

# IDENTIFYING CHALLENGES AND IMPROVING TRADE FACILITATION IN THE STATES OF NORTHEAST INDIA

*Sanchita Basu Das and Soumya Chattopadhyay*

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# Identifying Challenges and Improving Trade Facilitation in the States of Northeast India

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Sanchita Basu Das is an economist at the Regional Cooperation and Integration Division of the Economic Research and Regional Cooperation Department of the Asian Development Bank (ADB) (email: [sbasudas@adb.org](mailto:sbasudas@adb.org)). Soumya Chattopadhyay is senior programs officer at the ADB India Resident Mission (email: [schattopadhyay@adb.org](mailto:schattopadhyay@adb.org)).

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6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines  
Tel +63 2 8632 4444; Fax +63 2 8636 2444  
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Notes:

1. In this paper, the northeast of India (NOI) refers to the states of Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura.
2. The data and information for the study were collected in 2019–2020.

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## **ABSTRACT**

Although the Government of India accords high economic and strategic importance to northeastern India and recognizes the region as a trade gateway for India's engagement with members of the Association of Southeast Asian Nations and other subregional organizations, the region itself suffers from insufficient infrastructure that hampers economic activities and trade. This paper identifies 19 priority border points among the northeastern states of Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura. It discusses the challenges of trade facilitation components, including "at-the-border" infrastructure, customs, nontariff measures, and transport facilitation. It provides a list of hard and soft interventions needed in the northeast of India to promote trade, which includes coordinating the development of border points and transport connectivity with the partner country, prioritizing customs automation, developing laboratory infrastructure for testing and conformance, removing border restrictions, and expediting implementation of cross-border motor vehicles agreements. The paper also recommends the development of inland container depots, connecting them to select border points in the northeast of India.

**Keywords:** trade facilitation, regional cooperation, northeast, ASEAN

**JEL codes:** F13, F15, R11

## ABBREVIATIONS

APEDA	Agricultural and Processed Food Products Export Development Authority
ASEAN	Association of Southeast Asian Nations
BBIN–MVA	Bangladesh–Bhutan–India–Nepal Motor Vehicles Agreement
CBIC	Central Board of Indirect Taxes and Customs
DGCIS	Directorate General of Commercial Intelligence and Statistics
ECTS	electronic cargo tracking system
EIC	Export Inspection Council
FIEO	Federation of Indian Export Organisations
FSSAI	Food Safety and Standards Authority of India
ICD	inland container depot
ICEGATE	Indian Customs Electronic Gateway
ICP	integrated check post
LCS	land customs station
LPAI	Land Ports Authority of India
MOU	memorandum of understanding
MPEDA	Marine Products Export Development Authority
NOI	Northeast of India
NTM	nontariff measures
SASEC	South Asia Subregional Economic Cooperation
SPS	sanitary and phytosanitary
TBT	technical barriers to trade
WTO	World Trade Organization



# I. INTRODUCTION

1. The northeast of India (NOI) is fast gaining attention for its rich economic resources and strategic location.<sup>1</sup> It is positioned to serve the Government of India's strategic vision encompassed in the Act East Policy. Economically, the region has large deposits of oil, natural gas, coal, and limestone, and a sizable proportion of land under cultivation for agro-horticulture products, bamboo, and rubber. Besides a wide range of natural, archaeological, and cultural tourist sites, the NOI also provides opportunities for medical tourism. It shares international borders with Bangladesh, Bhutan, Nepal, and Myanmar.<sup>2</sup> The region acts as a land bridge for India's participation in institutional forums, including the Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation and the South Asia Subregional Economic Cooperation (SASEC) program. Furthermore, access to Myanmar offers great potential to integrate India with other Association of Southeast Asian Nations (ASEAN) countries.<sup>3</sup>

2. However, regional integration through greater economic activity, trade, and investment is hampered by the NOI's insufficient infrastructure.<sup>4</sup> Currently, the region is connected with rest of India only by the narrow (22-kilometers wide) Siliguri corridor in the state of West Bengal, which is referred to as the "Chicken's Neck." Within the NOI, roadways are the prominent mode of transport. They are often congested, flooded, and not conducive for heavy-duty trucks. Other transport facilities like railways, airports, and waterways are highly inadequate.

3. Despite its potential to be India's trade gateway to other South Asian and ASEAN countries, the NOI's international trade is miniscule.<sup>5</sup> According to Directorate General of Commercial Intelligence and Statistics (DGCIS) data, the NOI's exports (₹30.9 billion) accounted for only 0.13% of India's total exports in fiscal year (FY) 2019.<sup>6</sup> In addition, NOI states trade far less through their own border gateways than through ports outside of the NOI.<sup>7</sup> Among the countries with which it shares a border, most of the NOI's trade is with Bangladesh, while its trade with Bhutan and Myanmar mostly occurs through border points located outside of the region.

4. The top NOI exports through its own border gateways are bulk minerals and ores; coal, coke, and briquettes; petroleum products; fresh fruits; natural stones and products; and iron and steel. The top imports through the NOI's border points include cement and clinker, marine products, cereal preparation, processed items, and iron and steel. Limited manufacturing capacity and infrastructure inefficiency are the core reasons behind the NOI's low trade volumes. The Kolkata and Haldia ports of West Bengal are the primary gateways for NOI products via the long and circuitous Siliguri corridor. The reliance upon this route increases travel times and costs, making the NOI unattractive for economic activities and trade that could potentially occur through border gateways within the region.

5. This paper discusses the status of the NOI's trade infrastructure and regulatory framework—the strengthening of which is known as trade facilitation—at and behind the region's key border points. The

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<sup>1</sup> Throughout this paper, the Northeast of India (NOI) refers to the states of Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura have been considered.

<sup>2</sup> The paper was written during 2019–2020. All discussion related to Myanmar should be considered in that context.

<sup>3</sup> ASEAN comprises Brunei Darussalam, Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam.

