mismatch, and there exist numerous missing linkages between countries. On the other hand, highway connectivity does not have such problems. So the railway network needs greater effort in this regard. This gauge problem can be seen in the India-Bangladesh

railway system. India has mostly broad- gauge railways network, whereas Bangladesh railway system depends on meter gauge (De, 2013: 33). India and Bangladesh got established railway system from the British. Due to their cultural affinity and shared history, the rail system of both neighbours was well connected. A portion of these historical linkages is as yet functional, and some have been snapped off due to lack of traffic. (High Commission of India, 2018: 1). At present, there are four operational inter-country rail links, and two more are proposed to be reopened. The fundamental and Subsidiary Rules regulate the movement of freight trains between the two countries. Indian Railway's Wagon plays a vital role in the transportation of goods. In fact, the Indian railway carries about 2 million metric ton of cargo per annum. Bangladesh's 99 per cent import from India is moved by rail. The major commodities are moved by rail. Also, these items are as gypsum, stone, de-oiled cake, onions, sugar, maize and food grain (ibid).

During the pre-1947 period, railways were the most important mode of transportation. However, in present-day cross-border trade movement by rail has diminished significantly as because some routes have become dormant. Only three broad gauge routes, namely Darsana-Gede, Rohanpur-Singhabad and Benapole-Petrapole, are operational now. These corridors are used for export and import of goods (Selim, 2012: 100). Radhikapur-Birol route has been discontinued since 1 April 2007 due to gauge problems. Track on the Indian side uses broad gauge while the Bangladesh side, especially Birol-Parbatipur section still uses metre gauge. The Mahisasan-Shahbazpur MG route faces the same problem and has been suspended since December 1996 due to the absence of traffic (PIB, 2007: 1). Table 4.5 shows the five existing broad and metre gauge linkages between the two countries. Of which, there are three broad gauges, and one rail route is a mix of broad and metre gauge. Also, there is a metre gauge.

Table-4.5: India-Bangladesh Rail Link

SI. No.	Rail Routes
1	"Gede (India)-Darsana (Bangladesh)-Broad Gauge
2	Singhabad (India)-Rohanpur (Bangladesh)-Broad Gauge
3	Petrapole (India)-Benapole (Bangladesh)-Broad Gauge
4	Radhikapur (India)-Birol (Bangladesh)-Broad Gauge on the Indian side and metre Gauge on Bangladesh side
5	Mahisasan (India)-Shahbazpur (Bangladesh)-Metre Gauge".

Source: Press Information Bureau, Government of India (2007), "*Rail Link with Bangladesh"*, [Online: web] Accessed 15 June 2015 URL: http://pib.nic.in/newsite/erelease.aspx?relid=31026.

India has played an active role in connecting Bhutan and Nepal with the railway system of India. India helped Nepal in broadening the railroad line from Birgunj to inside the country (De, 2013: 33). It is very important to understand that India has also played an active role to boost rail connectivity with Bangladesh. And both countries restored India-Bangladesh friendship service train (the Moitree Train) on April 14, 2008. This train has been resumed between Kolkata and Dhaka. This initiative could be a stepping stone towards advancing closer transportation linkages between the two neighbouring countries. And it would ease the smooth movement of passenger and cargo (Selim, 2012: 100). But this service is so long and time-consuming due to long delays in customs and immigration clearance. It takes nearly half a day to travel a distance of only 400 kilometres. Therefore in spite of a much fanfare launch, this route is not very popular (ibid).

4.5.1 Rail Link from Agartala to Akhaura

The length of Agartala-Akhaura rail link is 15.06 kilometre. It is part of the Trans Asian Railway Network. Out of total rail link, a stretch of five km falls on the Indian side and the rest in Bangladesh (Business Standard, October 19, 2016). Indian Railway budget 2012-2013 sanctioned the project for the construction of this rail line. Both countries also signed an MoU for construction of this link on February 16, 2013 (Chaudhury and Basu, 2015: 22-23).

Map 4.5.1: New Line from Agartala to Akhaura

Source: The Financial Express, "*Tripura-Bangladesh broad gauge link may reduce Agartala-Kolkata rail distance by over 1,000 km: 5 facts"* [Online: web] accessed 2 August 2016, URL: http://www.financialexpress.com/indianews/agartalaakhaurabroadgaugeraillineindianrailwayssuresh-prabhutripurabangladesh/334760/.

India and Bangladesh have shown keen interest for building this new rail track because it will cut down the travel time between West Bengal and Tripura through Bangladesh. This rail link will not only connect the railways of the two countries but also help to boost trade between them. It will offer access to the entire North-East region and Bangladesh's nearest ports Ashuganj and Chittagong because the distance of these two ports from Akhuara is not very fare. It is 54 km and 213 km respectively. It will also link Agartala to Kolkata through Dhaka instead of Guwahati. As under this route, distance is only 514 km instead of 1600. It will reduce 1086 km of distance between the two cities (The Financial Express, August 1, 2016). According to MS Chauhan (Chief Engineer of this project),

"Akhaura rail line will reduce the journey time between Agartala and Kolkata by 21 hours, and it will take around 10 hours from the current 31 hours due to decreased distance" (The Financial Express, May 13, 2018).

4.5.2 New Rail Line between Kolkata and Khulna

India and Bangladesh have built on connectivity with another train service namely "Bandhan Express" that started on 9 November 2017. This train will run between Kolkata and Khulna (Hindustan Times, November 10, 2017). In addition to it, Bangladesh is trying to restore the railway lines with India for stronger bilateral ties at 12 places. These lines were cracked after the partition of the country in 1947, and wars in 1965 and 1971. Of the 12 old links, land acquisition for the one linking Tripura's capital Agartala to Akhaura in Bangladesh and India has been completed. This project will include the laying of 15 km of track, of which 5 km is in India, and it is estimated to cost Rs 967.5 crore (Nag, 2018:1-2), and scheduled to be completed in 2019. This pre-1965 railway lines between the two countries will be revived (The Hindu, November 9, 2017). The Agartala-Akhaura line is the outcome of an agreement between India and Bangladesh in 2013. It is envisaged that after the completion of the track, it will be part of the TAR network between Istanbul and Singapore via Pakistan, India, Bangladesh and Myanmar (Barman, 2017: 2). According to an Indian official, "The Agartala-Akhaura (Bangladesh) link will give full rail connectivity from east to west of Bangladesh and will greatly facilitate India-Bangladesh trade and people to people ties" (Roche, 2016: 1-2).

India and Bangladesh recently started container services and, the first rake has been sent off on a trial run. It follows under an agreement between the container corporations of both countries.

Almost 100 flights operate weekly between India and Bangladesh. These flights provide air linkages from "New Delhi, Kolkata, Mumbai, and Chennai to Dhaka and Chittagong". Four haats, two each in Meghalaya (Kalaichar and Balat) and Tripura (Srinagar and Kamlanagar) are functional. Two more are on the unveiling. In the context of border infrastructure, there are 49 notified Land Customs Stations (LCSs), and two Integrated Check Post (ICPs) at the border. Out of 49 LCSs, 36 are functional. ICP at Petrapole

started in 2016. These land posts are very important because more than 50 per cent of India-Bangladesh trade goes through Petrapole and Benapole, which started around the clock operations on August 1, 2017 (The Times of India, November 10, 2017). The Agartala ICP is operational since November 2013. The ICP at Petrapole was inaugurated by the Prime Minister of India and Bangladesh on 21 July 2016. India wants to upgrade eight more of the existing LCSs into ICPs to boost bilateral trade and investment. And work has been started on upgrading the Dawki LCSs in Meghalaya (High Commission of India, 2018: 6).

4.6 Inland Water Transit

India and Bangladesh share 54 common rivers. Both are only two South Asian States connected by inland water transport (IWT). It is the cheapest mode of transport for both passenger and cargo movement. Inland waterways transport mode consumes less fuel compared to other modes of transport, and it is easy to maintain and environmentally friendly as well. Before the partition of India, trade from the North Eastern States of India had to pass through the territory of Bangladesh, then East Pakistan. Even rail and Inland transit facility was continued until 1965 Indo-Pak war (The Daily Star, February 24, 2010; High Commission of India, 2018: 1). After the liberation of Bangladesh, India and Bangladesh Protocol on Inland Water Transit and Trade were first signed with the objective to ensure waterways transit for India through Bangladesh to Northeast India ((Selim, 2012: 101). Two authorities, Inland Waterways Authority of India (IWAI) and Bangladesh Inland Water Transport authority regulates the cargo movement (BITWA, 2017: 1). Ministry of External Affairs (2015) concludes that "inland waterways protocol is very important for India and Bangladesh and it could also be mutually beneficial to use their waterways for commerce between two countries and for movement of goods between two places in one country through the territory of the other[39]." The functional protocol routes are as follows:

[39]https://www.hcidhaka.gov.in/pdf/bi_doc/Protocol%20on%20Inland%20Water%20Transit%20and%20Trade.pdf

i. "Kolkata-Chandpur-Pandu-Silghat-Kolkata

ii. Kolkata-Chandpur-Karimganj-Kolkata

iii. Rajshahi-Dhulian-Rajshahi

iv. Silghat-Pandu-Ashuganj-Karimganj-Pandu-Silghat."[40]

Map 4.6: India-Bangladesh Protocol Routes

Source: BIWTA, 2017:1, *"Bangladesh-India Protocol: Summary of Protocol",* [Online: web] Accessed 20 May 2018, URL:http://www.biwta.gov.bd/site/page/1b97ef89-e181-4950-84c2-b4f49ad22d2d/Summary-of-Protocol.

4.6.1 Ports of Call

India and Bangladesh have designated five ports of call for inter-country trade. These ports provide facilities to the vessels of the other country. These ports of call are as

[40] http://www.biwta.gov.bd/site/page/bc176888-97af-4aeb-a812-673d37f6bc92/Full-Text-of-Protocol

India	Bangladesh
Kolkata	Narayanganj
Haldia	Khulna
Karimganj	Mongla
Pandu	Sirajganj
Silghat	Ashuganj

Source: BIWTA, (2017), *"Bangladesh-India Protocol: Summary of Protocol", [*Online: web] Accessed 20 May 2018, URL: http://www.biwta.gov.bd/site/page/1b97ef89-e181-4950-84c2-b4f49ad22d2d/Summary-of-Protocol.

"In protocol 50:50, Indian and Bangladeshi vessels permit 50 cargo-ratio for both transit and inter-country trade"[41]. But the share of Indian vessels in IWT trade is very low compare to Bangladeshi vessels.

4.6.2 Renewal of Inland Waterways

In 2015, India and Bangladesh agreed to automatic revisión of the 'Protocol on Inland Water Transit and Trade' (PIWTT). And this revision allows transshipment of good to the Northeast (Ministry of External Affairs, 2015: 9). In fact, the first transshipment cargo for Tripura arrived at Ashuganj in 2016. Also, both countries signed an MoU for the use of Chittagong and Mongla Ports. Mostly these MoUs concern wider trade and connectivity beyond India and Bangladesh (Byron and Rahman, 2016: 1-2).

Under this renewal protocol, both countries have included Nepal and Bhutan as 'third countries'. This provision would provide a communication system for the transportation of goods. Thus, Bhutan and Nepal can also get benefit from rail, road, and water transit routes (Islam, 2015: 1). These routes would reduce export-import costs and time. In this context, Mustafizur Rahman said, "many positive things will happen in India and Bangladesh, and economic activities will increase, and new industries will be set up once the transport connectivity is established in the region". India is working on several infrastructure projects to facilitate cross-border trade. Of which, one is the building of a bridge over the Feni river and second is a rail link between Akhuara and Agartala. That bridge will give accessibility to Chittagong. This link is seen as a key railway connection

[41]http://mdoner.gov.in/content/inland-waterways-ner

between the two countries. Akhaura in South Eastern Bangladesh is an important railways junction which will connect Chittagong port to resource-rich Sylhet and Dhaka (Livement, August 2, 2016).

4.6.3 Coastal Shipment Connectivity

During Indian PM's visit to Bangladesh in June 2015, both countries signed the Coastal Shipping Agreement. Two countries also agreed for dredging of inland waterway routes. They took this decision so that they can utilise its full potential (Ministry of External Affairs, 2015: 9).

Since 2015, a direct sea transit facility is functional for movement of containerised cargo. It has decreased the shipping time between both countries from 30-40 days to 4-10 days. India's Eastern parts can become transit port for big ships destined for Bangladesh as Chittagong cannot handle deep draft vessels. First cargo ship under this framework sailed from Chittagong to Vizag in March 2016. Another development took place in February 2017. And a container ship service began between Kolkata and Pangaon. Pangaon's distance from Dhaka is only 20 km (The Times of India, November 10, 2017).

4.7 Trade via India-Bangladesh Protocol Routes

India's exports to Bangladesh via waterways have increased over the years. It recorded a healthy growth rate in 2016-17 and reached 22186 M.ton. Indian exports are mainly dominated by equipment and high-value machinery for project implementation in Bangladesh. In fact, some of 2,598.023 M.ton of fly ash was sent by India to Bangladesh through the protocol route in 2016-2017 (BITWA, 2017: 3). According to the High Commission of India to Dhaka, "About 1.5 million MT of traffic is transported via the Protocol routes annually. Out of this, about 1.495 million MT is inter-country trade cargo and about 0.005 million transit cargo." Bangladesh jute export has drastically declined over the years due to the imposition of anti-dumping duties by India. The demand for garments has also declined because of non-tariff barriers by India, which has kept the trade volume significantly low since 2006 (Chaudhury et al., 2018: 70).

India has very less share in Bangladesh's total import needs. It is only 11-12 per cent of Bangladesh imports. India imports very less from Bangladesh, and it is only 2 per cent of the country's export basket. As a result, most vessels carrying goods travel from India to Bangladesh return empty. That leads to high trade cost and incurred by private trading agencies. In fact, India and Bangladesh have started direct shipping since 2016. But they could not achieve growth of cargo volume at expected levels. And congestion is one of the reasons at Chittagong port in Bangladesh for the low volume of cargo (Chaudhury et al., 2018: 71). Table 4.7 shows that Kolkata–Karimganj, and Kolkata-Dhubri (Pandu) routes carry a large number of trips and vessels for inter-country trade. Table 4.7.1 shows that Bangladesh has dominated cargo movement under the inland protocol. Bangladesh's vessels carried 47,858 M.ton inter-country trades in 2001 and it reached 26, 02,428 M.ton in 2016-2017. Whereas India's vessels capacity decreased over the years and it reached 22186 M.ton from 58,170 M.ton.

Table- 4.7: Trade between India and Bangladesh under PIWT&T (in M.ton.)

Route's Name	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
1	2	3	4	5	6	7	8	9	10	11	12	13
Kolkata-Dhubri (Pandu)	700	1305	600	300	2992	-	140	1118	2373	4322	2,430	352
Dhubri (Pandu)-kolkata	1500	7700	3188	Nil	Nil	-	-	-	-	-	-	-
Kolkata-Karimganj	Nil	3550	1642	14328	1482	590	2055	14397	-	12,928	3,495	-
Karimganj-Kolkata	Nil	2	2800	0.200	Nil	-	500	3170	-	-	-	-
Kolkata-Ashuganj-Agartala (by modal waterways & road)	-	-	-	-	-	7297.972	-	-	-	19537.292	1,004	5825
Total	8500	12557	8230	14628	4474	7888	2695	18,685	2373	36788	6,929	6178

Source: Bangladesh Inland Water Transport Authority (2017), "*Statistics of Transit trade cargo transported under PIWT&T India and Bangladesh (Route wise Transit cargo statement*, [Online: web] Accessed 27 May 2018, URL: http://www.biwta.gov.bd/site/page/e9b3ec96-b908-402f-bec8-e7171d927a9d/Statistics.

Table-4.7.1: Vessels and Cargo movement under PIWT&T between India and Bangladesh (in M. ton.)

June to July (year)	Quantity of Goods		The total quantity of carried goods (M.ton.)	The trip of Bangladeshi vessels (No.)	The trip of Indian vessels (No.)	Sum of trips under protocol	Bangladesh &Indian vessels Carrying goods ratio
	Bangladeshi vessels (M.ton.)	Indian vessels (M.ton.)					
1	2	3	2+3=4	5	6	(5+6)=7	
2001-2002	47,858	58,170	1,06028	170	258	428	45:55
2002-2003	1,22335	87,100	2,09435	458	390	848	58:42
2003-2004	1,21926	61,627	1,83,553	372	120	492	66:34
2004-2005	3,76,839	36,993	4,13,832	1,142	90	1,232	91:09
2005-2006	5,38,020	-	5,38,020	1,492	00	1,492	100:00
2006-2007	8,81,011	-	8,81,011	1,540	00	1,540	100:00
2007-2008	9,94,345	1,900	9,96,245	1,976	02	1,978	99:01
2008-2009	9,30,094	14,328	9,44,422	1329	11	1340	98:02
2009-2010	12,77,436	4,474	12,81,910	1,918	16	1,934	99:01
2010-2011	14,24,767	12,697	14,37,464	2,063	21	2084	99:01
2011-2012	14,29,444	55,558	14,85,002	2033	36	2069	96:04
2012-2013	15,07,357	46,661	15,54,018	1977	32	2009	97:03
2013-2014	19,12,622	21,227	19,33,949	2332	31	2363	99:01
2014-2015	19,36,564	12,890	19,49,454	2332	23	2355	99:01
2015-2016	22,50,974	8,680	22,59,654	2m,632	17	2,651	99.6:038
2016-2017	26,02,428	22186	2624614	3011	29	3040	99:01

Source: Bangladesh Inland Water Transport Authority (2017), *"Statistics of vessels and cargo movement Under PIWT&T"*, [Online: web] Accessed 27 May 2018, URL: http://www.biwta.gov.bd/site/page/e9b3ec96-b908-402f-bec8-e7171d927a9d/Statistics.

It is noteworthy to mention that Bangladesh is the ninth largest importer of Indian goods. It is dominated by non-containerised road cargo largely through the congested Petrapole-Benapole border. Road cargo faces axel-road restrictions due to lack of uniformity that makes bilateral trade costly. Therefore, inland waterways are very important for both

countries. Enhance inland waterways will cut down logistics costs and increase bilateral trade between them. India and Bangladesh at ministerial level have proposed the consideration of Pangaon river terminal close Dhaka in the bilateral protocol for inland water trade in a coming year. This proposed initiative would reduce logistics costs and make bilateral trade more competitive. The Pangaon container terminal's distance is very close to Dhaka. It is only 20 km from there. Thus logistics hurdle can be solved by containerizing and shifting road cargo to inland river transport (Bose, 2018: 2).

4.8 Connectivity of Northeastern Indian States to Bangladesh

The northeastern region of India consists of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, and Tripura. The region's almost 98 per cent of land border touches with four neighbouring countries Bangladesh, Bhutan, China, Myanmar and Nepal (Acharya and Marwah, 2012: 27). India shares 4096 km long international borders with Bangladesh. Out of which, 1880 km is with northeastern states. In fact, northeastern states shares, 46 per cent of its border with Bangladesh. Wherein 35 per cent is a land border and more than 10 per cent is riverine tract (RIS, 2011: 30. Table 4.8 shows that four out of seven northeastern states share international borders with Bangladesh. These states are Assam, Meghalaya, Tripura, and Mizoram. Except, Meghalaya, three northeastern states share the land as well as riverine border linkages with a neighbouring country. Two states, particularly Tripura and Mizoram share the longest land and riverine border with Bangladesh. However, a large part of this border is open.

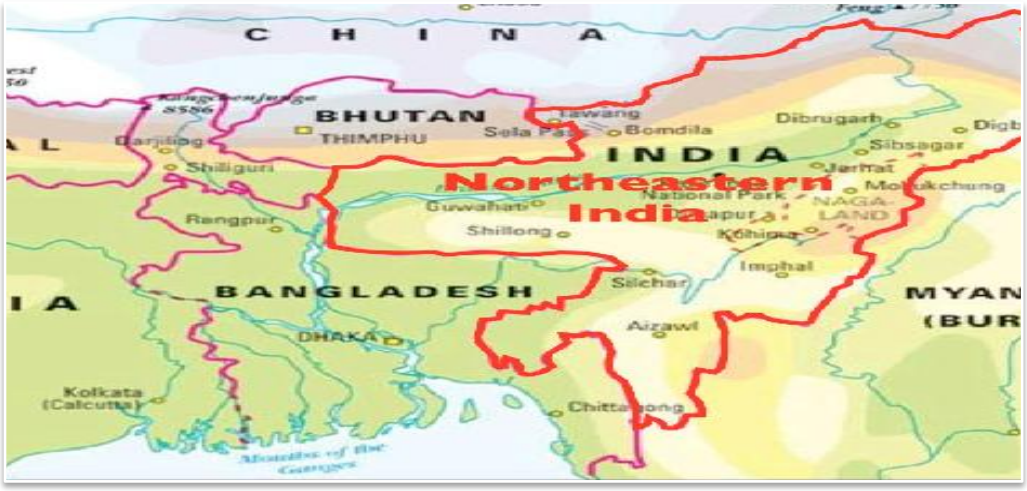
Table-4.8: Northeastern Region-Bangladesh Border Length

State	**Land border**	**Riverine**	**Total**
Length in km			
Assam	160	103	263
Meghalaya	443	-	443
Tripura	773	83	856
Mizoram	58	260	318
Total	1434	446	1880

Source: RIS (2011), "*Expansion of North East India's Trade and Investment with Bangladesh and Myanmar: An Assessment of the Opportunities and Constraints"*, RIS: New Delhi, p. 31.