<sup>4</sup> Asian Development Bank. Forthcoming. *North East Economic Corridor: Bringing People and Markets Together*. Manila.

<sup>5</sup> Footnote 4.

<sup>6</sup> Per DGCIS data on exports by state, Assam accounted for 84% of the NOI's trade in FY2019, followed by Meghalaya (12%) and Sikkim (2%), with the rest accounted for by Manipur, Nagaland, and Tripura. In India, a fiscal year runs from 1 April to 31 March of the following year. FY2019 refers to the fiscal year ending on 31 March 2019.

<sup>7</sup> NOI states exported 21% of their total exports through the region's border gateways in FY2019. Exports through the NOI gateways accounted for only 0.03% of India's total exports in FY2019. Imports through the NOI trade gateways accounted for 0.02% of India's total imports in FY2019.

paper provides a list of interventions needed for the region to promote trade. Following this introduction, a discussion on priority border points, based on their trade and strategic importance, is presented in section II. The state and challenges of trade facilitation in the NOI are presented in section III. The discussion is based on a four-pillar framework—“at-the-border” infrastructure, customs, nontariff measures (NTMs), and transport facilitation—adopted from the SASEC Trade Facilitation Strategic Framework, 2014–2018.<sup>8</sup> Infrastructure to encourage trade—inland container depots (ICDs), border towns, and border *haats* (trading posts on an international border)—is examined in section IV. Section V lists the trade facilitation priorities and policies of the Government of India and the NOI state governments. Section VI concludes by detailing the key trade facilitation interventions needed to improve the state of cross-border trade in the region.

6. The scope of the paper includes seven states in the northeast: Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura. It also considers in its analytical discourse of trade facilitation, three bordering countries—Bangladesh, Bhutan, and Myanmar. The discussion on international trade is limited to these three countries as they have the potential to promote India’s strategic vision embodied in its Act East Policy. Although Nepal shares a border with Sikkim, there is no border point or formal trade route between Nepal and Sikkim.

7. The paper often uses the term border point to include both land customs stations (LCSs) and integrated check posts (ICPs). The LCSs are notified under the Customs Act, 1962 to handle international trade across land borders, though they lack the authority to develop and maintain border point infrastructure. There are currently 40 LCSs in the NOI (Annex 1). The ICPs are integrated facilities, housing agencies like customs, immigration, and testing agencies, along with support facilities and modern equipment, in a single complex. The ICPs are developed by the Land Ports Authority of India (LPAI), an institution created in 2012, to overcome the shortcomings of LCSs. The term border point simply implies a gateway to undertake trade and immigration irrespective of whether it contains an LCS or ICP, or only has immigration points.

8. The paper combines both primary and secondary research and undertakes semi-structured interviews with private players and central and state government policy makers (Annex 2). Field trips were made to several border points in the NOI during June–September 2019 to validate the findings. The discussion also uses secondary economic data, published reports, Asian Development Bank (ADB) technical studies, government press releases, and media reports to complement the primary sources of interviews, government documents, and international agreements.

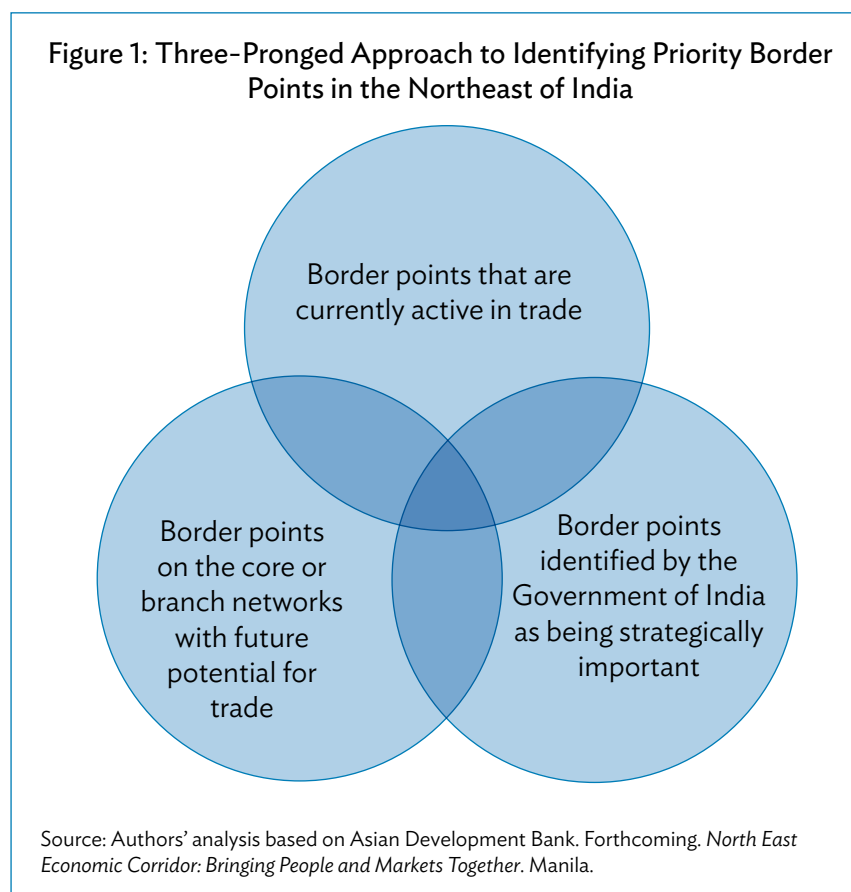
## II. IDENTIFICATION OF PRIORITY BORDER POINTS

9. This section deploys a three-pronged approach to identify priority border points that are of economic and strategic importance to the region. While the first criterion is to identify a border point on the basis of trade volume and the nature of its trade, the second is whether the border point is connected to the proposed core and branch transport network of the NOI as identified in ADB’s forthcoming technical study on the region.<sup>9</sup> This will help identify border points that are of current and future

<sup>8</sup> Asian Development Bank. 2014. *SASEC Trade Facilitation Strategic Framework, 2014–2018*. <https://www.adb.org/sites/default/files/publication/111017/sasec-tf-strategic-framework-2014-2018.pdf>.

<sup>9</sup> Footnote 5. The NEEC technical study proposes three levels of transport connectivity in the NOI: (i) core network, (ii) branch network, and (iii) support network. The core multimodal transport and logistics network consists of trunk routes (i.e., the region’s national highways connecting the state capitals and other trade centers and border points). The branch network connects the core network to border points, and the support network connects the economic centers to the core and branch networks. Improvements to all three levels of the transport network will enable the NOI to build connectivity within the region; with the rest of India; and with other South Asian countries, ASEAN members, and the rest of the world.

economic importance, the latter owing to increased manufacturing activities, regulatory changes, and new transport routes. The last step is to identify the priority border points of the Government of India that are included in plans for upgrade or development (Figure 1).



10. As the first step, Table 1 presents the share of the NOI's exports passing through each of its border points between FY2015 and FY2019. Daranga Mela, Hatisar, Sutarkandi, Bholaganj, Borsorah, Gasuapara, and Sheuabazar exhibit the greatest economic importance for the NOI.

**Table 1: Border Point Shares of Total Exports of the Northeast of India (%)**

Border Point	FY2015	FY2016	FY2017	FY2018	FY2019
Daranga Mela	0.0	0.0	0.0	0.0	10.7
Golakganj Railway Station	0.0	0.0	0.5	1.5	4.8
Hatisar	25.1	28.7	38.9	18.4	0.0
Karimganj Steamerghat	1.1	1.0	1.1	2.0	2.6
Mankachar	0.5	0.2	0.1	0.1	0.6
Sutarkandi	6.9	4.0	3.1	7.1	5.0
LCS Kamardwisa	0.0	0.0	0.0	0.0	1.9
Moreh	4.8	1.9	0.0	0.0	0.4
Baghmara	0.2	0.0	0.0	0.0	0.0
Bholaganj	6.3	2.9	3.4	3.2	12.5

*Continued on next page*

(Table 1: continued)

Border Point	FY2015	FY2016	FY2017	FY2018	FY2019
Borsorah	10.1	26.3	18.6	30.7	15.6
Gasuapara	1.8	8.0	8.6	6.4	11.0
Dalu	0.5	0.3	0.6	0.6	0.4
Dawki	8.3	4.2	7.8	0.0	0.0
Mahendraganj	2.0	0.7	0.3	0.5	0.4
Sheuabazar	32.2	21.7	16.6	28.7	31.7
Old Ranghna Bazar	0.0	0.1	0.0	0.0	0.7
Srimantapur	0.0	0.0	0.2	0.0	0.1
Agartala	0.1	0.0	0.0	0.0	0.2
LCS Manu	0.0	0.0	0.1	0.7	1.5

FY = fiscal year, LCS = land customs station.

Notes: The northeast of India refers to the states of Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura. Trade data are not readily available for all border points. There are also discrepancies across data collected from different official sources such as Customs, the Directorate General of Commercial Intelligence and Statistics (DGCIS), and integrated check posts. For analytical uniformity, DGCIS data has been used to make inferences.

Source: Authors' calculations based on DGCIS data.

11. However, the observed extent of trade through individual NOI border points may not correctly reflect their future potential as a significant share of the NOI's trade currently occurs through ports outside of the NOI due to either inadequate infrastructure or cross-border trade restrictions imposed its LCSs by neighboring countries.<sup>10</sup>