Other than it, NER is situated at door-step of the East Asia region. And it provides a land bridge between South and Southeast Asia with which India is expanding its economic relations. Thus, the geographical setting of the region gives a background to its development as a base for collaboration with neighbouring countries. Despite having these advantages, the region remains India's one of isolated and economically backward regions (RIS, 2011: 12).

Map 4.8: North East India and Bangladesh



Source: https://mygoldenbengal.wordpress.com/page/23/

India has been working with Bangladesh on bilateral projects to enhance connectivity and trade with North East Region, and these projects at different level started in June 2012.

During Bangladesh's PM visit to India in January 2010, both countries reciprocally conceded to the consideration of Ashuganj as a port of call in the Indo-Bangladesh IWTTP. Under the convention, inland vessels of one country can go through the predetermined routes of the other country. They also agreed to widen Ashuganj-Akhaura road in Bangladesh. This road will give transport linkage to the Northeastern state of Tripura.

Under IWTT convention it has been proposed to consideration of extra segments from Rajshahi to Aricha and from Titas-Meghna junction to Akhaura. They have decided to build up Sabroom-Ramgargh LCS at Indo-Bangladesh border in Tripura. In which Sabroom LCS is already in work condition, that's why both countries have decided to upgrade and make functional these two LCS. It has similarly been chosen to construct a bridge over the Feni River which makes the border between the two nations. In Assam Also, both countries are developing infrastructure at Sutarkandi LCS and Integrated Check Post. Moreover, they have decided to set up two Border Haats in the Meghalaya's Balat and Kalaichar border. They have agreed to set up Integrated Check Post at Dawki (Dawki-Tamabil) and upgradation of LCS infrastructure at Dalu, Borsora, and Ghasuapara in Mizoram. And they are developing ICP at Kawarpuchchiah, Demagiri-Thegamukh LCS. Under this agreement, India can use Chittagong and Mongla ports facility for the movement of its cargo. In Tripura, India is giving a grant to Bangladesh for building up ICP at Akhaura (near Agartala).[42]

During the same visit, both countries had consented to lay the railway track between Akhaura-Agartala. This railway link is 15.54 km, within which 5 km fall in India and the rest in Bangladesh. The Sabroom is situated near to the India-Bangladesh border. And it is nearly 70 km away from Chittagong Port. In other words, after the completion of this new rail project, the rail link will give direct connectivity to the northeastern region of India with the Chittagong International seaport (Business Line, May 23, 2013).

In recent years, India and Bangladesh have taken a more pragmatic move and working to rebuild some rail links to ease surface transport. According to Chandra Pal, Joint Secretary of the railway ministry, "With the setting up new railway connectivity between India and Bangladesh, people of the two countries will benefit as they will come closer. Men and materials will be ferried very smoothly." Further, he said, "The proposed rail link will not only improve bilateral ties but also help in establishing connectivity with inaccessible areas in the northeast as a journey from Kolkata to Tripura and other northeastern states via Bangladesh will save cost, time and distance traveled" (The Times of India, June 17, 2014).

[42] http://mdoner.gov.in/content/bangladesh

Therefore, surface connectivity is an important factor for this eastern region of South Asia. These states have an only land route from inside India through Assam and West Bengal. And it goes through mountainous territory with steep roads and numerous hairpin bends (ibid).

Bangladesh took a highly significant move at the highest level in June 2014. The country decided to permit India's ship sustenance grain to the landlocked Northeastern states utilising its land and transport framework. India sent a consignment of 10,000 tonnes of food grain for Tripura by using the waterway of Bangladesh through Ashuganj port (The Murung Express, June 12, 2014).

According to Tripura's Food, Civil Supplies and Consumer Affairs Ministry *"Due to a shortage of rail wagons, inadequate storage facilities and various other bottlenecks, the northeastern states have been suffering from the poor supply of food grains for the most part of the year, especially during the monsoon"* (ibid).

4.9 The Rationale for Connectivity between India and Bangladesh

India's strategy for transit from Bangladesh is just to connect its remote, neglected, poor Northeastern region with neighbouring countries and enhance trade connectivity, economic growth, and prosperity within the region. It is, in fact, eyeing direct connectivity with south-east Asia and China using the north-eastern states via Bangladesh. It is expected a lot from the "Look East" policy. It is expected that new investments, technology, employment and wealth creation will take place. It is hoped that this will open up new markets in ASEAN for Indian goods, preferably fabricated in the NER. It is hoped that this natural resources-rich area will attract domestic investment from the wider region (Murshid, 2011: 44). India's long-term goals depend on Myanmar. India-Myanmar engagement has been growing with the acceptance of Look East Policy substantively, since the early 1990s. Several studies show that Myanmar has played a catalytic role to facilitate transport and trade cooperation between South and Southeast Asia. Myanmar is a land bridge country; it links the two largest markets, South and Southeast Asia of the world. In this way, Myanmar is an important country for two regions that helps integrate economies across the border (RIS, 2011: 50).

If transit is allowed to Northeast India by Bangladesh, in particular, the smaller states like Tripura, Mizoram, Nagaland, and Meghalaya can substantially reduce their travel time to India (Murshid, 2011: 44). According to Kharel (2009), "a 20-foot container takes at least 30-45 days to move between New Delhi and Dhaka through the maritime route (via Mumbai and Singapore/Colombo to Chittagong and then by rail to Dhaka, at the cost of around US$2,500. If there were direct rail connectivity, the time would be reduced to 4-5 days and the cost would drop to around US$850[43]".

4.9.1 Access to the Sea

NER is located geographically near Chittagong port of Bangladesh (De and Bhattacharyay, 2007: 43). India is keenly interested in getting access to the sea, particularly to this port for the Northeastern States. It is possible that low-density demand areas like Tripura, Manipur, Nagaland, and Mizoram stand to benefit much through direct access to international markets at a much lower time and cost combination than currently enjoyed (Murshid, 2011: 44). For example, Agartala, the Capital of Tripura is located just 75 km away from Chittagong. But a good from Agartala needs to go 1,645 km of distance to connect Kolkata port via the "Chicken Neck". Assam's tea faces a similar problem. A container of tea from Assam travels 1,400 km to reach Kolkata port. If Bangladesh provides transit facility, then a container needs to take a journey of around 400 km via Bangladesh to reach Kolkata (Kharel, 2009: 5). So that NER can use Chittagong seaport for international and coastal trade. This transshipment is beneficial for Bangladesh, but Bangladesh's mindset toward NER's transit facility has not been committal.

4.9.2 A Sub-Regional Approach

Another important transit issue with India is granting of access to Bhutan and Nepal to the Bangladesh port of Mongla port for its foreign trade (Murshid, 2011: 44). Thus the growth of inland waterways is necessary to regenerate connectivity in the region. It is very significant, particularly for the landlocked countries as it provides an exit to the seas (Chauadhury et al., 2018: 77). In 2010, India-Bangladesh signed a treaty, and according to this treaty, Bhutan and Nepal's trucks carrying goods from their country are allowed to

[43] Kharel, Paras (2009), South Asian Transit Arrangement, Briefing Paper No. 11, Kathmandu: SAWTEE

enter about 200 meters into Zero Point at Banglabandh-Phulbari land customs station. In order to improve the sub-regional transport network, both countries decided to include Nepal and Bhutan to strengthen sub-regional cooperation. Both countries in an agreement decided that Nepal, Bhutan, and India could use the Mongla and Chittagong seaports. In this agreement, they have also decided to give transit traffic between Nepal and Mongla port, which goes through Rohanpur/Singabad-Kathihar-Rauxal-Brigunj broad gauge rail link (Taneja et al., 2013: 12).

4.10 Probable Benefits for India and Bangladesh

Bangladesh has its own interests in strengthening physical connectivity with India. From a political point of view, Bangladesh can utilise the transit as an edge to settle some unresolved issues with India. Economically the countries trade is likely to benefit from trade with Nepal and Bhutan. In this process, India has already allowed Bangladesh to conduct its trade with two Himalayan countries through its territory (Selim, 2012: 102). Bangladesh and its neighbouring states, especially Nepal, Bhutan, and India's northeast region, could take advantage significantly if physical connectivity is considered in the sub-regional context (Rahmatullah, 2009: 13). Moreover, a transit facility to India might open up new revenue for the country to import natural resources from Northeast India and convert them into exportable commodities (Selim, 2012: 102).

Some studies have shown the economic benefits that Bangladesh can harvest from granting transit connectivity to India:

4.10.1 Opportunities for Bangladesh

Currently, Bangladesh has a huge trade imbalance with India. Trading can reduce Bangladesh's trade deficit in transport services with India. In this context, it is very important to note here that Bangladesh does not have a transport service market outside this sub-region. In other words, it can be said that chances of trading in transport services may not proceed for long. It is also a reality that no other country than Bangladesh can give transit routes and transport linkage to the countries of sub-region. These circumstances give a huge opportunity to Bangladesh for transit trade. Therefore, it can be argued that Bangladesh has a huge potential to rise as a "transport hub" of sub-region

containing Nepal, Bhutan, and Northeast India. Consequently, this could be a positive sum-game for every single involved nation (Rahmatullah, 2009: 14).

According to a study conducted by RIS (2007), "the transit revenue for Bangladesh was estimated between US$ 660 million to US$ 1060 million and $110 million to $180 million respectively for the two different corridors". The markets of the Northeast states would become more easily accessible for Bangladeshi products if transit is provided. Bangladesh can import raw material and export finished products to the northeast, which would be cheaper due to the physical proximity (Selim, 2012: 103)..

Transit to India could generate employment opportunities for Bangladeshi people. According to a 2016 estimate, transit to India would create jobs in Bangladesh's transport sector and small business opportunities in the areas around the transit routes[44]. Bangladesh has realised that conceding connectivity and travel to India would be a win-win condition for the country as, in addition to earning an income it would enable neighbourhood business people to access markets in North East India and beyond and more prominent people to people contact in a smooth manner (Chaudhury, 2018: 2).

This transit facility to India can make more trade possibilities for Bangladesh with the North Eastern states of India. With more profound trade and transport linkages with India, Bangladesh can profit by new markets, new import wellsprings of high quality and better-priced items, expanding the untapped potentials for transport and logistics services. India is keen on road and rail transit through the country as it would cut down the expense and time to send commercial items to its north-east (ibid). Thus, transit could lead to the development of the transport infrastructure in Bangladesh. For example, Bangladesh has fragile railway infrastructure, which could be strengthened immensely. The extensive use of railways to facilitate smooth transit could bring the badly needed investment into Bangladesh railway infrastructure (Selim, 2012: 103).

Murshid (2009) in a study recommended that railways should be the premier mode of transportation for India-Bangladesh transit. According to him, rail transit is the most

[44] https://bdnews24.com/business/2016/06/17/bangladesh-opens-transit-for-india-beginning-a-new-era-in-relations.

useful for Bangladesh. In spite of the fact that rail network remains incomplete, but there are some reasons that support the rail choice over the road alternative. For example, the country has lost out to different modes of transport, particularly the road mode over the year; therefore, rail transport has emerged as a moribund system for the country. Bangladesh rail networks can take advantage of an enormous and beneficial market because of potential demand for transit services. It is one of a kind open door for Bangladesh to resuscitate the rail network and attempt a coordinated effort to recover its offer in the cargo market. Rail connectivity is a better option for Bangladesh than other transport because the country has a dense population and scarcity of land. The country already has a basic rail infrastructure. Therefore there is a need for improvement and upgradation rail transport network which will not be land–escalated in contrast to that of roads. Rail transport is considerably more environmentally friendly, and furthermore, the cost of rail freight is not much expensive. Bangladesh could earn enough revenue from Chittagong and Mongla seaports if Bangladesh accords transit to India. Currently, both seaports have excess capacity to handle additional cargoes and containers. For example, in Chittagong port, 43 per cent of the container and 46 per cent of cargo handling capacity remains unutilized. Bangladesh may earn an additional $200 million annually by opening up its ports facilitation for handling Indian cargo (Selim, 2012: 103).

In the context of ports, some studies find that the Chittagong port has a huge capacity to become a modern busy port like Singapore and China. It can serve the SAARC countries. The port can provide huge foreign investment opportunities in the service sector like a bank, insurance, hotels, rest houses, and petrol pump, etc. Bangladesh also may develop around the transcontinental roads and railways. The mutual transit facility can give shorter accessibility to Bangladesh to reach out to China. In this regards, an initiative has been already taken by its neighbouring countries, which will connect Yunnan province of China with Northeast of India, Myanmar, Thailand and Bangladesh (Dutta, 2010: 4).

4.10.2 Opportunities for India

There are obviously a number of opportunities for India if Bangladesh provides transit facility. In such a situation, India will be able to transport goods to the northeastern region at a lower cost than that being incurred presently. It would have helped in

attracting investment to the northeastern region both overseas and domestic. Because the region is facing severe challenges of high transportation cost and lack of direct transit accessibility through Bangladesh, which badly affects the investment flow in the region. Thus, it is one of the main obstacles for the continued backwardness of the northeast. If Northeastern region will be able to do so, then states in the region would have been linked more firmly with the mainstream economy of India. It will have a salutary political effect if Bangladesh provides its territories for transit. It will also lead to large-scale investment in Chittagong and Mongla seaports, and ports will have the ability to handle the additional volume of India, Nepalese and Bhutanese cargo (Dubey, 2013: 126).

India would have facilitated large-scale investment for the expansion and upgrading of Bangladesh's transport infrastructure. There would have been a huge economic benefit to Bangladesh by method for a travel charge. According to one estimate (De, 2012: 183), the country could earn at least $1 billion per annum by transit free. It is also envisaged that if economic growth accelerates in India's northeastern states, then Bangladesh's exports to the northeastern region's market would have expanded considerably. Bangladesh's profit from its exports to Nepal would also have increased sizably due to the transit facilities availability through India. Moreover, Nepal's export earnings from Bangladesh and destinations beyond Bangladesh would also have increased. India has granted transit facilities for trade between Bhutan and Bangladesh. It would have led to an increase in the two-way trade between these two countries (ibid, 127).

4.11 Major Transit Problems between India-Bangladesh

Various historical, political, and economic barriers have broken the surface transport network between India and Bangladesh. That led to the unrealised potential, which is considered as the main component of economic development at the regional level. Both countries are facing such challenges despite they already had the basic infrastructure set up commonly helpful for intra and inter-regional transport connectivity. Lack of integration and non-cooperation in the transport sectors has adversely affected the economic prospects of both countries. In turn, they are losing on many fronts (Rahmatullah, 2006: 4).

The most common concern amongst a fourth of the Bangladeshi population is that transit to India might hamper Bangladesh's security. There is a perception in Bangladeshi people that India could use transit facility to curb insurgency in its Northeastern states which could, in turn, threaten the security of Bangladesh. Moreover, transit to India can pull the country "into India's internal security matrix". Further, some analysts consider that transit might spur arms and drugs trafficking through Bangladesh territory (Selim, 2012: 104). Due to these security concerns, Bangladesh has denied transit facility to India, but Bangladesh has granted water transit to India which has not threatened the security of the country.

Some other analysts also argue that if the transit of Indian goods through Bangladesh's territory is given. It will overburden and even 'ruin' the country's transport infrastructure, i.e., railways, waterways, roads, and highways. According to the Finance minister of Bangladesh, Saifur Rahman if Bangladesh provides transit facilities to India, the country's entire road system will collapse (Dubey, 2013: 127).

Road network constitutes a basic means of transportation and an imperative facilitator for the task of trade and commerce. Road network is more being used in the region. But they are profoundly lacking to achieve the dimension of connectivity that is being imagined. The condition and status of roads in border areas, especially those with India are exceptionally poor, which influences bilateral trade (Chaudhury and Basu, 2015: 28). Bangladesh roads have just two lanes, and those can handle an axle load of 8.2 tones. In such condition, Bangladesh can not allow heavily loaded Indian trucks to employ on these roads until highways load handling capacities are not improved. These expressways have the normal "right of way" (ROW) of around 40 metres or more. Advancement concerning widening the main highway has exceptionally been sluggish like four-lane of Dhaka-Chittagong highway (Rahmatullah, 2013: 6). Moreover, roads are less durable because the material used for road building in Bangladesh is riverbed particles and which is inapplicable. Generally, these riverbed materials are angular, rounded and contain irregular surface, which reduces its adhering capacity (Chaudhury and Basu, 2015: 29).

The poor situation of railway networks in Bangladesh is a serious concern for India because it directly affects their bilateral trade growth. The development of railways is

capital intensive in Bangladesh. And it has suffered over the years. Bangladesh's topography also makes the laying of tracks very difficult, because the country's soil is mainly alluvial, which is spread in the major parts of the land (Chaudhury and Basu, 2015: 28). Besides topography, some physical barriers are also creating hurdles for the expansion of the rail networks. According to Abdullah (2011), "there are some major physical barriers including inadequate loop lengths, some missing links of shorter lengths in the border areas, lack of physical infrastructure at interchange points, load restrictions on bridge, lack of coordination for gauge conversion programmes on different railway systems and capacity constraints in certain sections of identified corridors[45]".

Jamuna Bridge faces a constraint of weight restriction, and a few trains can cross the bridge per day. There are also some other problems. For example, Kulaura-Shahbazpur/Mahishasan (39 km) and Akhaura-Kulaura-Karimganj rail links are not recommissioned until now. Moreover, some rail links are experiencing capacity limitations. It can be seen in the Dhaka-Chittagong track, where track doubling speed is very slow (Rahmatullah, 2013: 6).

Inland Waterway transport is facing severe capacity challenges. These are including a high rate of river's bank erosion, night navigational and draft confinement of 1.83 m. And jetties and piers have very poor coordination. They don't have adequate storage space, freight taking care of equipment, and support craft. There is no sufficient depth in Ganga. Sedimentation remains an issue in some areas of the port, and it disturbs the riverbed and waterway every year. That makes dredging the patches an annual and costly affair. Moreover, Bangladesh does not have enough assets to make dredging a careful and exceedingly sorted out procedure (Chaudhury and Basu, 2015: 34).

There is no night navigational facility, and it remains a matter of concern. Indian vessels plying Bangladeshi routes seldom avail it. There is no arrangement for night navigation, which is necessary for 24-hour navigation. But most ports do not have round-the-clock

[45] Abdullah, M.M. (2011), "*Regional Connectivity: Problems and Prospects"*, The Daily Star, [Online: web] Accessed 26 September 2015, URL: https://www.thedailystar.net/news-detail-203266.

operational facilities (Chaudhury et al., 2018: 75). Bangladesh's major ports like Chittagong, Ashuganj, Mongla, and Payra are facing above capacity constraints. With regard to IWT route, the absence of transshipment at Ashuganj is the major obstacles for free movement of vessels and transit traffic between Kolkata and NE India. Under the Indian Line of Credit, a project has been begun to make this route operational. There is also a need to build an improved road link (35 km) between Ashuganj-Akhaura/Agartala (Rahmatullah, 2013: 6).

These discussed problems above affect the smooth movement of freight and vehicles between both countries. In turn, it causes a delay in cargo clearance, speed money payments, cumbersome documentation and customs procedures, etc.

Besides, some procedural issues are also associated with the preparation of customs documents and inspections that make the process of cargo movement, a time-consuming and capital-intensive (The Daily Star, September 21, 2011). It can be seen at the India-Bangladesh border where a consignment requires at least 17 documents, more than 330 signatures and a minimum of 67 copies at several stages for the final approval. Each country requires different documents. As a result, transportation of cargo becomes more complex. In the road sector, the average time for a trade consignment to pass through the border is 4-6 days (De and Bhattacharyay, 2007: 46-47).