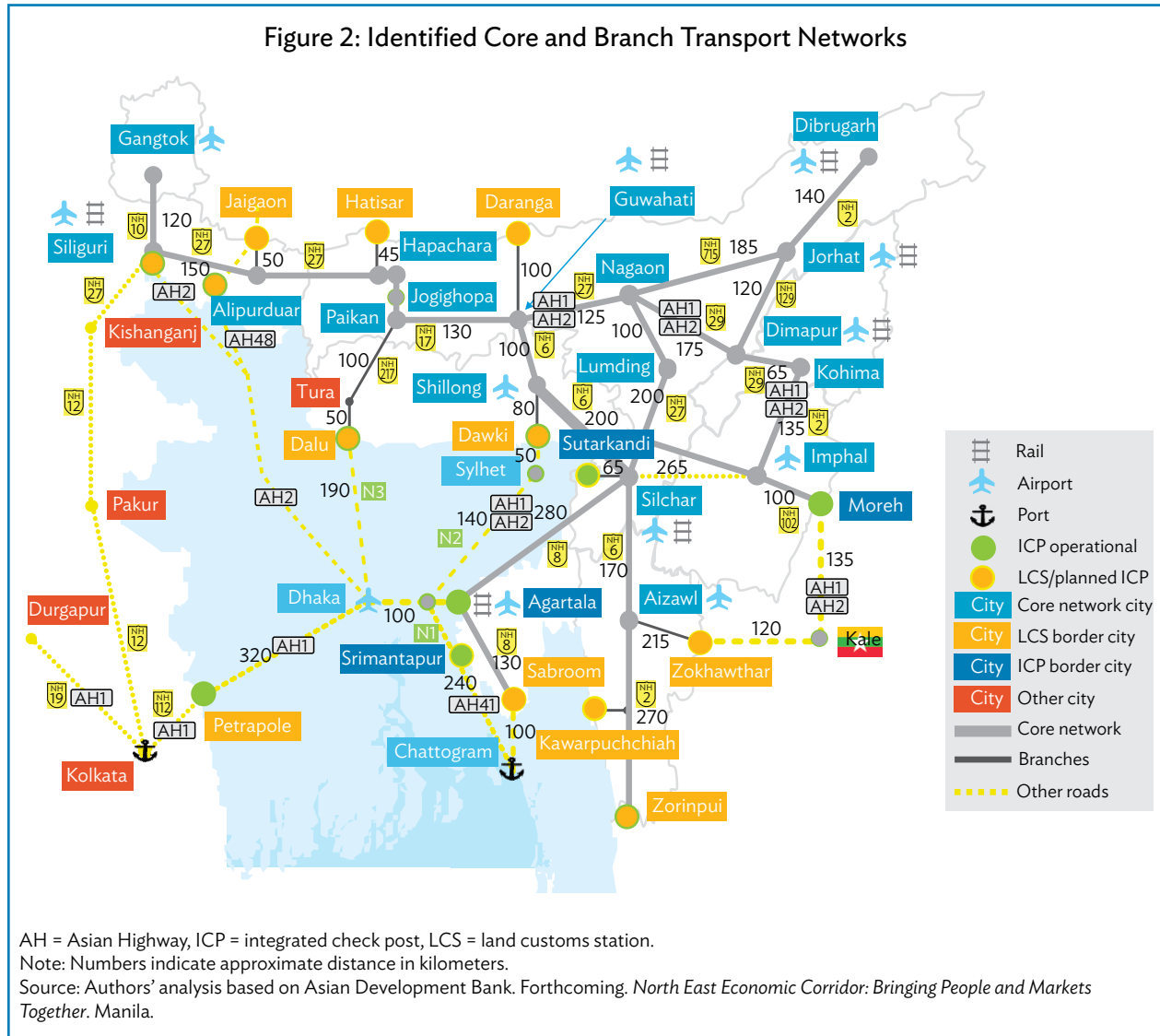
12. In an effort to address these trade obstacles facing the NOI, the ADB technical study identifies gaps and makes recommendations for improvement in transport, industry, agriculture, urban development, power, trade facilitation infrastructure, and regulations. It identifies priority industries that have the comparative advantage to operate in the identified NOI growth centers and border centers.<sup>11</sup> Emphasis is given to Chattogram Port in Bangladesh as a potential transshipment hub and international gateway for the NOI. The study identifies routes that link the NOI's growth centers and border centers to Chattogram Port, thus saving cost and time vis-à-vis the Siliguri corridor (West Bengal).<sup>12</sup> Once these routes become operational and regulatory restrictions on cross-border trade are removed, the NOI will likely attract investments and the enhancement of border points will open new trading opportunities for the region's manufacturing sector.

13. Given this future scenario, the second step of the three-pronged approach highlights the border points that fall on the core and branch networks identified in the ADB technical study (Figure 2). While some of these are operational ICPs, others have only been proposed by the government and are not yet functional. Table 2 lists the selected border points that lie on the identified core and branch networks.

<sup>10</sup> For example, weak and old bridges at Dawki, Moreh, and Zokhawthar cannot bear the axle load of bigger trucks, thus discouraging trade to and from the NOI. Furthermore, there are import restrictions on goods moving to Bangladesh through the NOI LCSs, but these restrictions are less for ports located in other parts of India such as West Bengal.

<sup>11</sup> Growth centers are identified in the ADB technical study as hubs for industrialization and urbanization that can help meet regional industrial demand. Border centers comprise border points and are identified as cross-border trade enablers that promote other economic activities and urbanization in the vicinity.

<sup>12</sup> The distance between Agartala and Kolkata via the Siliguri corridor is 1,600 kilometers, whereas the distance between Agartala and Chattogram is 230 kilometers via the Sabroom border point if Chattogram Port is used as a transshipment hub.



**Table 2: Border Points on the Identified Transport Network**

S. No.	State	Border Point on the Core or Branch Network	Status
1	Assam	Daranga Mela	Functional LCS
2		Hatisar	Functional LCS
3		Sutarkandi	Functional ICP
4		Dhubri River Port	Functional LCS
5		Karimganj Steamerghat	Functional LCS
6	Manipur	Moreh	Functional ICP
7	Meghalaya	Dalu	Functional LCS
8		Dawki	Functional LCS, proposed ICP
9	Mizoram	Zokhawthar	Functional LCS, proposed ICP
10		Zorinpui	No LCS, proposed ICP
11	Tripura	Agartala	Functional ICP
12		Sabroom	Nonfunctional LCS, proposed ICP

*Continued on next page*

(Table 2: continued)

S. No.	State	Border Point Not Located on Core or Branch Networks, but Linked via a Support Network	Status
13	Meghalaya	Sheuabazar	Functional LCS
14		Borsorah	Functional LCS
15		Baghmara	Functional LCS
16		Gasuapara	Functional LCS
17	Mizoram	Kawarpuchchiah	No LCS, proposed ICP
18	Tripura	Srimantapur	Functional ICP

ICP = integrated check post, LCS = land customs station.

Source: Authors' analysis based on Asian Development Bank. Forthcoming. *North East Economic Corridor: Bringing People and Markets Together*. Manila.

14. The third step is to ascertain which border points are of strategic interest to the Government of India and slated for improvements. Table 3 lists the border points that are mentioned in various bilateral agreements between the Government of India and neighboring governments, including those identified for further development.

**Table 3: Border Points Mentioned in the Government of India's International Agreements**

S. No.	Border Point	Agreement
1	Daranga Mela	Agreement on Trade, Commerce, and Transit with Bhutan 2016
2	Hatisar	Agreement on Trade, Commerce, and Transit with Bhutan 2016
5	Moreh	Border Trade Agreement with Myanmar 1994 (functional ICP)
6	Zokhawthar	Border Trade Agreement with Myanmar 1994
7	Zorinpui	Proposed ICP under the Kaladan Multi-Modal Project
8	Pandu	Port of call as per the Indo-Bangladesh Protocol on Waterways
9	Silghat	Port of call as per the Indo-Bangladesh Protocol on Waterways
10	Karimganj	Port of call as per the Indo-Bangladesh Protocol on Waterways
11	Dhubri	Port of call as per the Indo-Bangladesh Protocol on Waterways
12	Dalu	Notified transit trade route between Bangladesh and Bhutan in Agreement on Trade, Commerce, and Transit with Bhutan 2016, and a functional LCS
13	Agartala	Operational ICP for India-Bangladesh trade
14	Sutarkandi	Functional ICP for India-Bangladesh trade
15	Dawki	Functional LCS and Proposed ICP for India-Bangladesh trade
16	Sabroom	Planned ICP for India-Bangladesh trade but no LCS
17	Kawarpuchchiah	Planned ICP for India-Bangladesh trade but no LCS

ICP = integrated check post, LCS = land customs station.