These are major constraints in front of India-Bangladesh and their neighbouring countries. In order to tackle these physical and non-physical problems, various studies have been conducted to find out an appropriate solution. These are:

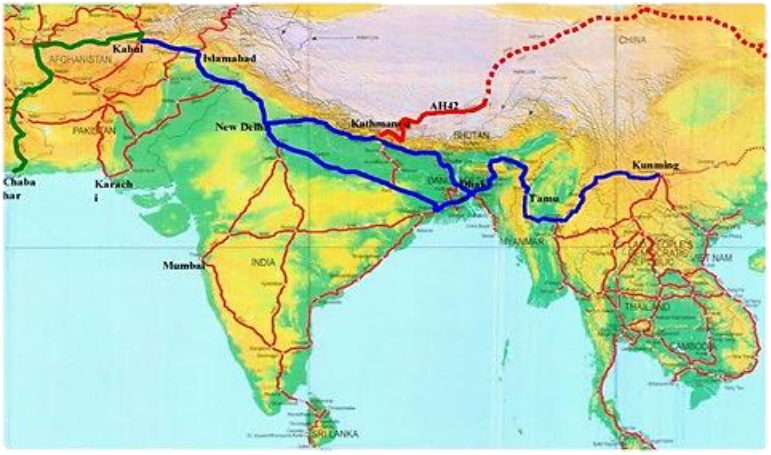
4.12 Initiative to Restore Connectivity

UN-ESCAP is playing an important role to restore regional connectivity in the region. It has taken one of the pioneering efforts through its two popular projects, in particular, the Asian Highway (AH) and Trans Asian Railway (TAR). These two projects were started in 1959 and 1960, respectively. 28 countries out of 32 have signed on AH Agreement so far, which came into existence on 4th July 2005 (The Daily Star, March 28, 2011). India is also a party to this network. Asian highway passes through four states of North East of India. It enters Meghalaya after crossing Bangladesh, and then enters Assam and pass

through two more states, Nagaland and Manipur before entering Myanmar. This project is expected to promote trade, commerce, tourism, etc. in the region. It will provide a critical linkage between North-East India and South East Asian countries (Mandal, 2009: 77). These two major routes will provide linkage between SE Asia and SA and Europe.

In this regard, The Trans Asian Railway network becomes very important because it has been identified as a Southern corridor which passes through from Indonesia to Turke and the route covers a length of 35200 km distance. In the TAR route, five gauges are involved. Therefore, the Trans Asian Railway route is very significant for South Asian countries and their interests are embedded in it. But several missing rail links between Thailand and Myanmar and Myanmar-India and Pakistan are impeding its potential (The Daily Star, March 28, 2011).

Map 4.12: Bangladesh: Asian Highway Route



Source: M. Rahmatullah (2011), *"Connectivity issue: Political leaders set the tone",* [Online: web] Accessed 7 March 2015, URL:http://archive.thedailystar.net/suppliments/2011/anniversary/part5/pg8.htm.

There is a need for separate agreements to be signed by concerned countries to operationalise AH and TAR networks. Asian Highway network passes through India and Bangladesh territory, and greater connectivity is important for both countries. Initially, during the BNP period, Bangladesh was not prepared to sign up AHN and wanted to change the route. But when the AL came into power in 2009, Bangladesh changed its position, and the Cabinet approved country's accession to the AHN in principle on 16

June 2009. Further, Bangladesh foreign policy goals were changed and approved a proposal to build a Dhaka-Yangon-Kunming road. This road will allow transit connectivity to China from Chittagong port to eastern China. Moreover, Bangladesh signed a trilateral agreement on connectivity, which is supported by China. These proposed road corridors come under the Kunming Initiative (BCIM) and go around India (Pattanayak, 2009: 3-4).

4.12.1 The SAARC Initiative

During the Islamabad SAARC summit in 2014, SAARC member states decided to strength transport communication linkages among South Asian countries. This decision was pursued, and some famous scholars of the region conducted "SAARC Regional Multimodal Transport study" (SRMTS). The study was completed in 2006. This study distinguished 43 corridors. These corridors were 10-road, 5-Rail, 2-IWT corridor, and 10-Maritime and 16 Aviation Gateways respectively for regional connectivity. Member countries approved SRMTS during fourteenth SAARC Summit in 2007 in New Delhi. In this Summit, Afghanistan was included in the regional bloc. And all countries decided to build up a model of regional transit and transport arrangement (SRMTS, 2006: 1)

This study gave a firm emphasis on the regional transport network. And the study concluded that the regional transport system is very important, particularly for Nepal and Bhutan. After the completion of these identified corridors, India's Northeast could end their "landlocked" or "semi-isolated" status and could give shorter transport and transit routes for Bangladesh. Nepal, Bhutan, and India's Northeastern region within such a regional framework will benefit. Such an arrangement could improve access to Bangladesh's ports. Thus NER could become significant economic centres and a choice route and mode of transport in Southern Asia. In this respect improving connectivity by road, rail and inland water transport are especially important for the eastern region of South Asia (SRMTS, 2006: 1-2).

4.13 Recent Development in India-Bangladesh Connectivity

There have been some positive developments on the issues of India-Bangladesh connectivity when the Awami League came into power with an absolute majority at the

end of 2008. First, the Bangladesh PM visited India in January 2010, and some decision related to connectivity issues were taken toward the finish of the visit. Secondly, an Asian Development Bank (ADB) study favours transit between the two countries. And, third, there is another report which came out in April 2011, and this report states the official position of Bangladesh government on this issue (Selim, 2012: 104).

4.13.1 The Core Committee Study Report on Transit

The Bangladesh Ministry of Commerce formed a core committee on transit on December 2, 2010. It was the very first initiative taken by the Bangladesh government to evaluate the option for granting transit to India in economic terms. This committee was headed by Dr. Mozibur Rahman, the chairman of the Tariff Commission and consisted of two sub-groups. The core committee has dealt with four issues. These are probable transit routes, investment for infrastructure development and return from transit fee/charge, and the economic impact of transit.

The committee put forward the final report to Government of Bangladesh in January 2012. The report has identified seven road routes for transit traffic, six rail routes, and three new routes for inland water transport to facilitate transit (The Financial Express, February 6, 2012). Three land routes out of seven provide Bangladesh access to Bhutan and Nepal across the Indian Territory. And one of the six rail routes connects Bangladesh with Nepal (Table, 4.13.1).

Table-4.13.1: Core Transit Routes by Road, Rail, and IWT

SI No.	A-Road routes	
1	"Kolkata-Petrapole/Benapole-Dhaka-Akhaura/Agartala	India & Bangladesh
2	'Agartala-Akhaura-Chittagong'	India & Bangladesh
3	'Silchar-Sutarkandi-Chittagong Port'	India &Bangladesh
4	'Silchar-Sutarkandi-Paturia Ferry-Benapole-Kolkata'	India & Bangladesh

5	'Samdrup Jonkhar (Bhutan)-Guwahati-Shillong-Tamabil-Sylhet-Chittagong'	Bhutan, India& Bangladesh
6	Kathmandu-Kolkata/Phulbari-Banglabandha-Mongla/Chittagong	Nepal, India & Bangladesh
7	Thimpu-Phuentsholing-Jaigaon/Burrimari-Mongla/Chittagong	Bhutan, India &Bangladesh
	B-Rail routes	
8	Silchar-Mahisasan/Shahbazpur-DhakaICD-Banglabandha Bridge-Darshana-Kolkata	India & Bangladesh
9	Silchar-Mahisasan/Shahbazpur-Chittagong Port	India & Bangladesh
10	Agartala-Akhaura LCS-Dhaka ISD-Banglabandha-Darshana	India & Bangladesh
11	Agartala-Akhaura-Chittagong Port	India & Bangladesh
12	Kolkata-Petrapole/Benapole-Khulna-Mongla Port	India & Bangladesh
13	Birganj-Raxual-Katihar-Singabad/Rohanpur-Khulna-Mongla Port".	Nepal & Bangladesh
	C-IWT route	
14	"Kolkata-ramongal-Mongla-Narayanganj-Ashuganj-by road to Agartala"	India & Bangladesh

Source: Rahmatullah, M. (2013), "Regional Transport Connectivity: Its current state", *The Daily Star*, Dhaka, 20 March 2013.

The report among other things suggested charging a user fee instead of transit fees for use on transit facilities. The report has recommended imposing a user fee on various services like transportation and administrative services. For road transit, the user fees include the cost of road damage, accident externalities, congestion cost and environment cost (Selim, 2012: 106). For example, this report has proposed that Bangladesh can charge transit fee ranging between $252 and $511 for road routes on each truck. That comes from India,

Bhutan, and Nepal and use territory of Bangladesh (The Financial Express, February 6, 2012).

Due to the poor condition of roads, in the report, it was firmly recommended for the use of another mode of transportation. In this regard, the railway and waterways transport could be a good option for carrying transit traffic (ibid). It was suggested because the road network condition in Bangladesh is below standard. The roads are just two lanes, and these can handle 8.2-ton axle load. These roads can be utilized in a constrained manner to transport for high-esteem products (The Daily Star, March 28, 2011).

The report also has done a detailed analysis of railway and waterways transit facilities. Economic point of view, it has shown how transit facility would be beneficial for neighbouring countries prospects. The report has also discussed the legal framework and operational procedures of transit (The Financial Express, February 6, 2012).

4.13.2 International Organisations' Assistance for Building Transport Connectivity

Regional collaboration need not be just at the institutional level. Non-government organizations having a regional base also have a significant task to carry out in such a manner (Thapar, 2012: 164). In 2010, the Asian Development Bank conducted a study on transit under the supervision of the Bangladeshi transport expert Dr. M. Rahmatullah. The study has quantified the benefit from transit to Bangladesh. According to the report, Bangladesh would earn $50 million per annum in the first five years. Further study finds that the internal rate of return from transit is 33.46 per cent. The study shows that trade in transport service is economically beneficial for Bangladesh. The study also identified probable profit making routes transit-seven road routes, six rail routes, and two water routes (The Daily Star, April 21, 2011). Moreover, ADB has been giving technical, advisory, and budgetary help to the BBIN-MVA activity as a major aspect of its assistance to the SASEC program. It is projects based economic collaboration that brings together BBIN nations, Maldives, Sri Lanka, and more recently Myanmar[46]. The ADB is already financing two Asian Highway undertakings in North Bengal linking the

[46] http://pib.nic.in/newsite/PrintRelease.aspx?relid=175638

Kakarvitta in Nepal, Phuntsholing in Bhutan and Banglabandha in Bangladesh to clear path for simple travel between the BBIN countries (Bose, 2016: 2).

4.13.3 World Bank Assistance

In June 2014, World Bank gave a 107 million credit to Mizoram State for Regional road network project. The main objective of that line of credit was to enhance the connectivity of the landlocked state of Mizoram and harness the regional trade opportunities among neighbouring countries. This road project would provide access to Mizoram and other Northeastern states road link with Bangladesh, Nepal, Bhutan, and Myanmar (The Financial Express, June 15, 2014).

The road link would provide connectivity to Bangladesh. And it would enhance bilateral trade and accessibility to Chittagong port as well. Chittagong port is located very close to the Northeastern region of India. Therefore, the port would facilitate greater bilateral trade. This road will also connect with Myanmar's border and the rest of East Asia and beyond. Trade and employment, within inter-state and between Mizoram and neighboring states will improve.

Mizoram is a distant hill state. Therefore connectivity is very important for it, which is geographically isolated from the mainland like the other northeastern states. Long and difficult mountainous terrain has made transportation of goods very costly. Thus high transportation costs have hampered trade and development prospects of the Mizoram and region both.

According to World Bank (2014) estimates, "annual intra-regional trade in the region can more than double from $16 billion to $38 billion annually if trade barriers with neighbours were removed. Further, investments in transport infrastructure could reduce trade costs by more than 20 per cent in India and 12.5 per cent in Bangladesh" (World Bank, 2014: 1).

According to Onno Ruhl (World Bank country director in India), *"Being strategically located between Myanmar and Bangladesh, a better connected Mizoram can open up huge trade potential for the entire northeastern region of India with South and East Asian*

countries. These countries will be able to export and import goods cheaper and faster. Consumers will also benefit from better pricing and choices" (ibid, 2).

4.14 Bilateral Visits & Connectivity Cooperation

There have been several visits to Bangladesh by India at the political level including President, Vice President, and former Prime Ministers Manmohan Singh and present Prime Minister Narendra Modi. As well as, some Ministers and senior officials are also visiting each other's country on a regular basis that has underlined the importance of India and its relations with Bangladesh. Bangladesh also continued high-level visits to India that has helped to resolve some issues and lessened apprehension on many issues.

Both countries noted that the development of efficient transport infrastructure between them is very necessary for the fluent move of trade and investment. Therefore, in the view to increase connectivity, during the bilateral visit, both countries have signed various agreements and protocols (Islam, 2015: 1).

Bangladesh PM Sheikh Hasina visited India in 2010, and during the visit, both countries made a joint statement to strengthen the connectivity. Bangladesh allowed India to use seaports, namely, Chittagong and Mongla. Both countries identified some other areas of cooperation with regard to waterways and rail communication. Among other things, the two countries agreed to include Ashuganj and Silghat as the two new ports of call (Selim, 2012: 104-105). During 2007 India had asked Bangladesh to provide access to Ashuganj Riverport for the transportation of goods from Tripura. This port could be very crucial for Tripura, as it is only 62 km away from Tripura (Pattanayak, 2009: 3).

The importance of India's relations with Bangladesh was underscored by India's PM Modi, during his visit to Bangladesh in 2015. And India continued to gain impetus in further strengthening relations. Bangladesh is also looking the same from India since 2010. Thus, in the last few years, some breakthroughs took place. But in 2015, it gained impetus when Indian PM Narendra Modi visited Dhaka and ratified the Land Boundary agreement on 6 June 2015, which was a 41 years-old boundary dispute between the two countries (The Daily Star, June 11, 2015). Besides this, India signed 22 agreements with Bangladesh to develop infrastructure on June 6, 2015. These agreements would bring in

the fresh impulse to improve relations between both countries[47]. During the visit, at joint statements, Prime Minister Modi said, "*The visit is at a historical movement. We have resolved a question that has lingered since independence. Our two nations have a settled boundary. It will make our borders more secure and people's life there more stable*" (Ministry of External Affairs, 2015: 3).

India and Bangladesh started two cross-border transport services in June 2015. These are Kolkata-Dhaka-Agartala and Dhaka-Shillong-Guwahati bus Services. Under this signed protocol, these bus services would link West Bengal to India's three North Eastern States through Bangladesh's Capital Dhaka (The Hindu, June 6, 2015). In April 2017, they also started Kolkata-Khulna bus service (The Time of India, November 10, 2017).

As far as, air connectivity is concerned, almost 100 flights operate weekly between India and Bangladesh. These flights provide air linkages from New Delhi, Kolkata, Mumbai, and Chennai to Dhaka and Chittagong. Four haats, two each in Meghalaya (Kalaichar and Balat) and Tripura (Srinagar and Kamlanagar) are functional, and two more are on the unveiling. In the context of border infrastructure, there are 49 notified Land Customs Stations (LCSs), and two Integrated Check Post (ICPs) on the border. Out of 49 LCSs, 36 are functional. ICP at Petrapole started in 2016. These land posts are very important because more than 50 per cent of India-Bangladesh trade goes through Petrapole and Benapole, which started working around the clock since August 1, 2017 (The Times of India, November 10, 2017). The Agartala ICP is operational since November 2013. The ICP at Petrapole was inaugurated by Prime Minister of India and Bangladesh on 21 July 2016. India wants to upgrade eight more of the existing LCSs into ICPs to boost bilateral trade and investment. And work has been started on upgrading the Dawki LCs in Meghalaya (High Commission of India, 2018: 5-6).

During her visit to New Delhi in 2017, Prime Minister Sheikh Hasina signed 22 important pacts with India on 8th April 2017. Of which, some are related to transport connectivity and infrastructure development. These are Monga, Chittagong, and Payra ports upgradation and LCSs, land Ports, and ICP's infrastructure upgradation and

[47] http://pib.nic.in/newsite/PrintRelease.aspx?relid=122147.

development (MEA, 2017: 6). They also started some more ICPs and LCSs including Petrapole ICP, Phulbari-Banglabandha Immigration Check-Post and Srimantapur LCS (Haidar and Bhattacherjee, 2017: 1-2).

India has picked well to extend funds to rebuild old railway lines and develop bridges, power plants, port and roads in Bangladesh. The two Prime Ministers also emphasised the revival of inland waterway channels and increased connectivity with Nepal and Bhutan. Both countries agreed to send goods via the Ashuganj River Port under the IWTT Protocol. Moreover, they emphasised to construct Ashuganj Inland Container (ICP) and want more ports to be included under the PIWTT framework (The Hindu, April 11, 2017). They started a new rail service between India's Radhikapur and Birol of Bangladesh. (MEA, 2017: 7).

Moreover, in view to increase connectivity, on 9 November 2017, India and Bangladesh started "new cross-border train service, "Kolkata-Khulna Bandhan Express" from Kolkata. Both countries unveiled Bhavirab and Titas railway bridges. Also they began "International Rail Passenger Terminus with End-to-End immigration and Customs clearance facilities". This facility will be available at Kolkata station for the passenger of Maitree and Bandhan Express. These initiatives will bring close connection and understanding between two countries, and these train links will additionally add to transport linkages among them and also improve their relations (PIB, 2017: 2). In order to strengthen bilateral relations, Foreign Secretary Vijay Gokhale, during his visit to Bangladesh from 8-10 April 2018 signed six Memorandums of Understanding (MoU) with Bangladesh to deepen bilateral and regional ties. Mostly the MoUs were on development and cooperation programmes. One MoU was for the construction of the Friendship Pipeline between India's Siliguri and Parbatipur of Bangladesh[48].

4.15 India's Line of Credit to Bangladesh

India gave three Lines of Credit to Bangladesh in the past seven years. It accounts for US$ 8 billion. India extended the first 1 US$ billion LoC to Bangladesh during

[48] Ministry of External Affairs, Government of India (2018), *Visit of Foreign Secretary to Bangladesh (8-10 April, 2018*, Accessed 5 May 2018, URL: http://www.mea.gov.in/press-releases.htm?dtl/29802/Visit_of_Foreign_Secretary_to_Bangladesh_810_April_2018.

Bangladesh's PM visit to India in 2010 (MEA, 2010:5). India gave the second Line of Credit of US$ 2 billion to Bangladesh in 2015 during the Indian PM's visit to Bangladesh (MEA, 2015: 1). Stepping up cooperation in the field of connectivity, during the visit of Minister of Finance and Corporate Affairs of India to Bangladesh from 3-5 October, India expanded third LoC of US$ 4.5 billion to Bangladesh[49]. That was the largest LoC given by India to any country so far. India has extended these Lines of Credit to Bangladesh for various infrastructure projects. These Lines of Credit cover the various undertakings in the area of port development, railways, roads, airports, shipping, bridges, power, energy and communication networks, etc[50]. For example, LoC of 2017 will be used for port upgradation work in Monga, Chittagong, Payra ports and also will be useful for the improvement of some Land Customs Station infrastructure Land Ports and Integrated Check Post's conditions[51].

Thus, it is very important to note that out of these projects, some have completed, and the remaining are undergoing. Besides LoCs India has also given grant assistance to Bangladesh for projects under "Aid to Bangladesh", and Agartala-Akhaura, rail link project, come under this framework.

4.16 Socio-Cultural Exchanges

India-Bangladesh cultural exchanges date back to many years, and there is evidence that conceptual and linguistic exchanges existed in the pre-partition era. The Indira Gandhi Cultural Centre (IGCC), is a Cultural Centre of the Indian Council for Cultural Relations[52] and Bangladesh. IGCC was set up in 2010. It has regularly organised programmes, and covers a wide-gamut of cultural activities. Yoga is becoming increasingly popular in Bangladesh. Hindi, Hindustani Classical Music, Manipuri dance,

[49] Ministry of External Affairs, Government of India (2018), "*Annual Report 2017-18*", p.5

[50] Ministry of External Affairs, Government of India (2017), *"India-Bangladesh Joint Statement during the State Visit of Prime Minister of Bangladesh to India (April8, 2017)*", Accessed January 5, 2018,URL: http://www.mea.gov.in/bilateral-documents.htm?dtl/28362/India++Bangladesh+Joint+Statement+during+the+State+Visit+of+Prime+Minister+of+Bangladesh+to+India+

[51] ibid

[52] The Indian Council for Cultural Relations was founded in 1950. Its main objectives are to foster and strengthen cultural relations and mutual understanding between India and other countries. It promotes cultural exchanges with other countries and people and to develop relations with countries, http://iccr.gov.in/content/welcome-indian-council-cultural-relations.

Kathak, and painting are also well known in Bangladesh. These courses are getting huge popularity among Bangladeshi students. Hindi educator of IGCC teaches Hindi at Institute of Modern Languages in University. To strength linguistic tie, a "Hindi Chair in the University of Dhaka" was set up in 2017. In 2011, a Tagore Chair was established by ICCR in the Dhaka University (High Commission of India, 2017: 5). Also, during Foreign Secretary visit to Bangladesh in April 2018, an MoU was signed between ICCR and Dhaka University for the formation of the ICCR Rabindro Chair for the Urdu Language. In the field of mass media, Prasar Bharati and Bangladesh Betar signed an MoU. India also signed an agreement with Bangladesh for building computer and language labs in Bangladesh's 509 schools[53]. Along with education, tourism is also a very important asset for socio-cultural exchange between the two countries. The number of outbound tourists from Bangladesh to India has been increased over the years. In 2015, 7.5 lakh Bangladeshi travelers visited India, and the number of tourists reached to 9.33 lakhs in 2016 (Financial Express, May 13, 2018).

4.16.1 People to People Connectivity

India and Bangladesh have taken various steps to facilitate exchanges between the peoples. During Bangladesh PM's visit to India in 2017, the two countries agreed to mark the year 2018 as the "Year of India in Bangladesh," and year 2019 as "Year of Bangladesh in India" respectively. The two countries have also taken the decision to remember the "50th anniversary of Bangladesh's Liberation War in 2021 and the 75th anniversary of India as freedom from British rule in 2022" (MEA, 2017: 8).

4.16.2 Training and Capacity-Building

India is providing some training courses for Bangladeshi nationals. Under these courses, personnel of administration such as police, judiciary, fire-fighters, narcotic officials, nuclear scientists, and teachers are taking the training. During Bangladesh Foreign Minister's visit to India in February 2019, an MoU was signed between two neighbours on mid-career training of 1800 Bangladesh civil servants (The Economic Times,

[53] http://www.mea.gov.in/pressreleases.htm?dtl/29802/Visit_of_Foreign_Secretary_to_Bangladesh_810_April_2018.

February 8, 2019). Bangladesh is an important ITEC (Indian Technical and Economic Cooperation) partner country. Under the ITEC programme, more than 800 students from Bangladeshi benefit of the training courses every year Further, for academic exchanges, the Indian Council of Cultural Relations (ICCR**)** offers scholarships to Bangladeshi student for pursuing general as well as specialised courses. General courses are arts, science, engineering while specialised courses are cultural, drama, music, fine arts, and sports, etc. in India. As far as, Indian students are concerned, about 3000 are pursuing medical courses in various universities of Bangladesh (High Commission of India, 2017: 5).

4.16.3 Energising the Partnership in Tourism Sector

At present, Indian High Commission in Dhaka and two its Assistant High Commission in Chittagong and Rajshahi issue the visa. A total number of visa has increased over the years, and it was 9.33 lakhs in 2016, and this number reached to about fourteen lakhs in 2017 (MEA, 2018: 6). Currently, 12 Indian Visa Application Centres (IVAC) are functional in Bangladesh The State Bank of India manages it. Of which, four are in Dhaka (Gulshan, Dhanmondi, Motijheel, and Uttarsa). And the other eight are in Chittagong, Sylhet, Rajshahi, Khulna, Mymensingh, Rangpur, Barisal, and Jessore, respectively (MEA, 2017:8). India has upgraded Bangladesh Visa Office in Agartala and set up an Assistant High Commission of Bangladesh in Guwahati to make visa procedures smooth and more user-friendly for Bangladesh nationals. In order to make visa procedures easy, in February 2016, India and Bangladesh opened the Phulbari-Banglabandha immigration check. It may be considered a crucial step towards facilitating people exchanges between two countries and also between BBIN sub-region (MEA, 2018:6). These initiatives will work to bring the people of sub-región together by promoting deeper regional social and cultural understanding and expanding more noteworthy intra-regional mobility. India and Bangladesh can also learn a lesson from ASEAN, where visa exemption is being put in place. It makes it easier for the people of ASEAN countries to move around the region[54].

[54] http://aadcp2.org/wp-content/uploads/ASEAN_People-to-PeopleConnectivity.pdf.

4.17 Conclusion

The analysis indicates that India and its close neighbours, Bangladesh, Bhutan, and Nepal could benefit substantially if connectivity is enhanced by road rail and air and transportation of merchandise and containers are permitted across North East India and Bangladesh. It could be a positive sum game for all. India and Bangladesh have been enabled to deepen economic cooperation and raised bilateral trade by establishing transport connectivity. They have also been enabled to set up a wide range of transport networks for speedy movement of goods and people within the North Eastern region of India. With this regards, Bangladesh is playing a leading role in some sub-regional connectivity initiatives like BBIN, BIMSTEC, and BCIM-EC.

There is a need to provide transit facility on a reciprocal basis by all countries to build up ties with each other because the cost of non-cooperation for transportation of goods and vehicles is very high in the region. India, Nepal, and Bhutan are approaching for transit facility via Bangladesh as well as hoping to get access to Bangladesh seaports of Chittagong and Mongla. Recently, India and Bangladesh have agreed to open up sub-regional connectivity to these countries. In this situation, Bangladesh could gain significantly through transit trade with the landlocked countries.

Economies of North-East India and Bangladesh are complementary. Therefore, Northeast's accessibility to Chittagong port could unfold its economy to outside the world. Bangladesh faces mineral resources scarcity that has become a major problem for Bangladesh's development. In Bangladesh's development problem, Northeast India can fill up that vacuum with its huge mineral resource base. Besides minerals, the forest resource and hydro-power base of the northeast can significantly contribute to Bangladesh's socio-economic development.

Chapter V

Implications of India-Bangladesh Connectivity for India's North East

5.1 Introduction

North East region of India has had oldest civilisational linkages with Bangladesh, Myanmar, China and other countries of Southeast and East Asia that have immensely contributed to each other' strong artistic, cultural, linguistic and historical and trade links over times (Bhoothalingam, 2015: 113). From ancient times, trade inter-dependence existed amongst these regions. And India's Northeast region used to be its bridgehead to South East and East Asia. However, from mid of 20th century, there has been a very interesting change and it affected the geo-strategic importance of the region. And mistrust ruled the roost over the periods (CUTS, 2015: 1). The socio-economic development of the region suffered due to new political boundaries and regimes. The region continues to decelerate even after receiving special economic packages ever since 1996 (Haokip, 2015: 87).

The presence of adequate infrastructural facilities has become an important pre-requisite for the sustained economic development of a region. It has all the more important for the Northeastern region where industrial activity based on locally available resources which formed an important income generating an alternative. A better infrastructural network would reduce the impact of isolation and inaccessibility while it will encourage investments in the region both within and from outside. In other words, pre-1947 developments were largely influenced by tea, oil, and forest products movements from the area to the main consumption centres. These were responsible for the alignment of rail-road linkages in the region (Gopalakrishnan, 1991: 195).

However, these pre-1947 developments opened up the region and exposed its potential for the first time. That time, only river navigation was large-scale accessible transportation facility available. And it was used for territorial consolidation and commercial exploitation of resources. This was also responsible for the movement of labour to the region. Similarly, railway development acted as a feeder to the existing river

navigation facilities. It was more or less coterminous with the imperial interests in the region. Plantation's development, increasing exploitation of forest and oil industry reinforced it. And it linked the tea plantations with the railway networks of Bengal and entry ports at Kolkata and Chittagong. Thus, river ports and ferry points along with the transit centres gradually developed as important local and regional nodes significantly directed the course of development of transportation and communication in the region (ibid, 196). But partition of sub-region not only disrupted the well developed inland water and rail transport system but also provided the region with a narrow corridor connecting it with the rest of the country. In post-1947 period situation completely reversed and the region became land-perpetually underdeveloped and landlocked, hence politically volatile. The regional faced these problems because of economic and political reasons, and it got very limited administrative and political attention (Papola, 2017: 26).

North East India is a gateway for East Asia and has been acknowledged as a strategic focus for 'Act East Policy', earlier known as "Look East Policy." Out of India's total international land border (15,106.7 sq km), 36 per cent is shared by region with its neighbours. In geographic terms, NER is strategically situated. It shares borders with Bangladesh in the Southwest, Bhutan in the Northwest, China in the North, Myanmar in the East and Nepal in the West. North East Indian states share only two per cent of their border with the mainland country India and more than 98 per cent is shared with neighbouring countries (CUTS& FICCI, 2017: 1). That strategic location gives an opportunity not exclusively to India yet in addition for Asian nations, particularly the East and South Asian ones. It allows the region to be the centre of several transit corridors for other Southeast and South Asian countries (Nath, 2017: 179). Thus, the gravity of the region is basic in efficaciously pursuing economic initiatives with countries in South and South East Asia (Haokip, 2015: 87).

As far as India and Bangladesh are concerned, they are geographically proximate countries with strong historical, cultural and economic linkages. With recent economic dynamism and changes in their respective political regimes, the overall bilateral relations between India and Bangladesh are poised to be taken up to its next higher level.

The strategic location of the region is emphasized by the fact that both countries form about 4096.70 km long international borders. Of which the region shares almost 1880 km of border with Bangladesh. Out of which it shares 1434 km land border, and 446 km riverine borders (RIS, 2011: 30). Table 5.1 shows that four northeastern states, namely, Assam, Meghalaya, Tripura, and Mizoram shares international borders with Bangladesh. Excluding for Meghalaya, all three states share both land and the riverine borders.

Table 5. 1: North Eastern States: Length of International Border (in km)

State	Bangladesh	Bhutan	China	Myanmar	Nepal	Total
Arunachal Pradesh	0	217	10801	520	0	1817
Assam	263	267	0	0	0	530
Manipur	0	0	0	398	0	398
Meghalaya	443	0	0	0	0	443
Mizoram	318	0	0	510	0	828
Nagaland	0	0	0	215	0	215
Sikkim	0	32	220.35	0	97.8	350.15
Tripura	856	0	0	0	0	856
Total	1880	516	1300.35	1643	97.8`	5437,15

Source: Ministry of Development of North Eastern Region, *Length of North Eastern States International Border*, [Online: web] Accessed 20 January 2018, URL: http://www.mdoner.gov.in/node/202

5.2 Northeast Region's Landlockedness: Theoretical Perspectives

The neoclassical theory has mainly influenced theoretical underpinning on landlockedness. According to this theory, "when goods cross a country, there will be transaction costs having to do with customs and handling. If there is a switch in transport modes, there will be off-loading, and on-loading costs and perhaps storage costs as well. Therefore, landlockedness can be thought of as raising the price of imports and reducing the price of exports and further, net transport costs (which must be absorbed by a price-taking seller in order to compete in the regional and international market" (Mackellar, 2000: 3). Thus landlocked countries (hereafter LLCs) are put in a disadvantageous

position when it comes to cross-border trade, especially overseas. Consequently, real income is being reduced (Churchill, 2011: 14).

Northeast region of India is termed as landlocked inhabitating a hostile geographical terrain, and that is the impediments to development. According to Prabhakra (2014), "Northeast region is internally locked-themselves locked and locking out others and the region is unable to connect with each other physically in term of poor transport links and also unable to make connections intellectually and emotionally with their closest neighbours and even with their people." Reflection of such misconceived ideas can be seen in the policy formulation for development in the region. To some extent, the present geography of North East indeed possesses characters of landlocked and land surrounds it on all sides and thus suffers from sea trade or access to a seaport. However, the present northeast position is due to the partition of Bengal in the west and appeasement policy to Myanmar and China in the South East and East Asia. Thereby, historical trade routes and access to sea across the Chittagong Hill Tracts (for example Cox Bazaar) in present-day Bangladesh was served, whereas, access to Chindwin River that flows in the Bay of Bengal was denied (Indrakumar and Thangjam, 2011: 2).

Historically, for landlocked countries, it was regarded as a disadvantageous position. It separates the country from sea resources like fishing. Moreover, it breaks off access to seaborne trade. In these days too, a large share of international trade takes place via the sea. As a result, coastal regions became richer and highly populated compared to inland ones. Until now, many countries have made efforts to avoid being landlocked. For example, Serbia was well connected with the sea before Montenegro's split from Serbia. Country had established a linkage to the Black Sea through an agreement with neighbouring countries. But after Montenegro's disintegration from Serbia, it lost sea accessibility (ibid, 4). As far as landlockedness and development are concerned, Hungary is one of the best models. Other landlocked countries should learn a lesson from this model. Hungary shows that being landlocked is not a geographical disadvantage or an invincible issue. A landlocked can also expand its trade and achieve economic prosperity. The country is well connected by inland waterways, rail, and road networks to access the sea. Trains from Budapest take less than 36 hours to go two German ports that have

turned out to be significant for Hungary's trade to a destination abroad (including the UK and Ireland) (Healey and Baker, 2001). Thus, Europe has seen several serious issues of access to the ocean, but long-established principles have generally resolved these issues. Outside Europe, some landlocked states became independent, and they have resolved challenges of access to the ocean. Paraguay and Ethiopia have solved this issue by some bilateral arrangements. Paraguay has access to the sea via an internationalised navigable river. Ethiopia turned into a coastal state in 1952 when the country got acquisition of Eritrea by the federation and absorption (Glassner, 1970: 1).

This successful example of landlocked countries discussed above have shaped India's imagination of the North East from landlocked to 'potential area of opportunity' is its eagerness to act as the bridgehead to LEP, as North East is region rich in resources. However, the potentials have always been underutilised due to lack of access to the sea. A gateway through Myanmar, as well as transit via Bangladesh, will allow a resource-led growth in North East (Indrakurar, and Thangjam, 2011: 3). If the Northeast region is able to resolve the connectivity, logistics, and trade facilitation problems with Bangladesh, Myanmar and other South East and East Asian countries. Then the region can easily enhance both trade and connectivity with neighbouring countries, and it can grow faster than its present pace (De et al., 2019: 53).

5.2.1 The Captive Market Theory

Bangladesh's trader sees India's Northeast as a captive market for both its finished products and source of raw materials. As the NER is landlocked and markets in Bangladesh are very close. So Bangladeshi suppliers enjoy far greater transport cost advantage than their counterparts faraway from markets in mainland India. The reason is that tariffs under WTO regime are becoming irrelevant across the international border. Therefore, the quantum of transport cost is determining the competitiveness of the firms in the markets. Due to geographical advantage, business in Bangladesh hopes to enjoy a competitive advantage in the markets of the Northeast region. Already, Bangladeshi manufactured goods have curved a niche in the state of Tripura (Das, et al., 2016: 241). Some other scholars have a similar interpretation as discussed above, and they often put forward their argument that "if Bangladesh gives connectivity to India's northeast, this

“hostage showcase” would be lost” (Shah et al., 2013: 4). Connectivity involves high transportation cost when Northeastern states trade with mainland India and neighbours.takes place via land routes According to Mackellar (2000), “India’s Northeast (landlocked) pays to Bangladesh (transit country) tariff on incoming goods and tax on outbound goods. As a transport monopolist, transit country (Bangladesh) would not kill the goose that lays golden eggs. Instead, it will charge transport rate that reflects the price elasticity of demand and supply in the Northeast region”.

Some scholars look captive market argument differently, and they argue that Bangladesh's exports to India could be substantively expanded if Bangladesh would empower to build up cross-border linkages and upgrade access to business sectors of NER. As of now, North Eastern region’s purchasing power is limited. Low purchasing power has severely affected Bangladesh’s chance for higher exports to the region. Subsequently, connectivity through Bangladesh can make an open door for quicker advancement of North East. At that point, it is envisaged that Bangladesh can pick up from the consequent higher acquiring intensity of NER’s people. (Shah, et al., 2013: 6).

5.2.2 The Economy of Northeastern Region

During the initial three and half years of independence, Indian economy experienced very slow growth rate. The normal way of life over the states was low also. This situation changed in the early 1990s. The government of India introduced structural reform with the goal of economic liberalisation, and the country has made remarkable achievement in economic development. However, growth did not trickle down, and a handful of states only has grabbed the benefits. There has been a paradigm shift regarding growth trajectory in favour of states. Some state successfully implemented the policy and trade reforms and gained from accelerated growth. But North Eastern provinces of India failed to energise enough growth in NER and stayed moderate and beneath the national normal development story (Nath, 2017: 179).

Historically, the Northeastern region used to be a trading and maritime hub. Around 150 years ago, Region was at the forefront of development activities because of its global trade and investment. Global trade used to run through the ocean course, inland conduits,

and land transportation, which was a combination of road and railways. There was one of the oldest railways between Dibrugarh and Chittagong (RIS, 2011: 18).

Road and railways network helped to spread of tea garden. It was followed by the foundation of the first tea garden in 1835. Under this route, the first consignment of tea was sent to London in 1838. Later, the oil refinery was set up in Makum and Digboi in 1890, which played a significant role in the development of undivided Assam (ibid, 19).

But partition of the Indian subcontinent in 1947 played a hindering role in changing the economic landscape of the region. NER was at the front line of advancement development before partition. The multimodal communication network between NER and territory India used to go through the Bangladesh fields. Following the partition off, these routes were cut off from the rest of the country (Das et al., 2015: 78).

The conventional trade and communication routes with Myanmar and China were disrupted as well. The region turned into a landlocked territory in the genuine feeling of the term. The absence of economic probability and geographical distance between region and eastern port entry for India gave reasons to rise insurgencies that led the region's isolation (FICCI, 2012: 3).

Although the North Eastern region is considered a backward region today, the economic status of the region in the pre-independence period was better than that of the rest of the country. At the time of independence, the NER consisted of three broad administrative units. Besides the princely states of Manipur and Tripura, rest of the region was undivided Assam province. Division of the nation struck a huge blow to the economic prospects of the region. Traditional connectivity route through East Bengal was fragmented, resulting in only a small corridor of North Bengal connecting the region to the rest of the country. As a result, this led to transport challenges, and that has made very costly transportation of people and goods to and from the region. These bottlenecks have badly affected the economic integration of NER with the rest of the country (Dutta and Das, 2017: 52).

5.2.3 Development Prospects of North Eastern Region

With this background of the region's economy in the pre and post-liberalisation period, the region is not without its prospects. The critical inputs of land and water are yet to be fully utilized in the region (Dutta and Das, 2017: 64). The North Eastern Region covers a territory of 0.262 million sq. km. It represents 7.9 percent of the total geological territory of the country. The region shares 3.77 per cent of the total population of India (Dikshit and Dikshit, 2017: 2). The region has huge natural assets, similar to oil and gas, agro-horticultural assets, mineral storage, and huge hydroelectric potential and noteworthy forest resources. But in spite of having enough resources, the region is very backward as compared to other states of the country. These states lag behind in vital development indicators. The region's contribution to the GDP of the country is very little. It is nearly 2.5 per cent of India's DP. Region's 70 per cent of the population is engaged in agriculture for livelihood. The region has achieved some progress in the service sector, but its manufacturing sector is at an initial stage (FICCI, 2012: 1).

The lack of proper connectivity is a big constraint to the domestic trade of North East India with rest of the country (CUTS & MDONER, 2017: 2). But region shares a larger international land border which gives a big opportunity for the region. India reaps to benefits of cross-border trade with neighbouring countries, especially border trade. Border trade is slightly different from trade through air and seaports. Sea trade carries a large volume of goods and also involves various customs procedures[55]. According to Das (2016), "Border trade is defined as the flows of goods and services across international land borders and border trade takes advantage of geographical proximity and allows trades to take advantage of demand-supply gaps at the border".