Source: Authors' analysis based on Asian Development Bank. Forthcoming. *North East Economic Corridor: Bringing People and Markets Together*. Manila.

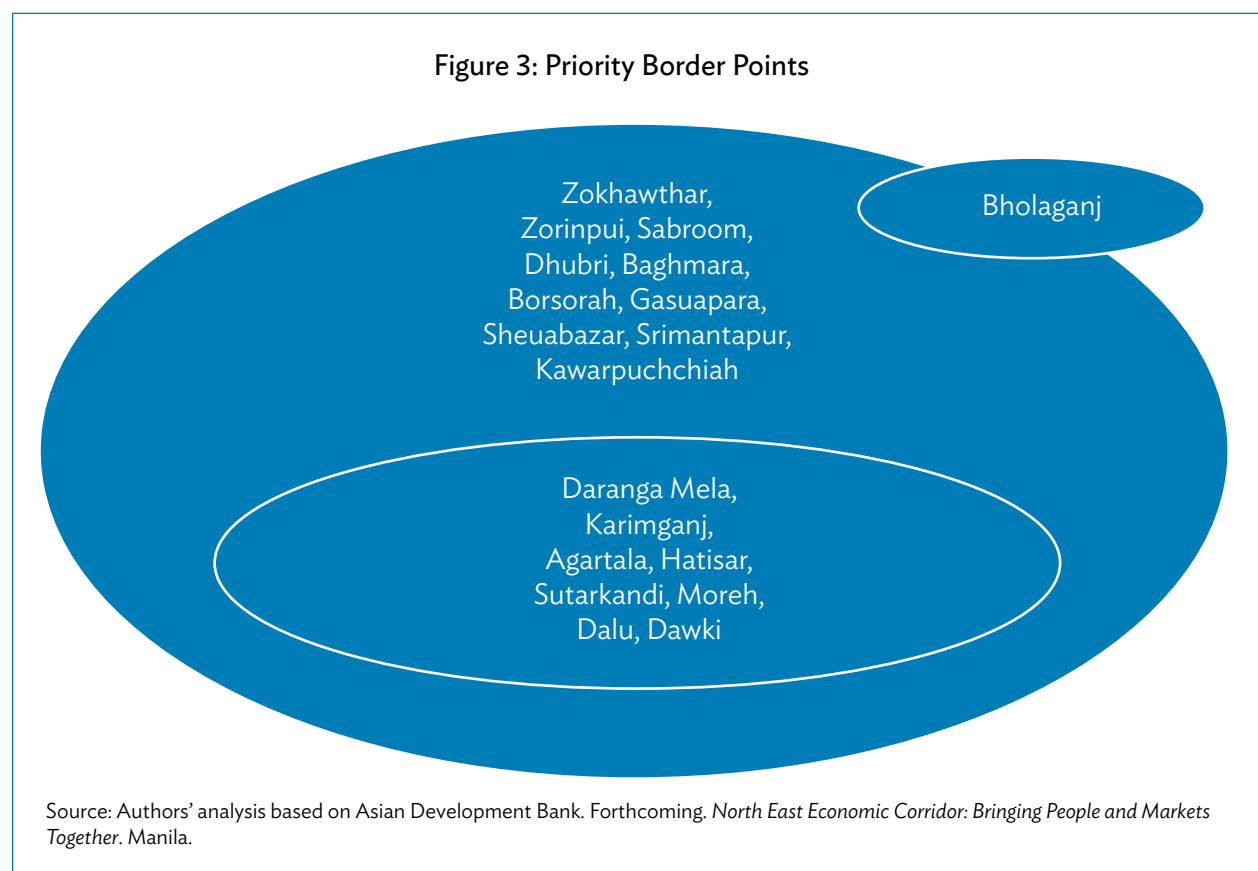
15. While some of the border points are of importance under all three approaches, some are important for two and some only for one (Table 4). The priority border points identified in this paper are those that occur in at least two of the three approaches (Figure 3). As an exception, Bholaganj (identified

under only one approach) is considered a priority border point as it is close to Borsorah and Baghmara, and it sees a sizable amount of trade.