Geographical proximities, such as those exist in North East India, and its neighbouring countries can potentially generate substantial gains to producers and consumers on both side of the border through conceptualizing the demand-supply gaps across borders. India has an agreement for overland trade with five neighbouring countries through LCSs. These LCSs were notified under Section 7 of the Customs Act, 1962. SAFTA governs

[55] http://www.mdoner.gov.in/print/content/border-trade

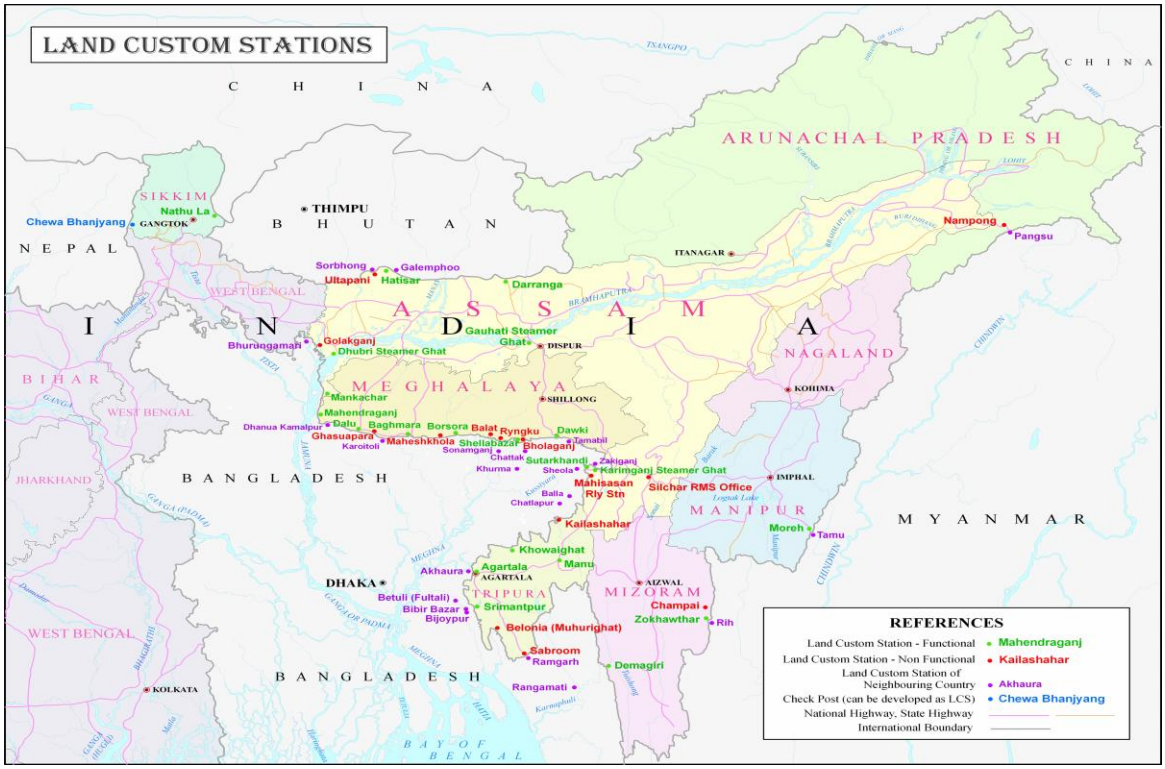
this cross-border trade though LCSs under its provision of FTA. Border Trade Agreement (BTA) governs the cross-border trade of China and Myanmar. Thus, despite approximately 40 LCSs and valid agreements, the potential cross-border trade of region with it neighbours is highly untapped due to several reasons such as insufficient infrastructure, lack of political will and political conflicts on international borders (CUTS & MDONER, 2017: 1-2).

5.3 North Eastern Region's Trade with Neighbouring Countries

The geographical location of North East India provides easy access to emerging, and potential markets of its neighbouring countries and speedy development process of its neighbouring countries, growing cooperation, and increasing connectivity have enabled as a huge prospect to enhance its trade activities. Region's trade with its neighbours takes place through LCSs via land routes. To enhance overland trade, particularly border trade, the Government of India has set up about 40 LCSs in North Eastern Region along with a border of five neighbouring countries (CUTS &FICCI, 2017: 3). Out of these LCSs, 14 are located in Assam, 11 in Meghalaya, 8 in Tripura, 3 in Mizoram, 1 in Manipur (Moreh), 1 in Sikkim (Sherathang), 1 in Arunachal Pradesh (Nampong), and 1 in Nagaland (Avangkhu). Whereas 27 LCS are functional and 13 are non-functional. Out of these LCSs, 30 situated at India-Bangladesh border. India-Bhutan and India-Myanmar border have three LCSs each, and one is located at India-China border respectively[56]

[56] http://www.mdoner.gov.in/node/1474

Map 5.3: Land Customs Stations in North East India with its Neighbouring Countries



Source: CUTS & FICCI (2017), *Harnessing the Potential for Cross-border Trade between North East India and its Neighbouring Countries*, Consumer Unity & Trust Society and FICCI: New Delhi, p.3.

Total trade between the region and its neighbours through these LDCs (trade routes) has grown over the years. From which, about 97 per cent of this total trade is carried out through LCSs. Total trade between them has increased substantially, and it had reached from Rs 7599.20 in 2009-10 to Rs 15968.70 million in 2016-17. But the balance of trade is tilted towards its neighbouring countries. The trade balance was against North East India in 2009-10 and 2014-15 respectively. While country wise trade balance is concerned, North East India has a trade surplus with Bhutan and China and the trade deficit with Bangladesh and Myanmar (Table 5.3).

Table 5.3: Trade of North East India with its Neighbouring Countries through LCSs (million)

Years	Trade Components				Country wise Trade Balance				
	Export	Import	Total	Balance	Banglad -esh	Bhutan	China	Myanmar	Nepal
2009 -10	3328.65	4270.5 5	7599.20	-941.91	-9.96	12.68	0.00	-3.42	0.72
2010 -11	2729.97	2839.23	5569.20	-109.25	-17.99	19.20	0.00	-1.21	0.00
2011 -12	4995.97	3480.23	8476.19	1515.73	-32.02	14.46	0.11	0.63	16,84
2012 -13	6796.01	3762.92	10558.94	3033.09	-12.83	12.96	0.93	-0.21	0.01
2013 -14	7502.60	3683.03	11185.65	-697.98	1.66	11.87	0.00	-13.66	0.13
2014 -15	5241.026	5939.00	11180.03	-697.98	-25.42	32.87	4.33	-11.78	0.00
2015 -16	8279.25	5924.55	14203.79	2354.69	41.86	52.29	5.80	0.05	0.00
2016 -17	10937.35	5031.37	15968.70	5906.01	-24.46	46.03	2.91	-23.54	-0.94

Source: CUTS & FICCI (2017), "*Harnessing the Potential for Cross-border Trade between North East India and its Neighbouring Countries",* Consumer Unity & Trust Society and FICCI: New Delhi. p. 4

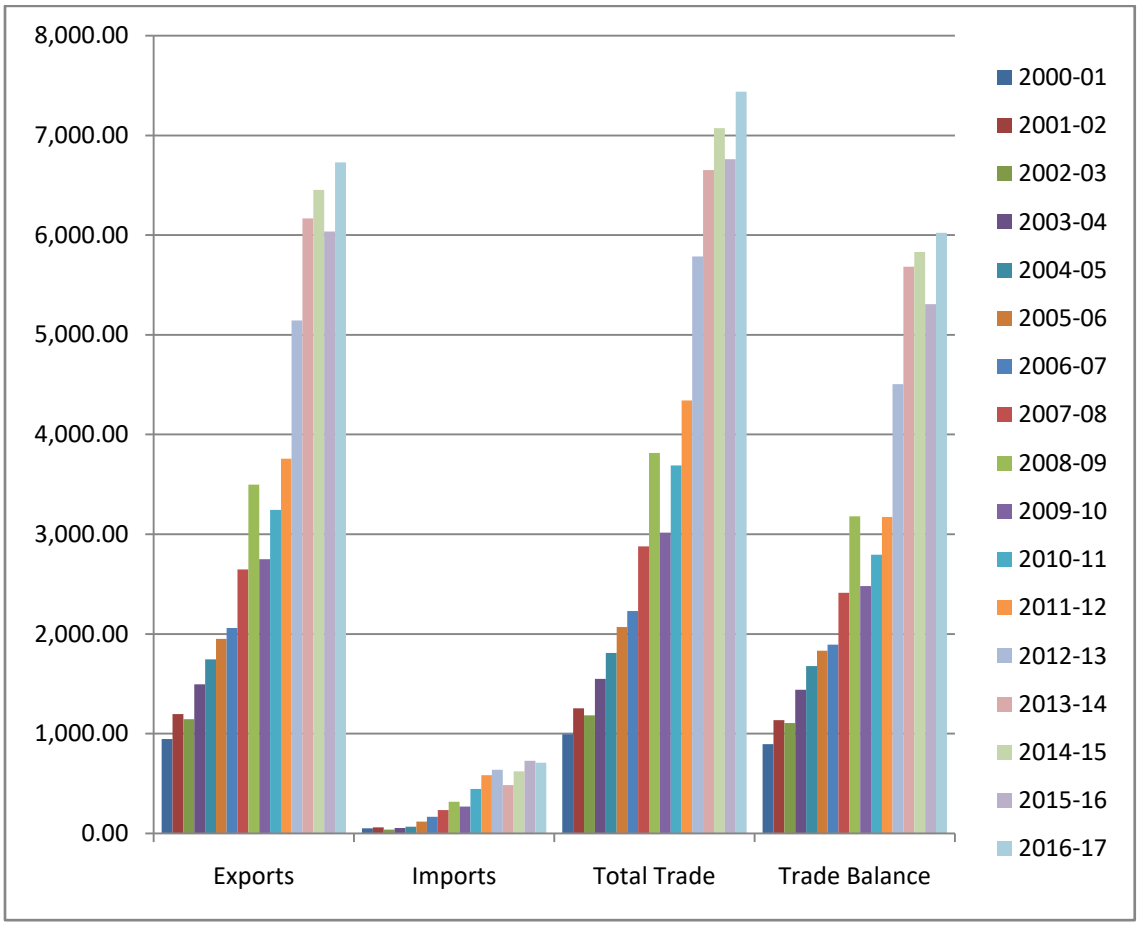
5.4 India's Trade with Bangladesh

In South Asia, India is the largest trading partner of Bangladesh in terms of bilateral trade in 2016-17. Bangladesh ranked 8th and served as a destination for 2.47 % of India's total exports in 2016-17. It is also the top country for India's exports to South Asia. Whereas, India also served as the largest export market for Bangladesh and it accounts for 1.8 per cent of total exports of Bangladesh. Regarding imports, after China, India remains the second biggest destination of Bangladesh's imports. It is a source of nearly 14 per cent of the country's total imports in 2016. (Department of Commerce, 2017: 1).

Trade between them is governed by their bilateral trade agreement, which was first signed in 1972. This agreement has been amended from time to time and is still in force, which was last renewed with effect from 1st April 2015 for five years, with an automatic renewal clause. This agreement does not prescribe any preferential tariffs for imports of products into the other country, and it is only a facilitative mechanism for enhancement of bilateral trade. However, the bilateral trade agreement between the two countries is governed by various regional trading arrangements like SAFTA, APTA, and SAPTA. Under these Agreements, preferential access is provided to the products of the member countries (Department of Commerce, 2017: 27).

India-Bangladesh bilateral trade has increased substantially over the years. The total trade between them was increased more than fourfold during 1980-81 to 991-92, but most of the years, at least seventy per cent of increased contributed to Bangladesh's imports. Thus, trends in India-Bangladesh trade since the early eighties have shown a gradual increase in trade flow over the years, particularly in that of India's export to Bangladesh. India has enjoyed a persistent trade surplus with Bangladesh (Mukherjee, 2001: 25). While the import of India from Bangladesh has been a very small percentage of its total imports, it remained at very low levels. Till 1997-98, Bangladesh's exports to India remained below US$ 30 million except in 1995-96, when it was US$ 35.77 million. At that point, exports stated increasing and reached the level of US$ 118.88 million in 2005-06. Since then, Bangladesh's exports to India have been slowly rising. Comparatively, it is still very from India but has shown an increasing trend during the last few years (Figure 5.4; Rahman et al., 2011: 125).

Figure 5.4: Trade Trends between India-Bangladesh



Source: Author's compilation

Table 5.4 shows that India-Bangladesh trade has risen over the period. It reached to the billion dollar marks ($994.08 million) in 1995-96. They had sustained the momentum during the next seven years from 1995-96 to 2002-03 when they started increasing at a very fast pace. In 2006-07, it reached 2 billion marks. It has reached to US$ 7.4 billion in 2016-17 from US$ 63 million in 1982-83. Over the period, India's export to Bangladesh has shown growth, and it touched to US$ 6.7 billion in 2016-17 from US$ 43.33 million in 1982-83. Whereas India's imports from Bangladesh has not shown considerable trends as compared to exports. It grows from US$ 20 million in 1982-83 to US$ 708.7 million in 2016-17.

Table 5.4: India-Bangladesh Bilateral Trade (Values in US$ Million)

Year	India's Export to Bangladesh	India's Import From Bangladesh	Total Trade	Trade Balance
1982-83	43.33	20.29	63.62	23.04
1983-84	37.89	6.92	44.81	30.97
1984-85	60.09	28.29	88.38	31.80
1985-86	64.89	29.60	94.89	35.29
1986-87	57.22	7.72	64.94	49.50
1987-88	74.40	11.04	85.44	63.36
1988-89	90.02	8.69	98.71	81.33
1989-90	120.73	10.69	131.42	110.04
1990-91	170.27	21.68	191.95	148.59
1991-92	189.49	22.80	212.29	166.69
1992-93	283.86	4.22	288.08	279.64
1993-94	380.20	12.52	392.72	367.68
1994-95	466.61	24.31	490.91	442.30
1995-96	994.08	35.77	1029.86	958.31
1996-97	1018.32	21.01	1039.33	997.31
1997-98	795.62	37.22	832.83	758.40
1998-99	1187.83	55.02	1233.85	1132.81
1999-2000	1023.77	49.51	1072.28	974.26
2000-01	945.45	50.13	995.58	895.32
2001-02	1195.49	60.80	1256.29	1134.69
2002-03	1145.83	39.33	1185.16	1106.50
2003-04	1494.22	55.34	1549.56	1438.88
2004-05	1745.07	66.15	1811.21	1678.92
2005-06	1951.24	118.88	2070.12	1832.36
2006-07	2061.71	168.11	2229.82	1893.60
2007-08	2646.58	232.93	2879.51	2413.65
2008-09	3498.15	318.82	3816.97	3179.33

2009-10	2748.59	268.23	3016.82	2480.36
2010-11	3242.90	446.75	3689.65	3198.15
2011-12	3757.91	585.38	4343.29	3172.53
2012-13	5,144.99	639.33	5784.32	4505.66
2013-14	6166.97	484.34	6651.31	5682.63
2014-15	6452.48	621.37	7073.85	5830.11
2015-16	6034.95	727.15	6762.10	5307.80
2016-17	6728.17	708.77	7436.94	6024.52

Source: Dubey (2013), p.105; Department of Commerce, Ministry of Commerce and Industry, *Annual Report 2012-2013*, and Department of Commerce FT-South Asia Division, 2017.

However, trade between the two countries is largely one-sided, and it is in favour of India. India's exports to Bangladesh are very large, whereas its import from Bangladesh is very low. India has a trade surplus with Bangladesh. It has shown upward trends over time. India had US$ 4.5 billion trade surplus in 2012-13, which touched to US$ 6.02 billion in 2016-17. This trade rise could be enabled due to trade formalization efforts between the two countries. But over the years, India has also grown as a major source of imports for Bangladesh (Table 5.4).

As far as commodity wise trade analysis is concerned, India's trade with Bangladesh has experienced a compositional change. Food and primary goods, sugar, residue, and waste from the food industries, mineral fuels and oils are the key products exported by India to Bangladesh. India is the third and fourth biggest exporter of machinery and electrical equipment to Bangladesh. Whereas, major items imported by India from Bangladesh are vegetable, textile fibers. In 2013-14, they accounted for nearly 17 per cent of the total imports (EXIM Bank, 2015: 20).

Bangladesh allows the transit of Indian goods from a point in India to another point in its own county is under trade and transit protocol with India. This treaty does not allow for the use of Chittagong port. In this way, the exclusion of Chittagong port form this treaty has raised transshipment cost of intra-regional exchange of merchandise. However, the Indian vessels were allowed to dock at Chittagong port, the first time after 40 years. It got a push in April 2017, when Bangladesh's PM Sheikh Hasina's visited India. From that

time, Indian companies started developing Payra port in Bangladesh (The Economic Times, April 7, 2017).

5.5 NER's Trade with Bangladesh

Bangladesh is a natural trading partner of NER. The geographical proximity makes simpler access to each other's markets for their commercial items. Also, border haats are playing an important role in promoting border trade between both countries. Since their existence in 2011, border haats have led to substantial gains for border communities regarding new income opportunities, access to goods, trust building across borders and also lowering of informal trade in regions where haats have come up (EXIM Bank, 2015: 19).

In order to facilitate cross-border trade between two countries, 31 LCS have been set up across the international border in North East Indian states and Bangladesh, until April 2012. Out of these LCSs, ten are located in Assam, 11 in Meghalaya, 08 in Tripura, and 02 in Mizoram whereas total 21 LCSs are functional and ten non-functional. Bangladesh is the largest trading partner to North East India among all five neighbouring countries. Bilateral trade between them through LCSs has grown from Rs 6927.13 million in 2009-10 to Rs 7914.93 million in 2016-17 (CUTS and FICCI, 2017: 4). But Bangladesh's share in total trade of North East India with its neighbouring countries has significantly declined from 91.16 per cent in 2009-10 to 49.57 per cent in 2016-17. The share of exports (from 85.56 per cent in 2009-10 to 41.86 per cent in 2016-17) has declined much more than imports (from 95.52 per cent to 66.32 per cent in 2016-17, whereas, North East region's trade with Bhutan and Myanmar has increased (ibid).

Main exported items were minerals and horticultural products. These items are contained of 90 per cent and a little more than 5 per cent (Das and Purkayastha, 2000). The rest items have dominated the exports from NER to Bangladesh are agro-horticultural products, Chhatak Cement Company, Lafarge Surma Cement Company, Jute mill, brick kilns and tea gardens. All these items are sent through the LCSs of the region. Meghalaya meets the coal and limestone demand of Bangladesh's industrial development. It is very

important to note here that over the years, the share of these items in trade volume is remained the same (Chakraborty and Ray, 2014: 262).

In Bangladesh, there is a huge demand for NER's fruit items. The relative share of fruit items in the export basket of the region to Bangladesh has been increased over time. Oranges, pears, citrus fruits, grape, jackfruits, while agricultural and forest products including vegetables, ginger, onions, turmeric, dry chilies, potatoes, betel leaves, tomatoes, and bamboos have dominated the exports basket of NER. (Brunner, 2010: 40). As far as the import is concerned, a few commodities have dominated major import items from Bangladesh. Important in imports from Bangladesh are crude and processed foods, for example, Hilsa fish and dry fish and manufactured items, electronics good, confectionaries, soft drinks, garments, etc. (Chakraborty and Ray, 2014: 264).

5.5.1 Trade Trends between NER and Bangladesh

Four NER's states share an international border with Bangladesh, except Mizoram. Trade between NER and Bangladesh primarily goes through Assam, Meghalaya, and Tripura. Meghalaya has the highest trading share in Bangladesh-NER border trade. In table 5.5.1, a 19 year average (1998-2017) of NER-Bangladesh trade shows a unidirectional flow of trade from NER to Bangladesh. NER export accounts for almost 66 per cent of the total trade as against its import of only 35 per cent.

Figure 4b shows that Meghalaya contributes almost 56.20 per cent trade out of the total NER-Bangladesh trade and Tripura and Assam contribute 28.29 and 15.54 per cent respectively.

Cross-border trade provides immense economic opportunities for the Northeastern region and Bangladesh. Table 5.5.1 shows that NER-Bangladesh trade is continuously growing over the periods, and major trade's share flows through the Meghalaya-Bangladesh borders. While the trade flow between Assam-Bangladesh indicates a decreasing trend throughout the period, 1998-99 to 2016-17 and trade flow between Tripura and Bangladesh shows an increasing trend.

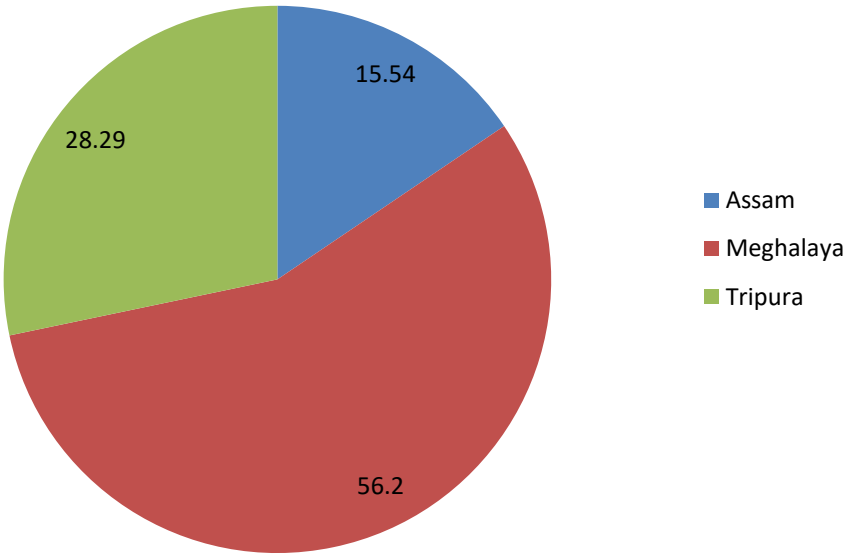
Table 5.5.1: NER-Bangladesh Trade Volumes in 1998-2017

Year	Assam's Total Trade		Meghalaya's Total Trade		Tripura's total Trade		NER's Total Trade
	Volume (Rs. millions)	share (%)	Volume (Rs. millions)	Share (%)	Volume (Rs. millions)	Share (%)	
1998-99	567.05	36.74	852.44	55.23	124.08	8.04	1543.58
1999-00	402.70	22.47	1299.90	72.52	89.93	5.02	1792.53
2000-01	215.27	13.59	1298.34	81.96	70.58	4.46	1584.19
2001-02	187.56	8.78	1890.68	88.55	57.03	2.67	2135.27
2002-03	291.90	13.99	1720.51	82.46	74.12	3.55	2086.53
2003-04	498.45	19.96	1887.70	75.60	110.91	4.44	2497.07
2004-05	320.03	15.26	1638.93	78.13	138.80	6.62	2097.76
2005-06	507.96	19.75	1772.77	68.92	291.46	11.38	2572.20
2006-07	853.80	22.86	2381.24	63.76	499.51	13.38	3734.54
2007-08	555.45	13.31	2529.43	62.88	937.67	23.31	4022.55
2008-09	462.34	22.24	1081.47	52.03	534.74	25.73	2078.55
2009-10	779.47	11.32	4733.90	68.78	1369.50	19.90	6882.87
2010-11	481.46	9.62	1963.88	39.28	2554.24	51.08	4999.59
2011-12	614.10	8.98	3081.88	45.06	3179.05	46.60	6838.34
2012-13	978.38	10.84	5054.93	56.02	3025.41	33.53	9022.84
2013-14	1368.70	15.13	5537.17	61.22	2147.97	23.74	9044.13
2014-15	1563.26	21.36	2218.78	30.32	3533.56	48.30	7315.61
2015-16	1355.08	15.64	3877.73	44.76	3430.20	39.59	8663.01
2016-17	1491.78	18.85	3977.95	50.26	2397.69	30.29	7914.93
Total Trade	**13,494.74**	**15.54**	**48,803.63**	**56.20**	**24,566.45**	**28.29**	**86,826.09**

Source: RIS (2012) "*ASEAN-India Connectivity Report India Country Study"*, RIS New Delhi, p, 80 ; CUTS (2017) "*Harnessing the Potential for Cross-border Trade between North East India and its Neighbouring Countries"*, Jaipur: CUTS International, p. 9.

Figure 5.5.1: NER-Bangladesh

Percentage Share in Total Trade



Source: Author's compilation

The larger part, almost 78 per cent of the import from Bangladesh to NER takes place through the Tripura and import from Assam is also significant. But import through Meghalaya is very low; it is below 3 per cent (Table, 5.5.3). Tripura's import from Bangladesh is much higher compared to other states of NER. Because, NER state suffers from acute geographical disadvantage, as land connectivity from another part of India is far more expensive and time-consuming. While the distance between Tripura and Bangladesh is very close, therefore, it is more cost-effective to import goods from Bangladesh rather than from the rest of India.

The total volume of NER's export to Bangladesh has expanded from Rs. 1387.47 million in 1998-99 to Rs 4578.10 million 2016-17 (Table, 5.5.2). NER's annual average export to Bangladesh accounts at Rs. 2949.80 million. However, annual export for Assam, Meghalaya, and Tripura are Rs. 411.55 million, Rs. 2519.30 million and Rs 18.94 million, respectively. As far as NER's export to Bangladesh is a concern, the leading role

is played by Meghalaya. In fact, Meghalaya's export share to Bangladesh from NER has grown from 61 per cent in 1998-99 to almost 85 per cent in 2016-17. While Assam export to Bangladesh was 37 per cent in 1998-99, but later it has been declined, and it has reached 13 per cent in 2016-17 (Table, 5.5.2). During the same period, NER's export to Bangladesh through Tripura has been very insignificant.

Table 5.5.2: NER's Export to Bangladesh in 1998-2017

Year	**Assam' export**		**Meghalaya's Export**		**Tripura's Export**		**NER's Total Export**
	Volume (Rs. million)	Share (%)	Volume (Rs. million)	Share (%)	Volume (Rs. million)	Share (%)	
1998-99	512.59	36.94	852.44	61.44	22.44	1.62	1387.47
1999-00	375.13	22.09	1299.90	76.55	23.12	1.36	1698.14
2000-01	206.45	23.65	1298.30	85.85	7.53	0.5	1512.29
2001-02	176.87	8.5	1890.43	90.88	12.76	0.61	2080.07
2002-03	289.73	14.3	1719.88	84.91	15.87	0.78	2025.48
\2003-04	482.90	20.27	1885.13	79.14	13.85	0.58	2381.88
2004-05	251.44	13.22	1635.55	85.99	14.94	0.79	1901.94
2005-06	356.76	16.86	1752.02	82.79	7.36	0.35	2116.14
2006-07	547.43	18.96	2331.28	80.67	11.21	0.39	2889.92
2007-08	405.55	14.04	2466.61	85.41	15.88	0.55	2888.04
2008-09	311.08	22.65	1060.97	77.25	1.40	0.1	1373.45
2009-10	339.99	6.84	4633.04	93.15	0.90	0.02	4973.94
2010-11	257.81	11.71	1919.80	87.24	22.76	1.03	2200.38
2011-12	258.53	7.66	2994.98	88.81	118.54	3.51	3372.05
2012-13	508.65	9.25	4985.12	90.69	2.89	0.05	5496.66
2013-14	694.94	11.37	5409.18	88.56	3.12	0.05	6107.24
2014-15	646.98	23.77	2065.73	75.90	8.91	0.32	2721.64
2015-16	564.96	13.01	3758.95	86.58	17.56	0.40	4341.47
2016-17	631.78	13.79	3907.47	85.35	38.85	0.84	4578.10
Total Export	411.55		2519.30		18.94		**56046.3/2949.80**

Source: RIS, 2012:81, *"ASEAN-India Connectivity Report India Country Study"* and CUTS, 2017: 10, *Harnessing the Potential for Cross-border Trade between North East India and its Neighbouring Countries".*

As far as the import sector is concerned, like export, NER's import from Bangladesh is also grown over the period. The imports have increased from Rs. 156.11 million during 1998-99 to Rs. 1908.94 million in during 2009-10 and then to Rs. 3336.82 million in 2016-17. The highest volume of NER's import from Bangladesh is coming through Tripura, which is about Rs. 1271.87 million per year for 1998-2017 (Table 5.5.3). The annual average import shares of Assam and Meghalaya are Rs. 301.21 million and Rs. 46.81 million, respectively.

Table: 5.5.3: NER's Import from Bangladesh in 1998-2017

Year	Assam's Import		Meghalaya's Import		Tripura's Import		NER's Total Import
	Volume (Rs. million)	Share (%)	Volume (Rs. million)	Share (%)	Volume (Rs. million)	Share (%)	
1998-99	54.46	34.89	0.00	0	101.65	65.11	156.11
1999-00	27.57	29.21	0.00	0	66.81	70.79	94.38
2000-01	8.82	12.26	0.04	0.05	63.05	87.69	71.00
2001-02	10.69	19.36	0.25	0.46	44.26	80.18	55.20
2002-03	2.17	3.55	0.64	1.04	58.25	95.41	61.05
2003-04	15.55	13 .5	2.57	2.23	97.06	84.27	115.19
2004-05	68.59	35.03	3.38	1.73	123.86	63.25	195.82
2005-06	151.20	33.15	20.75	4.55	284.10	62.29	456.06
2006-07	306.36	36.27	49.96	5.92	488.30	57.81	844.63
2007-08	149.90	13.31	62.83	5.54	921.79	81.25	1134.51
2008-09	151.26	21.45	20.50	2.91	533.34	75.64	705.10
2009-10	439.47	23.02	100.86	5.28	1368.60	71.69	1908.94
2010-11	223.65	7.98	44.08	1.58	2531.48	90.44	2799.21
2011-12	355.59	10.26	54.37	1.57	3054.78	88.17	3464.74
2012-13	469.72	13.32	69.11	1.96	2987.33	84.72	3526.17
2013-14	673.76	22.94	118.27	4.03	2144.85	73.03	2936.88
2014-15	916.29	19.95	153.04	3.33	3524.64	76.72	4593.97
2015-16	790.12	18.28	118.78	2.75	3412.64	78.97	4321.54
2016-17	907.95	27.21	70.02	2.09	2358.85	70.69	3336.82
Total Import	5723.12	18.59	889.45	2.88	24165.64	78.51	**30777.32**

Source: RIS, 2011, 2012:81-82, "*ASEAN-India Connectivity Report India Country Study"*, RIS: New Delhi and CUTS, 2017:10-11, "*Harnessing the Potential for Cross-border Trade between North East India and its Neighbouring Countries"*, Jaipur: CUTS International.

Notes: There is no trade data available for four NER states as Arunachal Pradesh, Mizoram, Nagaland, and Sikkim.

5.6 North Eastern India-Bangladesh Connectivity

Cyril Radcliffe created two post-colonial states and a new geographical region through his weird cartography, India, Pakistan and India's northeast. Before partition, Northeastern region and some districts of Eastern Bengal were connected through East Pakistan, and their linkages to mainland India passed through it. Thus, Tripura was linked to India through Comilla. Assam and Meghalaya were linked to India through Sylhet. That time Meghalaya was an integral part of Assam. Mizoram was also part of Mizo hills of Assam, and it was tied to mainland India via Chittagong and its hill tracts. After the creation of East Pakistan, Assam and the princely states of Tripura and Manipur were break off from the rest of India. Assam's partition means much of India's northeast cut off from mainland India. Partition left the region with a tenuous 21 km land link through Siliguri Corridor, which is located in North Bengal and western Assam (Bhaumik, 2016: 4-5).

Husain (2009) does the comparative studies of NE India and Yunnan province of China, and he observes that both regions have similar problems. Yunnan also has difficult terrain and it is an underdeveloped and landlocked region of China. Different ethnic groups such as Tibetans and Dai of Thai live in this province. The state has faced secessionist challenges persistently that have made the region volatile. The state is located very far from the capital of China. But despite these geographical hurdles, China showed keen interest to develop its infrastructure. As a result, Yunnan's per capita income growth rate increased, and it has been doubled over the last decade. Thus, it may be said that China's continuous efforts made isolated Yunnan province firmly connected to China's mainland. But the case of India's Northeast is little different from Chinese province Yunnan because NER cannot get proper accessibility to mainland India until and unless Bangladesh does not agree to facilitate transit and connectivity process (Bhaumik, 2016: 5).

5.6.1: The Geographical Predicament of Northeast India

After the liberation of Bangladesh from Pakistan, its geographical location has been acting as one of the most serious physical impediment in the economic growth of the Northeastern region of India. Due to disruption of transport networks through the then East Pakistan after the 1965 Indo-Pakistan war, These Northeastern states have to use a circuitous and mountainous route to reach the seaport of Kolkata (Islam, 2014: 50). In fact, the travel distance between Agartala and Kolkata increases from 350 km to 1,645 km if Bangladesh does not provide land route connectivity. The distance between Tripura's major cities and Chittagong is not much far. Distance point of view, it can be seen that an average distance between Bangladesh 's major cities and NE India is very close it is only 30 km to 100 km (The Hindu, July 11, 2016). In Tripura, Sabroom's distance from Chittagong port is only 75 km. So their close distance provides an opportunity to be a significant gateway for India to East Asian countries (MDONER and NEC, 2008: 31).

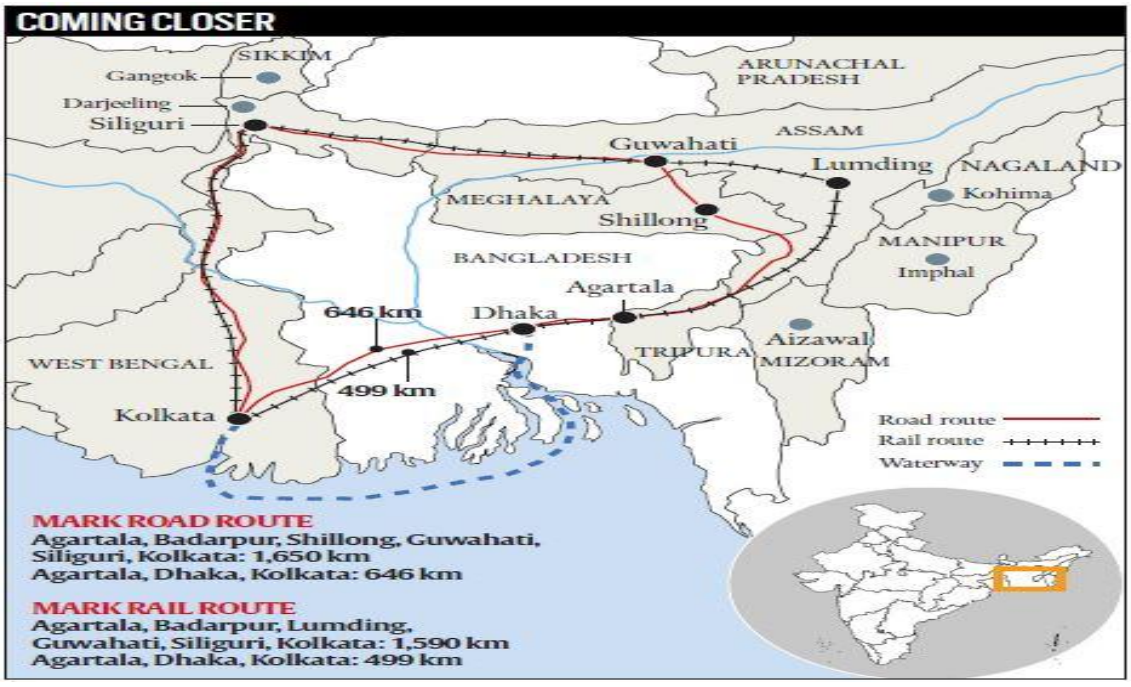
On the other hand, it can be argued that Bangladesh's geographical location has also irrevocably determined its status as a natural trading partner of Northeastern states and West Bengal. Because of Bangladesh has got a long border without any major natural trading barriers with these states located on three sides of Bangladesh (Islam, 2014: 51). Table 4.7 shows that the roadway distance from Agartala to Kolkata gets reduced by about four times via Bangladesh and cost of moving per ton of goods will also be reduced about the same magnitude if Agartala-Dhaka-Kolkata route will be functional. This route will reduce the physical distance between Tripura and mainland India by four times as well as it also immensely reduce the actual travel time. It thereby will unleash the possibility for Tripura to grow along with its comparative advantage in plantation products like rubber, horticultural products like pineapple and handicrafts like cane and bamboo products (Das et al., 2016: 240).

Table 5.6.1: Distance Differential between Cities of the Northeastern States and Kolkata via Chicken's Neck vis-à-vis Bangladesh

Road distance (in km)				
From	**To**	**Through Chicken's Neck**	**Through Bangladesh**	**Divergence of Distance**
Agartala	Kolkata	1,680	450	1,230
Aizwal (via Silchar	Kolkata	1,657	800	857
Guwahati	Kolkata	1,081	820	261
Imphal (via Silchar	Kolkata	1,742	900	842
Shillong	Kolkata	1.181	720	461
Silchar	Kolkata	1,407	600	807

Source: Das, 2012: 139 and 2016: 240

Map 5.6.1: Kolkata-Agartala Traffic through Dhaka/Road and Rail Routes between India and Bangladesh



Source: The Indian Express (2015), *"Through Bangladesh, a development shortcut"*, [Online: web] Accessed 1 February 2018, URL: http://indianexpress.com/article/explained/through-bangla-a-development-shortcut-for-northeast/.

The poor condition of infrastructure is one of the biggest impediments in the Northeastern states as roads, railways, waterways. The load length in the region is very narrow compared to the average of the country. It is for 66 km/100sq. km area and 75km /sq. km respectively. The status of roads in the region is very bad. The aggregate railway track length in the whole region has 2,592 km of total railway track. The broad-gauge track is concentrated only in Assam. As far as an Inland waterway is concerned, it is functional in the Brahmaputra and smaller rivers. After the partition of the country, inland waterways became almost non-operational in Mizoram's Kolodyne and Barak river of Assam. Condition of air connectivity is also not good in the region. Three out of seven states capitals are not connected by air. There are a few feeder services from Delhi/Kolkata/Guwahati to the state capitals where air terminals exist. Mostly regional flights are directed through Kolkata. But this air route is costly in terms of both time and money (MDONER and NEC, 2008: 31).

In order to overcome these infrastructure bottlenecks, India has focused on increasing connectivity of NER with neighbouring countries, and started different projects related to infrastructure at a national, bilateral and multilateral level to restore fragmented connectivity. After the initiation of Look East Policy in the early 1990s, the northeastern region got prominence in the foreign policy-making. In 2003, it became a priority of Indian foreign policy to look east through the crystal of NER. This initiative added a new dimension to India's Looking East (Saikia, 2016: 186).

5.7 Look East Policy and North East India

In the early 1990s, the government of India embarked on its "Look East policy." It was set apart as a vital move in India's point of view of the world. It was produced and established by the Prime Minister P.V. Narasimha Rao instituted this approach, and later the progressive government of Atal Bihari Vajpayee and Manmohan Singh pursued after and expanded the policy[57]. In 2015, Prime Minister Narendra Modi-led National Democratic Alliance Government changed its nomenclature as 'Act East Policy' (Mishra, 2016: 61). The main objective behind the launching of the 'Look East' policy was to

[57] http://kukiforum.com/2008/08/indias-look-east-policy-northeast-india-and-the-kukis-2/.

connect India better to the increasingly prosperous nations of the far East, and there find new markets and new friends. India's future and economic interests might best serve by economic consolidation of NER with South and Southeast Asian nations (U-Myint, 2014: 236).

India's Look East Policy offers a chance to India's Northeast region to expand air and land linkages to Southeast and East Asia and achieve greater physical connectivity with Asian partners. Policymakers ignored the region, and the country was also failed to embrace a strong strategy for comprehensive development and advancement of the region along with more socio-cultural link with rest of India (Das and Thomas, 2016: 5). In 1997, Myanmar got a full-time member of ASEAN that paved the way for India to utilise the benefits of ASEAN and develop land route connectivity with South East Asia (Shrivastava, 2013: 1). Thus, under 'Act East policy' India has given a major push for road and railway infrastructure development and taken various steps to support the regional economy. Most of the infrastructure projects are at various stages of completion. India's Northeast agenda has created rhetoric of inclusiveness that helps bring the remote Northeast region closer to mainland India (The Economic Times, March 5, 2018).

The Look East policy is an integral part of North Eastern Regional Vision 2020. This vision roadmap was started in July 2008 by then Prime Minister Manmohan Singh for the development of the Northeastern region. Seshadri (2017) analyses that over the years, following key aspects of Look East Policy vis-à-vis North East have emerged. These aspects are as:

i. "Connectivity and Physical infrastructure to encourage trade
ii. Trade and investment conventions
iii. Shortfalls in the operationalisation of existing resources and facilities
iv. Soft aspects of the bilateral/ multi-lateral relationship for example, in tourism and people to people interaction through academics so forth"[58].

[58] Government of India, Ministry of Development of North Eastern India, (2011), *Master Plan for the Development of Rail infrastructure in the North East Region*, Ministry of Railway, New Delhi, p, 1.

Geographically proximate neighbours Bangladesh, China Myanmar, Thailand are involved in Northeast India. Therefore the Northeast region offers unique growth opportunities to inter-lock the region with these countries (MDONER, 2011: 2).

5.8 Sub-Regional Cooperation for Development of North East India

The landlocked Northeastern states have to pay a higher transportation cost that makes costly and time-taking transloading of goods at the border crossing. Many factors cause it. As poor infrastructure facility, industrial abeyance, a persistent insurgency, and repeated ethnic violence have adversely affected the trade and commerce in the region. As a result, it has become one of the country's poorest and least developed regions. The region has missed economic opportunity over a long period. In order to tackle these tarriance issues, several initiatives by India have been imagined at sub-regional levels like BIMSTEC and BCIM-EC. And India seeks to unify the landlocked North East region with Asia's economic powerhouse. Therefore, it has become an urgent need to improve transport infrastructure to get accessibility to nearby ports for transportation of goods and enhancement of trade and cooperation with neighbouring countries (The Daily Star, January 24, 2015).

In order to remove geographical obstacles in the region, several domestic and transnational initiatives have been proposed and undertaken by India with the collaboration of neighbouring countries.

5.8.1 Kaladan Multi-Modal Transit Transport Project

India entered into a Framework Agreement with Myanmar in April 2008 to encourage the execution of the project. During 2003, Indian Consultant M/s RITEs started this project in the region along the line of a Detailed Project Report for development of the Multimodal Transit Transport framework toward the North Eastern states through Myanmar. The transit route conceived between Kolkata (closet Indian port/ business centre point) and Mizoram according to the ebb and flow usage program (after the

amendment of the DPR for port and inland waterway transport segments by Inland Waterway Authority of India in 2009[59].