**Table 4: Border Points Identified under the Three-Pronged Approach with Corresponding International Trade Partner**

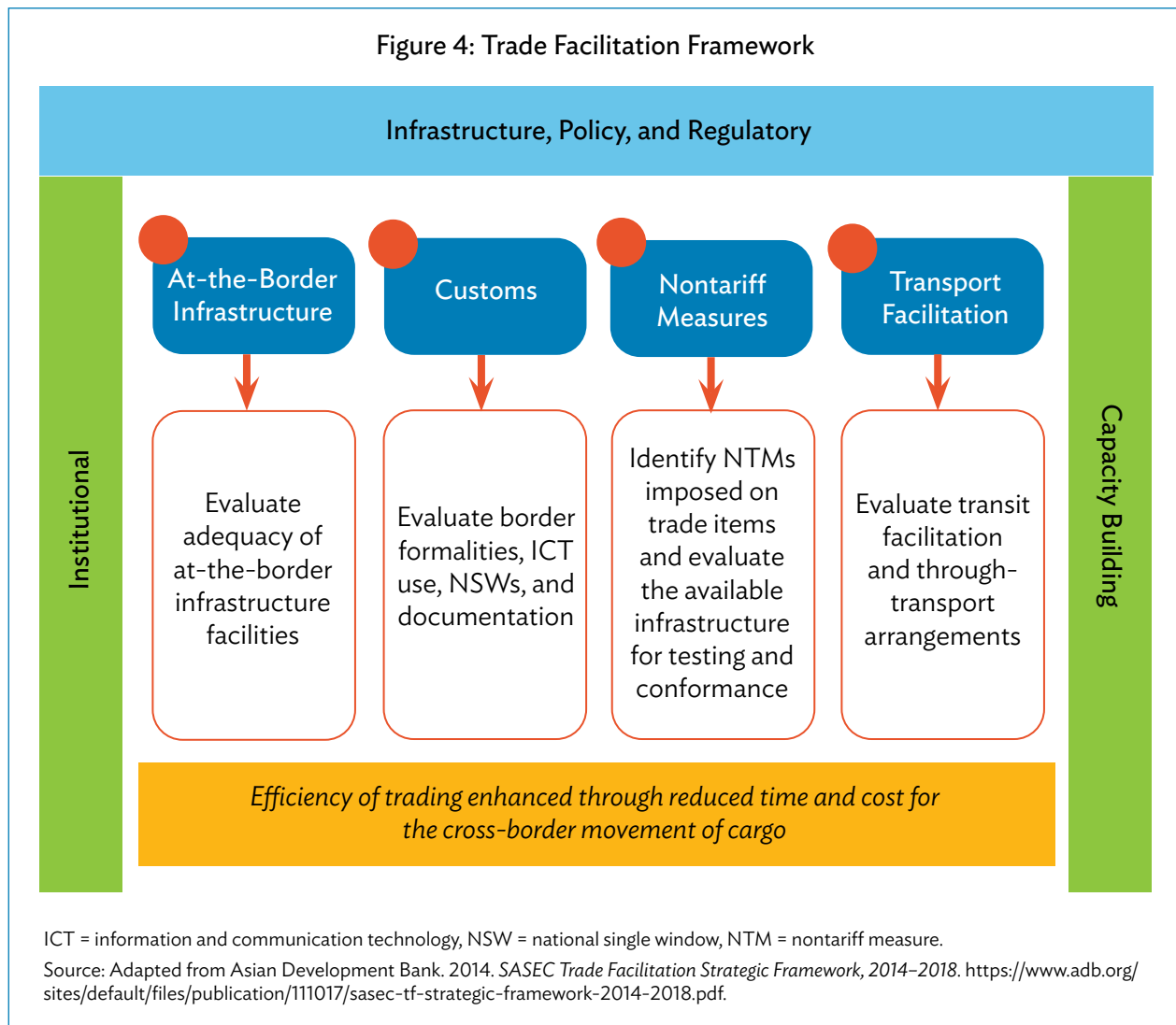
Identified under All Three Approaches	Identified under Two of Three Approaches	Identified under One of Three Approaches
Daranga Mela (Bhutan)	Zokhawthar (Myanmar)	Bholaganj (Bangladesh)
Karimganj Steamerghat (Bangladesh)	Zorinpui (Myanmar)	Golakganj Railway Station (Bangladesh)
Agartala (Bangladesh)	Sabroom (Bangladesh)	Mankachar (Bangladesh)
Hatisar (Bhutan)	Dhubri (Bangladesh)	LCS Kamardwisa (Bhutan)
Sutarkandi (Bangladesh)	Baghmara (Bangladesh)	Mahendraganj (Bangladesh)
Moreh (Myanmar)	Borsorah (Bangladesh)	Old Ranghna Bazar (Bangladesh)
Dalu (Bangladesh)	Gasuapara (Bangladesh)	LCS Manu (Bangladesh)
Dawki (Bangladesh)	Sheuabazar (Bangladesh)	
	Srimantapur (Bangladesh)	
	Kawarpuchchiah (Bangladesh)	

Source: Authors' analysis.



### III. STATE AND CHALLENGES OF TRADE FACILITATION

16. The framework depicted in Figure 4—focusing on the four areas of “at-the-border” infrastructure, customs, NTMs, and transport facilitation—has been used to discuss the state of trade facilitation measures in the NOI and the related challenges. The framework is adapted from the SASEC Trade Facilitation Strategic Framework, 2014–2018.



#### A. At-the-Border Infrastructure

17. Border infrastructure, for this discussion, includes the availability of equipment and systems, hard infrastructure (i.e., buildings, warehouses, and parking), immigration facilities, certification and testing infrastructure, banking facilities, and communication facilities. All these amenities are required at or near the LCSs and border points, working together in an integrated fashion for the seamless movement of goods and people across borders.



18. The assessment of border infrastructure was done at two levels. A matrix of availability of at-the-border infrastructure facilities was created for 15 border points identified in Annex 3. The findings were further validated by field visits to Agartala, Daranga Mela, Dalu, Dawki, Moreh, and Sutarkandi.

19. Looking at the matrix in Annex 3, Agartala has the most trade-enabling facilities, followed by Moreh, Sutarkandi, and Dawki. Most other border gateways in the NOI suffer from inadequate infrastructure and amenities. Key challenges related to border infrastructure include limited space at warehouses, the absence of equipment like a crane or weighbridge, the lack of testing laboratories in the vicinity, limited truck parking areas, and the lack of a cargo dump yard. At several border points, there is lack of comprehensive infrastructure facilities. For example, even if Sutarkandi or Moreh had an X-ray facility, it would not increase efficiency as the supporting infrastructure of 24-hour electricity supply is not available.

20. Although the LPAI was established in 2012 with the objective of overhauling India's border trade management facilities by upgrading LCSs to ICPs, the implementation has been slow. The LPAI has managed to develop and operationalize ICPs at only nine locations, of which four are in the NOI and four more are due for upgrade to ICP. Given that there are 40 LCSs in the NOI, there are still many locations with inadequate infrastructure. Furthermore, the development of border infrastructure is not coordinated across land borders; that is, while there may be a well-equipped LCS in the NOI, it is not matched by infrastructure facilities of a similar standard on the other side. This results in the less-than-optimal usage of the investment made on one side of an LCS pair.