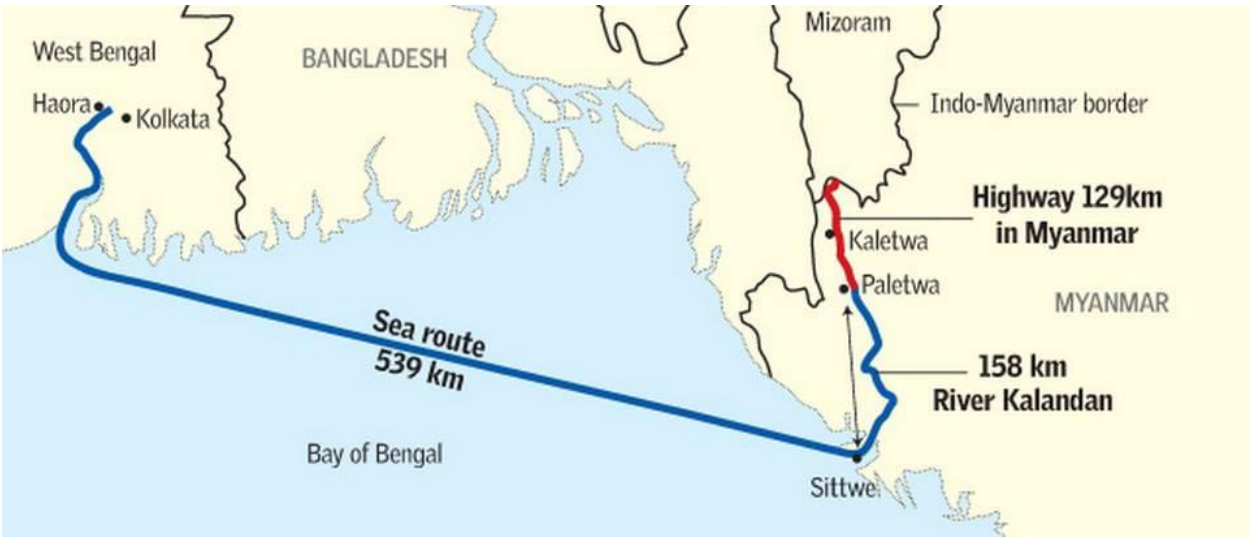
India and Myanmar were signed a bilateral pact in April 2008 for the construction of the Kaladan project, which links the two countries along the river Kolodyne. The river is pronounced Kalada in Myanmar, and Inside India border, it is known as Chhimtuipui River. River kolodyne originates from central Mizoram and falls into the Bay of Bengal at Sittwe. Sittwe is an important port of Myanmar, and it is situated in the State of Rakhine. This trans-border infrastructure project will let the landlocked NER gain access to the Bay of Bengal through Myanmar (RIS, 2012: 77).

The Kaladan project will link Mizoram with Myanmar. It begins from Sittwe port up to the Kolodyne River that flows through Mizoram to the small port of Paletwa in Myanmar, covering a distance of 222 km. The port will encourage the flow of cargo vessels on inland water routes along the Kolodyne River to Sittwe (ibid). This project, once completed, will be of immense help in it transforming NER from landlocked to and linked. Additionally, it will take into consideration products to be transported from India's eastern ports to Sittwe port in Myanmar and after that to convey multi-modularly to Mizoram. Thus this project will enable the region to leverage the benefits of India's Act East Policy (Seshadri, 2014: 29).

A container from Kolkata to Imphal via the Kaladan project will go via a convoluted, cross-border route. First, 539 km on an ocean-going vessel, followed waterway route from Sittwe port to Kaletwa 158 km (Kaladan river), and then by truck traversing 129 km of Myanmar highways and after that a roadway for Kaletwa to the India-Myanmar border 62 km and finally, 100 km from Moreh to Imphal. This route is both cheaper and quicker. It also considerably will improve the NER's links with ASEAN. Once it completed, it would trigger the massive expansion of local trade (Dutta, 2010 and Ramesh, 2016).

[59] Ministry of Development of North Eastern Region, (2014), *Kaladan Multimodal Transit Transport Project*, [Online: web] Accessed 10 October 2015, URL: http://www.mdoner.gov.in/content/introduction1.

Map 5.8.1: Kaladan Multi-Modal River Waterway



Source: Ramesh, M. (2013), *"Essar hopes to complete work on Myanmar's Sittwe by June*", *BusinessLine*, New Delhi, 13 December 2013.

The project will give a linkage between India's Northeastern states and Myanmar. It will connect Mizoram to Sittwe port via the Chin state of Myanmar by Kaladan river. In logistic point of view, the distance between Southeast Asian countries and their South Asian counterparts will be reduced nearly 673 km by this transit route. Myanmar-Bangladesh highway comes under this route. And it connects the Taung Pio Village of Maung Taw Township in Myanmar to the Sittwe-Yangon Road. At last, it reaches out to the Greater Mekong Highway (Saikia, 2016: 202).

Furthermore, in order to get optimal benefits out of the Kaladan project, it is necessary to build transportation facilities from Sittwe port to Silchar in Assam. A 100 km new alignment road from India-Myanmar border to Lawngralai linking NH-54 and the stretch of NH-54 between Lawngralai and Aizawl (Silchar-Aizawl-Tuipang) needs to be constructed. So, it can take a vastly increased load of vehicles and materials. The 310 km of NH-54 between Lawngtalai and Aizawl also needs to build double lanes (Seshadri, 2014: 29).

5.8.2 India-Myanmar-Thailand Trilateral Highway

This project came into existence in 2002, during a trilateral ministerial in Yangon between India, Myanmar, and Thailand, it was agreed that all member countries would cooperate for the construction of the total length of 136o km highway. The highway connects Moreh (in India) to Mae Sot (in Thailand) through Bagan (in Myanmar). The project will provide immense benefits for the Northeast region (RIS, 2012: 77). The total length of this project is 478km, Of which, there is a need for building about 78 km of new roads and upgradation of the existing 400 km of roads. In the first phase, India is building 78 km of missing links. India will also upgrade 58 km of existing roads, and potentially improve a further 132 km. Thailand will upgrade a sum of 192 km in the first phase, and100 km in the second phase, respectively (Bana and Yhome, 2017: 5). But, India has been facing consistently difficulty in executing its tasks in Myanmar. The frontier areas of the region are not a simple place to construct roads as the Bangladesh-China-Myanmar (BCIM) car rally of 2013 illustrated. The long length of the highway is motorable yet experiences the ill effects of avalanches and steep, threatening territory which are particularly tricky amid storms (Iyer, 2017: 2). In fact, besides having these challenges, the project has made much progress and India is giving the highest priority to this project. On 23 January 2018, India's road transport and highway minister Nitin Gadkari said that project is likely to be operation by December 2019, and they will get connectivity. Initially, IMT highway completion deadline was by 2015, but now the deadline has been set for 2020. It is expected that the highway will boost trade and ties among the countries in the region to Northeast as well[60].

Besides it, India, Myanmar, and Thailand are looking for trilateral Motor Vehicles Agreement (MVA) that agreement will make the seamless movement of both passenger and cargo vehicles much easier between them. MVA will reduce cost and time-taking transshipment of people, vehicle, and goods at the border crossing and make cross-border

[60] http://www.livemint.com/Politics/hdV9E00I5CwSrKmSheAu6M/IndiaMyanmarThailand-Trilateral-Highway-by-2019-Nitin-Gad.html.

trade more efficient. The IMT MVA would be the first ever cross-border transport connectivity agreement between South Asian and Southeast Asian countries[61].

5.8.3 Stilwell Road

China is reviving the 1726 km long Stilwell road along with neighbouring countries India and Myanmar. These three countries were connected through this road during the Second World War. The road connects India's Northeastern region with Yunnan province of China through northern Myanmar, and it is considered as another option for strengthening connectivity with China. The road that begins at Ledo in upper Assam was functional till 1952, but following the deterioration in Sino-Indian relations it was left to decay, and it has not been used about six-decade (RIS, 2012: 77). The Stilwell Road was built by the Allied Army under the supervision of General Joseph Stilwell of the US Army during the World War-II. Out of the total length of 1726 km, only 61 km falls in the Indian side, 632 km in Chinese side and 1033 km in Myanmar's side (Kashyap, 2017: 2-3).

Currently, India's exports need to travel 6000 km of the journey via Malacca Straight and the Indian Ocean before reaching China's eastern coast. But through the Stilwell Road, the distance between Ledo (in India) and Kunming (in Yunnan province of China) is only 1300 km. Thus, reviving of this road will not only open up NER but also India-China trade (RIS, 2012: 77). That's why China is very enthusiastic about the reopening of route and China has finished the recreation of the segment from Kunming to the Sino-Myanmese border and connected the Stilwell Road to China's much-developed road framework, and Indian segment from Ledo to Pangshu Pass is christened as NH-53. And Myanmar's side, which is the longest side, with China's assistance, Myanmar has likewise achieved the areas from the Sino-Myanmese border to Myitkyina. Be that as it may, the segments from Myanmar to India and inside India are scarcely usable. What's more, a few sections have been betrayed because of terrible condition. So there is need to be worked out (The Hindu, November 11, 2016).

[61] https://www.sasec.asia/index.php?page=event&eid=154&url=meeting-imt-mva-july

Some scholars have conducted various studies on the feasibility of the reopening of the Stilwell Road, and they highlighted that once the road is operational, it has wider ramifications for the Northeastern region of India. The Road would provide India's Northeastern region direct access to China, Myanmar, and Southeast Asian countries. Using this road, one can reach Kunming in 2 days, Yangon in Myanmar within two and half days, Bangkok in 4 days and Singapore in 5 to 6 days (Thomas, 2016: 232). Pattanaik (2016) considers that "the people living across the international borders of India and Myanmar have common ties, and reopening of the Stilwell Road will act as an accelerator for cross-border trade between two sub-regions of Asia, and the restoration of the road would merge the region into an emerging market."

5.8.4 BIMSTEC: A Road to Connectivity

Besides these transport approaches, some multilateral initiatives have been taken to realize the goal of cooperation between India and its eastern neighbours. These steps are imagined under the Look East Policy. A multilateral initiative like the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) was initiated in 1997. It comprises of India, Bangladesh, Thailand, Sri Lanka, Myanmar, Nepal, and Bhutan (Patgiri and Hazarika, 2016: 243). The Bay of Bengal sub-region is a natural grouping of countries. The region is bound by geography and linked by history. It shares the land and maritime boundaries[62]. This organisation has identified 14 priority areas for cooperation. Transport connectivity is one of them, and it requires the utmost priority (Patgiri and Hazarika, 2016:244). Connectivity always remains a core issue at BIMSTEC summit meetings. Till now it held three summit meetings. During the 2017 ministerial meeting, all member countries made a promise to adopt "the Framework Agreement on Transit, Transshipment and Movement of Vehicles Traffic and the Coastal Shipping Agreement." In order to develop connectivity, BIMSTEC has identified 160 projects at the cost of nearly US$ 45 billion. Out of them 65 are given priority. Of which, thirty-three are located either in India or Bangladesh. Out of sixty-five projects, thirty-

[62] Press Information Bureau, Government of India, *Prime Minister's Office, PM's statement at 3rd BIMSTEC Summit, Nay Pyi Taw, Maynamar, 04 March 2014*, [Online: web] Accessed 18 June 2018, URL: http://pib.nic.in/newsite/PrintRelease.aspx?relid=104460.

five projects are related to land connectivity, and twelve projects are related to rail connectivity. As far as air and maritime connectivity are concerned, both have nine projects each (Xavier, 2018: 25). BIMSTEC countries are also agreed to build rail connectivity between the two geographically disadvantage countries Nepal and Bhutan and the rest of the member countries. The main factor works for this initiative is an enhancement of rail connectivity between ports and the hinterlands so that they can easily transport bulk cargoes and the transit of container traffic (Yhome, 2017: 2). Thus, enhancement of connectivity in the region is an important task before this regional group. Enhancement of transport linkages in the region has become an important component of India's Act East Policy. Also, India has taken several connectivity initiatives like Kaladan Multi-modal Transit Transport Projects. These steps would open up fresh avenues for economic activities for India's Northeastern states (RIS, 2016: 4).

Thus, it can be noted that under this organisation, all member countries have made great efforts to build connectivity for a long time in South Asia and Southeast Asia because this regional group is located at their intersection, regarding geographical proximity and access to the ocean. Member countries made efforts, but the connectivity situation remains underdeveloped, and they could not achieve the progress to the desired levels (Das, 2016: 19). It is an irony that until the middle of the 20th century, the Bay of Bengal sub-region was well connected through the littorals' waterways. But later connectivity diminished, and new physical barriers rose after the 1950s. Now sub-region is trying to rediscover the old routes that once connected these countries (Yhome, 2017: 2). It will not be possible unless they could not build hard infrastructure to speed up the movement of vehicles, vessels, people, and goods across borders. It is also a big task to connect the remote and landlocked mountainous countries Nepal and Bhutan with international markets. And the difficult economic and financial situation in Bangladesh, Myanmar, and Nepal are also major factors for connectivity deficit in the region (De, 2016: 1). Despite the above hurdles, in recent years, countries of this sub-region have undertaken major port development and modernization projects to increase connectivity among member countries. India's Sagarmala project is one of them. It will promote port-led development in the country.

5.8.5 North East in BCIM Economic Corridor

Bangladesh, India, China and Myanmar Economic Corridor (BCIM-EC) is a sub-regional gathering known as the "Kunming Initiative." It was started in 1999 (Deepak, 2017: 24). This group tries to develop well-disposed collaboration among the four member countries. India is giving focus on building multi-modal connectivity and enhancing people to people ties among South Asia, Southeast and East Asia in order to harness economic complementaries. The basic premise of this transport corridor is to restore the historical arteries of overland linkages between then underdeveloped and landlocked Southwestern regions of China and India's Northeastern parts through Bangladesh and northern Myanmar (Uberoi, 2016: 74). These two regions suffer from peripheral syndrome. The connectivity challenges have made both regions interminably underdeveloped and politically unpredictable (Das et al., 2015: 76). Therefore this economic corridor is very crucial for both countries. This economic corridor has huge potential to strengthen the transport network in the BCIM sub-region for closer economic, trade and people to people relations. BCIM holds out great promise for the NER since it places India's Northeastern states at the centre of sub-regional cooperation within the broad parameters of Look East Policy (Singh, 2015: 4). This corridor begins from Kunming in Yunnan Province of China and goes through Yangon and Mandalay in Myanmar and Chittagong-Dhaka-Sylhet in Bangladesh and Manipur and Silchar (Assam) in Northeast India, and finally, it ends in Kolkata (Bhattacharjee, 2014: 1-2).

Under the BCIM initiative, it is considered by some analysts that Manipur and Barak valley of Assam are the real recipients since the BCIM corridor will go through these states. As of now, the greater parts of the landlocked states of the region pay higher transportation costs because of the absence of access to seaports and poor infrastructure facilities. Once it is operational, it could become the focal point for large-scale development in the region (ibid). Das et al. (2015), argues that "advancement of connectivity and multi-modal transportation facilities across the border would empower NER to get markets of neighbouring nations. Thus, it will build up resource- industry linkages prompting the development of resources based industries, because the region is blessed with an inexhaustible abundance of nature".

Why is sub-regional transnational connectivity important for NER? The actualisation of this transnational connectivity is important for the NER because (i) they will re-open the road, rail and the all-important riverine transit route to Kolkata through Bangladesh, thereby greatly reducing travel time between NER and Kolkata. They also imply immediate access to the Bay of Bengal in the shortest possible time through Bangladesh. BCIM and BIMSTEC are a multilateral agreement, and both will provide India, in the shortest possible time, a way out to obviate and overcome the hesitation that Bangladesh has of entering into a bilateral agreement for various reasons. (iii) In its historical perspective, these proposed transnational connectivities through Bangladesh for India correct a historical wrong by restoring the age-old natural connectivity that was disrupted at the independence in 1947.

5.9 Recent Development

In recent years, some connectivity projects have been undertaken by India and Bangladesh for bringing a paradigm shift in the growth trajectory of the Northeastern region.

5.9.1 Building Connectivity in North East

Since 2014, the Government of India has started as well as endorsed around three dozen infrastructure projects in the Northeastern states. Assam, Manipur, Mizoram, Meghalaya, Nagaland, Sikkim, Tripura, and Arunachal Pradesh have been targeted to give the national and global connectivity. According to the Government official, “There are several international highways where India is either participating or contributing. These include the 1,400 km long India, Myanmar, and Thailand trilateral highway project, Bangladesh-Bhutan, India, and Nepal popularly called the BBIN project. Once these road corridors are completed, it can link the country for trade, business, health, education, and tourism” (Khanna et al., 2018: 7).

5.9.2 Infrastructure Push

India is progressing with its arrangements of getting the transnational multimodal network to express its role in the proposed transportation design in the region and

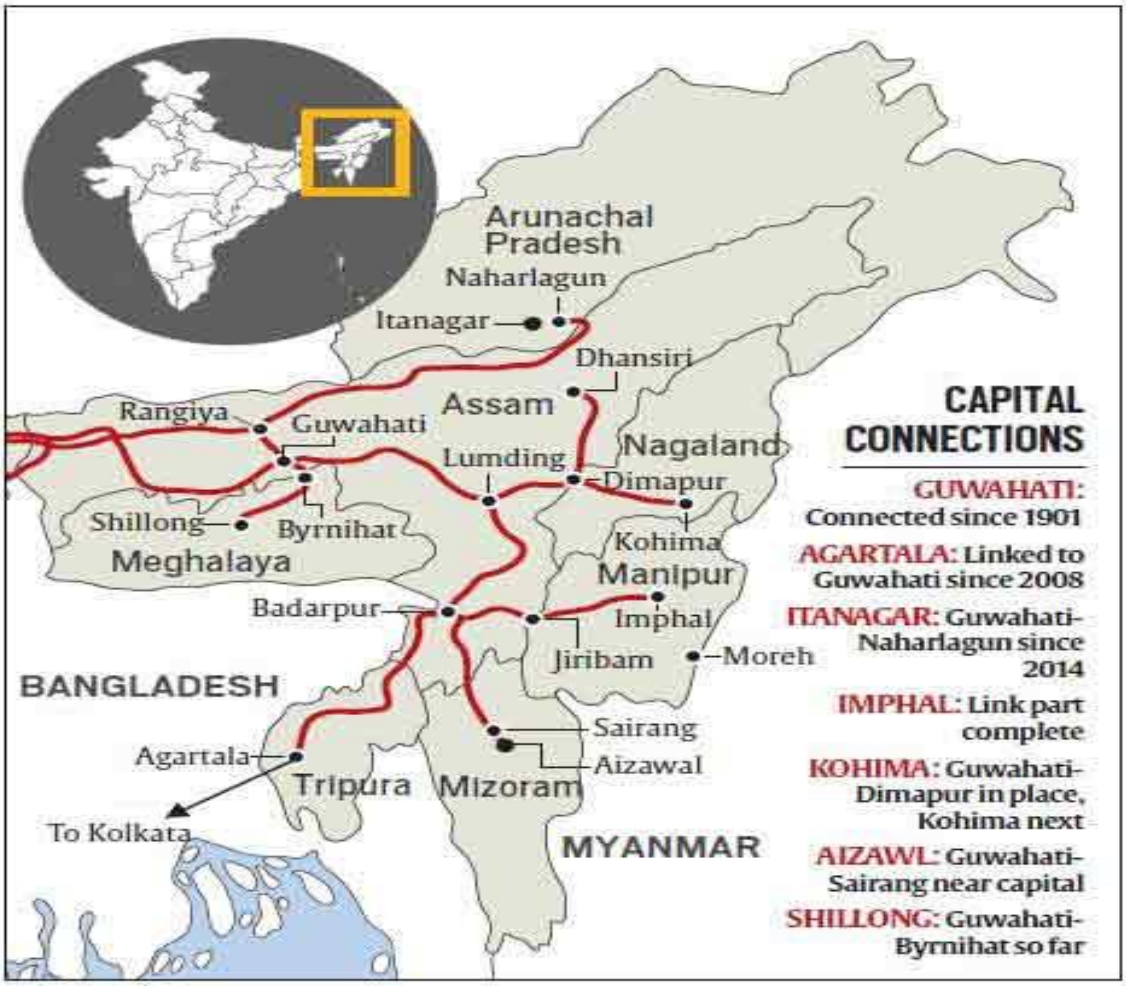
between regions. And India's 'Act East' policy incorporated a major push for road and railway infrastructure and different steps to help the regional economy.

5.9.3 The Railways Push

In 1881, the first railways came into existence in the region. The Assam Railways and Trading Company laid the 92 km Dibru-Sadiya railroad line. Dibrugarh to Margherita was linked through this line for the departure of coal and tea shipment to Kolkata and from here by steamers on the Brahmaputra. Following fourteen years, this railway link was being connected to Assam Bengal Railways through Lumding, Badarpur, and Dhaka. In this manner, in 1901, Assam's Capital Guwahati first time got the rail connectivity. After Guwahati, Agartala became second Northeastern capital to find a rail link (The Indian Express, August 19, 2016).