21. Besides infrastructure amenities, the study's field visits found that the identified border points suffer from poor traffic management. There are often long queues of trucks at the border, causing delays in clearance and border transit. These issues arise due to the absence of systematic planning for border locations and facilities design. Many border crossings tend to be congested because they are located within border towns, which have either long been inhabited or have a growing local community due to increased cross-border trading activities. Traffic congestion also occurs because of a diverse set of users like pedestrians, passenger buses, personal vehicles, nonmotorized transport, and freight traffic. Even the freight traffic resulting from border activities (e.g., imports, exports, and transit, as well as empty trucks) does not flow in a predefined manner. This is further complicated by the presence of major roadside retailing activities generated by traffic flows, such as hawkers at the border between India and Bangladesh, contributing to the chaos and long delays.

22. In addition, the synchronized development of transport connectivity and LCSs continues to be missing. Most of the LCSs suffer from a lack of "behind-the-border" infrastructure facilities. At present, there are several transport projects (road, rail, and waterways) across Dhubri, Moreh, Agartala, Dalu, Daranga Mela, and Sabroom in either the planning or implementation stages that will connect the NOI hinterland with its key gateways. Some of the existing transport infrastructure projects are simply insufficient. For example, a bridge connecting Dawki LCS with Tamabil in Bangladesh is extremely weak and unable to withstand a full truckload. Similar situations exist at Moreh and Zokhawthar. Furthermore, Zorinpuri and Kawarpuchchiah are planned to be developed as ICPs; however, connectivity to these points is extremely poor or even nonexistent.

## **B. Customs**

23. Improved customs in India, and particularly in the NOI states, comprises a number of measures such as increasing transparency and predictability of customs actions, simplification of customs documents, simplification of procedures for authorized persons, minimum controls for compliance, risk management and audit-based controls. A core measure in raising the efficiency of customs is the use of information and communication technology (ICT) applications (e.g., automation for document processing, coordination with other border agencies, and establishing a national single window). Under

the provisions of the World Trade Organization’s (WTO) Trade Facilitation Agreement, India has made commitments to streamline and modernize customs formalities. The Central Board of Indirect Taxes and Customs (CBIC) is the nodal agency for planning and implementing customs initiatives in India. It works mainly with six cross-border regulatory agencies for customs clearance—the Food Safety and Standards Authority of India (FSSAI), Plant Quarantine, Animal Quarantine, the Central Drugs Standard Control Organization, the Wildlife Crime Control Bureau, and the Textiles Committee.

24. As most international trade in India happens through seaports and airports, overland trade is relatively small in volume. Thus, often the government’s priority for customs infrastructure development and reform design lies with seaports and airports rather than with land borders. While the improved customs facilities at the ports are intended to be extended gradually to land borders, this process has been slow with most borders that are not connected to ICEGATE.<sup>13</sup> Thus, out of 114 LCSs that handle both bilateral and transit trade with other South Asian countries, only 44 are automated, of which only five are in the NOI.<sup>14</sup> As a result, the benefits of automation—direct as well as concomitant—have not been available to the NOI LCSs. While direct benefits include greater standardization, efficiency, and transparency, concomitant benefits are (i) systems-driven risk management to facilitate legitimate trade, promote voluntary compliance, and improve utilization of resources; (ii) a national single window allowing for the lodgment of all import- and export-related documentation, and the subsequent receipt of clearance decisions through a single electronic portal; (iii) paperless processing enabling digital upload and transmission of all supporting documents; and (iv) better data sharing. The absence of automation deprives trade of these benefits and impinges on the effectiveness of trade controls. Poor infrastructure is also a reason for the absence of information technology-enabled processes. Most of the LCSs in the NOI continue to operate in manual mode, deprived of the efficiencies gained under automation.

### C. Nontariff Measures

25. As tariff rates have generally fallen globally over the past decades, with a few exceptions, NTMs have emerged as a means to protect domestic industries and ensure safe and environmentally friendly consumer products. The NTMs are policy measures, over and above tariffs, that affect trade in goods by altering the quantities traded or prices, or both. They are broadly classified into two categories: technical and nontechnical measures. Under technical measures, technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) measures are the most important. Under the nontechnical category, price controls, licenses, quotas, quantitative restrictions, rules of origin, subsidies, government procurement, and intellectual property are significant.

26. As all existing and potential industrial sectors in the NOI have export demand in Bangladesh, Bhutan, and Myanmar, they are often subject to NTMs. Annex 4 shows selected SPS and TBT measures imposed by Bangladesh and Bhutan on products exported from India that are of relevance to the NOI states. The challenges posed by NTMs relate to physical infrastructure, institutions, and policies.

27. **Infrastructure challenges** related to SPS and TBT include lack of testing and laboratory facilities and regulatory offices in the vicinity of almost all LCSs in the NOI. For example, of the 182 primary testing facilities in India that are FSSAI notified and accredited by the National Accreditation Board for Testing and Calibration Laboratories, only 18 are in the NOI.<sup>15</sup> Moreover, plant and animal quarantine offices

<sup>13</sup> ICEGATE is the national portal of CBIC that provides e-filing services to traders, cargo carriers, and other trading partners. ICEGATE is internally linked with multiple partner agencies including the Reserve Bank of India, Directorate General of Foreign Trade, DGCIS, banks, and other partners and agencies involved in trade. All electronic documents handled by ICEGATE are processed (at the customs end) by the Indian Customs EDI System.

<sup>14</sup> Srimantapur, Muhurighat, and Agartala are all in Tripura on Bangladesh border. Daranga Mela (Assam) is on the Bhutan border, and Moreh (Manipur) is on the Myanmar border.