A first meter-gauge line was started in Tripura in 2008. Tripura didn't have any railway link with the rest of the country before that. Later, the Government of India converted it into broad gauge. All over the region, the government has converted 900 km of tracks in broad gauge. It also launched two train services as Rajdhani express and the Tripura Sundari Express between Agartala and Delhi (The Economic Times, March 5, 2018). In 2016, all seven Northeastern capitals got rail connectivity When then railway minister Suresh Prabhu started the Rs 2,315 crore, 88 km Dhansiri-Kohima rail route project. This project existed since 2007 as a national project. This link connects Kohima to the national railway network as well as, during the railway Minister's visit to Agartala, Imphal, and Dimapur, started some projects to spread the rail linkage in the region. He said that "The Northeast is on top of the government's agenda for providing better connectivity to the region, these projects will not only bring about a sea change in the connectivity scenario of the Northeastern region but also provide a big boost to the region's economy" (The India Express, August 19, 2016).

Map 5. 9.3: Development of Rail Networks in NER



Source: Kashyap, S. Gupta (2016), "North East on track to connect capitals by train" *The Indian Express*, New Delhi, 19 August 2016.

The government additionally has started railway projects to link Imphal, Aizawl, and Shillong. It has presented more than two dozen new trains in the region. The government of India additionally marked an arrangement with Bangladesh to build up a rail linkage between Tripura and Chittagong which would speed up the flow of product, especially grains to the region (The Economics Time, March 5, 2018).

5.9.4 Rail Project through Myanmar

The government of India has also started many rail projects for connecting neighbouring countries. India has taken a proposal to develop a 111 km, Jiribam-Tupul-Imphal line in

Manipur capital in the coming years and this also bring the railway to Moreh on the Myanmar border and once it completed it would be part of proposed Trans-Asian Railway (The Indian Express, August 19, 2016).

5.9.5 Road and Highways

Prime Minister Narendra Modi has branded his policy to build infrastructure in Northeast as "Transformation by Transportation". Absence of transport network has been a major bottleneck in the economic growth of the region. In the resent three years, more than 3,800 km of national highways with an expected cost of Rs. 32,000 crore has been allocated in the region. Also, about 1,200 km of roads have been built up. According to government sources, "the centre will invest another Rs. 60,000 crore under the Special Accelerated Road Development programme in the Northeast region and Rs. 30,00 crore under the Bharatmala projects over the three years". Moreover, it is additionally committed to the country a 271 km two-lane national highway in 2017. The highway will connect Tura in western Meghalaya to the state capital Shillong (The Economics Times, March 5, 2018)).

Parallel to overseas connectivity projects, Government of India has rolled out multi-billion dollar projects to improve both road and rail networks in the Northeastern states. As a major aspect of the project, a DPR is started to build a new road-cum-rail bridge at Dhubri close to the Bengal-Assam border. In addition, it has been the proposed to build 15 km long Dhubri-Fulbari Bridge that will make the transport linkage easy for the Garo Hills in Meghalaya and neighbouring Bangladesh's Northern cities. Another 5 km long bridge at Bogibeel over the Brahmaputra is about to complete (Bose, 2018: 1-2). Significantly, Dhola-Sadiya Bridge was completed, and Prime Minister Narendra Modi inaugurated the bridge on 26 May 2017 in Assam. This bridge will resolve the road connectivity problem in NER. The bridge is three-lane and 9,15 km, and it is the country's longest bridge (The Hindu, May 27, 2017). The bridge is beneficial for the region. It will ensure all-weather connectivity between upper Assam and eastern parts of Arunachal Pradesh. It will also cut down the distance between Assam and Arunachal Pradesh by 165 km. In turn, thereby it will take only five hours to travel between Rupai

in Assam to Maka/Roing in Arunachal Pradesh. Thus, the shortened distance will open a new door for economic revolution (Economic Times, May 26, 2017).

Other than it, some more decisions have been taken by the Government of India to upgrade connectivity of the North East. These means are a 4,000 km long ring road, assisting railway projects connecting all state capitals by 2020. The country is stretching out to 15 new goals and border last-mile rail connectivity with Myanmar and reestablishing connectivity with Bangladesh. Twenty port townships are to be built up along the Brahmaputra and Barak river systems to improve intra-regional linkages (Wadhwa, 2018: 1-2).

5.9.6 Inland Waterways

The government of India has shown a renewed focus on reviving inland navigation. It is viable, cost-effective alternative in the plains of the region because of the high cost of spreading other modes of transportation. The Brahmaputra and the Barak rivers in Assam are major river routes. Around 3,839 km of safe waterway routes are being spread in the region. The government of India has declared as National Waterway 2 and six, respectively (FICCI, 2014: 16). In 2015, a coastal shipping agreement was signed by India and Bangladesh. This agreement facilitates the direct and regular movement of ships between both countries. It will help to reduce the transportation time from 30 to 40 days to an average of seven to 10 days. It is considered by both countries that improved road and rail network will upgrade bilateral trade and another component of development in the whole region (Tripura Infoway, June 12, 2015). Moreover,, in 2017, India and Bangladesh signed Memorandum of Understanding (MoU) on passenger and cruise services, which make it evident that inland navigation is gaining greater attraction in the Bay of Bengal sub-region. Both countries also signed a pact on the development of a fairway from Sirajganj to Daikhowa and Ashuganj to Zakiganj. These routes would pave the way for year-round navigation, and this will facilitate bilateral transit trade, of which a large part will move through NW-2 in India (Vidyadharana and Nath, 2017: 5).

5.9.7 Air Connectivity

The Airport Authority of India (AAI) has taken steps to reinforce regional air connectivity in the Northeastern states. Another terminal building is being developed with an expected expense of Rs 500 crore at Agartala airport terminal. It will also spend 2,500 crores in the Northeast states in the next three years (The Indian Express, December 16, 2017). Most innovative and interesting in the long term, AAI has also started the various aviation projects in the Northeast. AAI is building a runway at Silchar and Lallbari airport. It is building up an aviation workforce training institute and Rupsi airport. Also, it is building a new integrated airport and an engineering workshop at Agartala. It has incorporated a task for development and patches up of existing terminal and building and runway at Dimapur. AAI has proposed a project for the establishment of instrument landing system (ILS) at the Shillong airplane terminal and operationalisation and improvement of the Tura airport (ibid). Besides these projects and initiatives, the Civil Aviation Ministry of India and Bangladesh are willing to introduce a direct flight service from Dhaka to Guwahati. Cause of at present there no air links with Bangladesh or Myanmar from the region. Therefore people of this region have to go via Kolkata to reach Bangladesh or Myanmar (The Indian Express, November 23, 2017).

5.10 Overlapping Arrangements

There is a large number of overlapping national, regional, and sub-regional arrangements that are largely intergovernmental and which support South Asian transport integration. In order to achieve seamless transport connectivity countries of the region are a member of various regional arrangements. However, these institutions tend to have a multitude of tasks and goal. And they are often weak and ineffective. Such regional framework often does not have legally binding rules and regulations and also suffer from the political will. The existing of these arrangements is not being optically implemented yet. Despite steady progress, the region still has a long way to go in realising the vision of operational transport connectivity, mainly due to the fragmented approach to the facilitation aspects. This trend reflects the political situation in South Asia where some countries do not show their eagerness to engage in infrastructure cooperation than others.

5.11 Conclusion

India-Bangladesh connectivity has huge implications for the Northeastern part of India. Enhanced bilateral connectivity will reduce transportation costs, lower trade barriers and can act as a catalyst for faster communication of ideas, goods and services, and capitals flows. There is also great potential for further enhancement of trade and tourism between NER and Bangladesh. Border trade can be a strategic instrument for the long-term development of NER. If the connectivity issue is resolved, then the NER could be better integrated with the economies of the neighbouring countries, and the landlocked Northeastern region could be turned into nodal points of connectivity. It would mitigate poverty and backwardness from region and region would act as a bridge between the South East and East Asia. Therefore, building bridges, road, highway, and railway should be a priority for both sides.

In spite of the above potentials, which otherwise can propel the region into a developed one, it remains a "dependent periphery". And region remains a distant dream despite pumping of huge amounts of central funds development. In other words, it can also be argued that history and politics rather than location and geography subsequently add to the relative growth of the region. So it is needed for both countries to harness the untapped possibility in the area of economic cooperation, connectivity, border, and security between North Eastern states and Bangladesh. In recent past, realising the potential in these areas, various steps are being taken by the Government of India to expand transport linkages in the region.

Chapter VI

Conclusion

The momentum of greater intra-regional connectivity has been building in recent years. South Asian countries have realised the need for improving bilateral and multilateral ties among countries in the region. The improvement of transport and communication linkages inside the region is considered as basic essential for regional integration. It is in this soul that a top to bottom analysis of the present status of intra-regional connectivity along the transit facilities in the countries of the region has been carried out in this study. In particular, using a scenario approach, the net gain in trade through cooperation in land transport, communication, and transit formalities have been examined. This study shows a clear gain in intra-regional connectivity gave cognizant endeavours are made by the countries of the region to advance the regional transport network. South Asian countries in order to develop the genuinely necessary transport network and stretching out transit facilities to neighbouring countries have made a potential opening to start pivoting long-standing negative attitudes.

This study finds that after a gap of roughly seven decades, the case for reviving the land connectivity has strengthened economic security and political reasons. The main focus has been given for reviving the rail and road routes. A number of initiatives have been started to revive the land connectivity, and these include the various bilateral and multilateral projects. This has been most evident in the cases of BBIN-MVA agreement, BIMSTEC connectivity project, BCIM-EC, Chabahar connectivity project, Kaladan Multi-Modal Project, India-Myanmar-Thailand Trilateral Highway, Stillwell Road, and Akhaura-Agartala and Kolkata-Khulna rail projects. These projects are seen as an attempt to boost regional trade and as a stepping stone towards intra and inter-regional connectivity in the region, and these initiatives would take countries of the region closer to effective intra-regional transport connectivity. Particularly, cross border connectivity projects through Bangladesh are very vital, and complement to India's Act East Policy and these projects aim to smoothen connectivity with landlocked NE India. These are

important and positive developments which have implication of economic development of a strategic and isolated part of the country.

In an appreciated move, the Indian Railways' system is being reached out to Nepal. Some new bazaar haats (markets) along the border between India and Bangladesh have been opened which are giving benefit to the local people living along the borders. India-Sri Lanka ferry service has been resumed after 30 years, which had been suspended for long because of Sri Lanka's civil war in the north.

Ongoing advancements in transport sector show that there is developing recognisation for the potential and usefulness of a joint regional effort on regional connectivity. Such cooperation can be very beneficial for all the nations in the region. It is often argued that trade cooperation will not be easy in the region until South Asian nations accomplish transport integration. However, as a matter of fact, transport collaboration can be the antecedent of more prominent trade and investment integration.

The study enquires into the barriers affecting intra-regional connectivity happening through land, maritime and inland waterways routes between South Asian countries. The study also brings to light untapped trade potential in NE India and Bangladesh.

The finding of the study supports the first hypothesis that Physical barriers and lack of regional connectivity arrangement are the major constraints hindering the potential of regional growth and economic integration in South Asia; as with regards to physical connectivity barriers which are considered major infrastructural impediments in South Asia that have hindered the intra-regional connectivity. Poor roads infrastructure and its incomplete networks, missing rail lines, insufficient maritime and port infrastructure including dry port inland waterways and aviation facilities are the major barriers that are severely restraining the revival of intra-regional connectivity and growth of intra-regional trade in the region. There are inadequate facilities of the warehouse, cold storage and parking at the borders. There are several other reasons also, which have been responsible for the weak transport connectivity in the region. Among those is the non-utilisation of existing land transport and communication network. Complex transit procedures and political differences of India and Pakistan and its neighbouring countries have been

identified as major obstacles for building regional connectivity. Regulatory policy regimes and skeptical mindset of countries cost a shadow over cooperation efforts. All these factors have restrained the advantageous impacts of common, history, cultural, and geography. They also have limited the gravitational pull of proximity on the movement of goods and individuals. Therefore, integration and connectivity between South Asian countries have remained weak (Thapar, 2012: 159).

In the region, the present status of connectivity and transit facilities are an impression of the prohibitive policy regimes. Seven decades have seen just pitiful strides to re-establish a portion of the transport linkages. Regional land transport arrangements have still unsettled in the region. In the meantime, contradictory transport technology has emerged, debilitating interoperability of cross-border services, especially of rail transport.

Poor quality of roads condition of the road network, which is one of the prominent modes of transport, exists in the region linking countries like India, Bangladesh, Pakistan, Nepal, and Sri Lanka. There are two priority routes AH1and AH2 on the Asian Highway network which link 14 countries starting from the "Iran-Turkey border and going through different cities of Pakistan, India, Nepal, Bangladesh, Myanmar Thailand and ending at Ho Chi Minh city in Vietnam". Countries like Sri Lanka and Bhutan are connected with the rest of the countries in the region by their ship service and national roads separately. The Maldives, then again, has no real system of national roads. Subsequently, there is no plausibility of connecting these countries with the AH network (UNESCAP, 2003: 10).

Most countries of the region are also connected through rail network of the Trans-Asian Railway which was made up to connect Asia with Europe through the Middle East. The Central part of the TAR links Pakistan, India, and Bangladesh. Nepal is also associated with India through the Indian railway framework. Sri Lanka is also connected with India through the mix of the Indian railway framework and ferry service.

It is found in this study that South Asian countries are connected with each other through roads and railway networks. These roads and railway tracks are in good condition and can be utilised for global and intra-regional traffic. But these countries are lacking from political will to cooperate with each other in the best possible usage of existing roads and

rail networks. If the countries in the region collaborate with each other, then this is probably going to increment intra-regional transport network.

It is high time that the South Asian countries must gain from the experience of other regional blocs as how they have enhanced their transport system in recent years to fight obstructions to transport development, as the Shanghai cooperation organisation, ASEAN, Greater Mekong Subregion (GMS) have implemented arrangements and agreements towards transit and transport (Batra, 2012: 171). In South Asia also, for this very reason, cognizant endeavours must be made to promote regional integration through collaboration in the land transport linkage and easy process of the travel and transportation facilities.

The second hypothesis, i.e., Poor transportation infrastructure and connectivity impediments have limited the North Eastern Region of India and Bangladesh's opportunities to find markets within and outside the region is closely related to the first one which has been analysed in the above paragraphs. As far as transportation infrastructure is concerned between India and Bangladesh, it has been facing serious bottlenecks in the form of weak road and rail networks. With reference to roads, warehousing facilities, parking at the border, minimum required infrastructure at LCS to expedite the process of cleaning and inspection are in very poor condition. For example, the road between Shillong and Dawki is in very poor condition[63]. Most of the approach roads linking highway with LCSs are in dire need of repair and maintenance As far as soft infrastructure is concerned, complex regulatory procedures and inefficient customs clearance and ineffective transit agreements make transportation process very difficult and increase transportation costs. These infrastructure barriers have been negating the NER's advantage of having a vast international border and finding markets within and outside the region for their goods. If cross border transport infrastructure, highways, rail networks, and river transportation are not revived adequately, the Northeastern region and Bangladesh will not serve the purpose of expanding balanced trade flows and

[63] CUTS (2019), "*United we stand, divided we fall: infrastructure Impediments to Better Connectivity in South Asia"*, CUTS Policy Brief on Connectivity No. 1, Jaipur: Consumer Unity & Trust Society.

generating growth in the region, and these variables keep backward transport linkages with the neighbouring countries and their vast market will remain weak.

In the case of India-Bangladesh connectivity, which is not only beneficial for the North Eastern Region but also it is for Bangladesh. These benefits are such as (i) Bangladesh can earn as a viable source of national revenues by building the transit to Northeast India. (ii) The country can use developed infrastructure for the domestic movement of resources and also can get access to resources in the bordering area of India. (iii) Bangladesh may get access to resources and markets of Bhutan and Nepal by using Indian territory. Finally, India-Bangladesh connectivity is beneficial for people living in the region. As for India's Northeast is concerned, the landlockedness of the region is neither insuperable, nor it's own making. The remoteness of the region is a result of Government of India's insidious policy, which has been followed over the years in the region, and its watchfulness towards its neighbouring eastern countries. On the reverse, the region has immense potential to become the commercial hub of the entire Asiatic continent because of its geographical proximity and location in the middle of the trade route connecting Indian subcontinent and South East and East Asia.

Therefore, political commitment is a must to re-establish regional transport connectivity. In this context, India-Bangladesh, joint communiqué is very important, and it is a marker of dramatically improved relations between them. During the recent Bangladesh Prime Minister's visit to India, both countries emphasised seamless, multimodal connectivity to make sure regional economic cooperation and people to people contact between them. And both countries acknowledged that road, rail and waterways linkages could be building blocks for an inter-dependent and reciprocally gainful relationship.

It is very important to note here that both countries have achieved remarkable progress in the implementation of some initiatives taken by India and Bangladesh in recent years. India has a consented to give transit facility of Bhutan and Nepal's goods for traffic from Mongla and Chittagong Ports in Bangladesh. They have taken one more steps to assign a new port of call and transshipment port on the inland waterways of Bangladesh which will provide linkage to Tripura in India. Moreover, bilateral container traffic between

them, conveyed by both rail and IWT has been permitted. However, some issues remain unresolved like Teesta wáter deal and Rohingya crisis.

It is also important to point out that unless the issues of the connectivity are addressed seriously by all stakeholders, the landlocked territories of India's Northeastern region will lose out on the many economic opportunities that the process of globalisation has provided. In recent times, the region has begun to attract renewed interest, and the Government of India has taken some important measures for the development of the region. The Act East Policy also places a lot of emphasis on harnessing the unutilised potential for international trade and commerce. But the Northeastern region is not benefited from these initiatives so far because the pace of implementation is continued slowly.

This study has discussed the status of intra-regional connectivity in the British and post-partition period of the subcontinent, and it has also critically analysed the physical and non-physical berries that are impeding the revival of intra-regional connectivity in South Asia. The study finds that apart from economic hindrances, the political state of the member countries especially the unpredictable situation in Pakistan and Nepal, as well as the bilateral political circumstances between India and Pakistan, have been assuming a negative role in the development of intra-regional connectivity in South Asia. These political and ideological differences between South Asian countries are always stood in the way of connectivity. Such as, in Nepal, local political party, particularly "Madheshi" has obstructed the smooth transportation of cargo across borders. Thus, political misunderstanding and lack of institutional and regulatory reforms have deeply affected the development of regional transit.

Poor port and transport framework, administrative condition, and service-sector foundation in South Asia have been a deterrent to development for the region as well as its integration.

Therefore as an essential support to intra-regional connectivity, it is an urgent need to establish SAARC regional road and railway agreements which will be a milestone and also simplify, rationalise, standardise and harmonise cross-border formalities and

procedure and need to provide transit facilities for the movement of goods and vehicle across borders. It is needed comprehensive arrangements between SAARC member countries to identify and address the transport issues. These efforts could lead to successful resolution of physical and non-physical barriers to connectivity.

In the above aspects, the larger countries in the region, especially India, need to freely assist and guide the smaller countries whenever called upon to do so. Despite these challenges, pragmatic measures and political consensus are imperative to meet challenges. Therefore, there is a political will for political consensus with South Asian countries to pursue regional interests. BBIN motor vehicles agreement is an excellent step in this regard. In June 2015, this pact was signed by Bangladesh, Bhutan, India, and Nepal. This sub-regional connectivity is looked forward to as pioneering period of enhanced trade connectivity, economic growth, and prosperity within and between the countries of the sub-region.

Furthermore, connectivity to all South Asian countries should be conceived within the regional economic framework. All countries should exploit the natural and environmental assets, facilities, and opportunities for the broader context. Therefore, connectivity should be taken in a more extensive sense where it is intended to add to economic integration and people to people links. Because some countries' territories are preferable associated than others, and it is beneficial to comprehend that their trade, communication and finance depend on connectivity. Along these lines, improved intra-regional connectivity can help lessen exchange costs and has an immediate positive bearing on exchange volumes (World Bank 2013; UNCTAD, 2017: 100).

There are different aspects of intra-regional connectivity in South Asia, and it has been highlighted in the various ways by which this connectivity with South Asian countries may be further improved. It is noteworthy that the revival of land connectivity is a collective duty of all countries of the region. The measures such as sub-regional cooperation, improved political intercourse, and lively commitment to transport connectivity by transit countries would gradually rise towards regional economic integration and connectivity between South Asian countries.

Regional arrangements relating to land connectivity could be modelled after those developed by the United Nations or The European Union. In the interest of accelerating movements of goods and people across border, procedures, and regulations related to obtaining visas, customs clearance, export-import is licensing, and payments need to be simplified and harmonised. The granting of visas to South Asian citizens on landing at regional entry points and inter-country currency convertibility for short-term travel would greatly facilitate intra-regional connectivity (movements of people).

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