<sup>15</sup> Apart from 182 primary laboratories, there are 18 referral and 14 national referral laboratories in India. None of these referral labs are located in the NOI.

located in the seven NOI states are limited in number. Out of 53 plant quarantine facilities in India, only three are located in the NOI—Guwahati (Assam), Agartala (Tripura), and Moreh (Manipur) ICPs. An animal quarantine office is available in Guwahati.

28. In the NOI, the lack of access to Export Inspection Council (EIC) laboratories, which are responsible for issuing certifications associated with export market requirements and certifications of all export consignments, poses a big challenge. Of the 46 approved external labs and 22 inspection-agency-run labs located throughout India, 80% are concentrated in relatively more developed states like Andhra Pradesh, Tamil Nadu, Maharashtra, and Kerala. The NOI does not have a single EIC laboratory or external agency laboratory. Agencies such as the Agricultural and Processed Food Products Export Development Authority (APEDA) mandated to certify selected agricultural and processed food products have 190 laboratories across India, and yet none are located in the NOI. Two such laboratories in West Bengal are the closest. As a result, samples have to be sent to West Bengal for testing, leading to higher costs and delays (Table 5). Similarly, not one of the 19 APEDA labs competent to certify organic farm products is located in the region.

**Table 5: Infrastructure Facilities to Support Compliance with Nontariff Measures, All-India versus the Northeast**

Plant Quarantine Offices		Animal Quarantine Offices				FSSAI-notified and NABL-accredited Laboratories					
All-India	NOI	All-India		NOI		All-India			NOI		
53	3	13		1		Primary	Referral	National referral	Primary	Referral	National referral
						182	18	14	18	0	0
APEDA-certified labs		Recognized by BIS				Export Inspection Council					
		Private labs		Government		All-India			NOI		
All-India	NOI			Labs used by BIS		Approved external laboratory	Inspection agency	Approved external laboratory	Inspection agency		
190	0	All-India	NOI	All India	NOI	46	22	0	0		
Organic Product Testing Labs		246	1	255	7						
19	0										

APEDA = Agricultural and Processed Food Products Export Development Authority, BIS = Bureau of Indian Standards, FSSAI = Food Safety and Standards Authority of India, NABL = National Accreditation Board for Testing and Calibration Laboratories, NOI = Northeast of India.

Note: The NOI refers to the states of Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura.

Sources: Authors' compilation from Single Window Interface for Trade, FSSAI, APEDA, Export Inspection Council, and BIS.

29. **Institutional challenges** relate to three sets of agencies in India, based on their role in governing the production and export of food products in terms of regulation, enforcement, and conformity assessment and certification.

- (i) The regulation of food products is under FSSAI (single point), and these standards are also applicable to the domestic market. The regulation of biosecurity as it relates to agriculture products is with Plant Quarantine and Animal Quarantine.
- (ii) Enforcement of food standards within India is led by state-level food and drug authorities. Similarly, enforcement of quarantine is handled by the state-level agriculture departments.
- (iii) Conformity assessment for export markets is driven by specialized bodies and is typically linked to export promotion with significant trade or industry interface. These bodies include

APEDA, the Marine Products Export Development Authority, and the Federation of Indian Export Organisations. The presence of multiple agencies in the same field with similar regulatory outreach poses a serious problem for the simplification and rationalization of testing and corresponding certification processes.

30. While this institutional division of responsibility across governance, enforcement, and certification of standards is not unique to India, it does throw up challenges.<sup>16</sup>

- (i) Small and medium-sized exporters often find it challenging to identify the relevant institutions and their respective offices to approach for their specific requirements. They also have difficulty in understanding technical aspects of compliance as related to conformity assessment for destination markets. Thus, they typically rely on a network of agents who act as intermediaries.
- (ii) Human and physical resources in many of these institutions have not kept pace with the rapidly growing economy, and they often find themselves understaffed.<sup>17</sup>
- (iii) Complying with not just national mandatory regulatory standards but also those of multiple export destinations requires conformity testing for multiple destinations, adding to the overall cost of doing business.

31. The impact of these challenges is felt more acutely in the NOI, which has remained largely peripheral in terms Indian exports. Given the low export volume, both agents and institutions remain thinly spread in the NOI.

32. Policy issues relate to product or quantitative restrictions, labeling and packaging requirements, and limited information.

- (i) Land ports located in West Bengal (rather than the NOI) are the major gateways for bilateral trade between India and Bangladesh. Although there is a functional ICP at Agartala, and there are plans to develop more ICPs along the India–Bangladesh border in the NOI, import restrictions at the border points in the NOI act as a major impediment to boosting NOI export to Bangladesh. For example, Bangladesh allows import of only 23 and 31 types of goods through the Sutarkandi and Agartala LCSs, respectively (Annex 5). Therefore, upgrading infrastructure and establishing better cross-border connectivity may not be sufficient in seeking an increase of exports from the NOI to Bangladesh.
- (ii) Labeling and packaging regulations across South Asia and Southeast Asia often require different languages and information disclosure in different forms. For example, all packaged food products imported into Bangladesh must be labeled in Bangla, notwithstanding labeling in English or any other language.<sup>18</sup> Meanwhile, India mandates labeling of all food products in either English or Hindi.<sup>19</sup> Accordingly, an Indian producer (in the NOI or elsewhere in India) has to follow India’s labeling regulation for domestic sales and Bangladesh’s labeling regulations when exporting to Bangladesh. While this is a universal challenge, when combined with higher production and transportation costs in the NOI, the additional labeling requirement can constitute a significant incremental expense for the NOI exporters.

<sup>16</sup> For example, the dichotomy between framing national standards for food and the enforcement of such standards is not unique to India but is typical of most federal systems such as Australia, Canada, and the United States.

<sup>17</sup> A report from the Comptroller and Auditor General cited shortage of qualified personnel and functional testing equipment in state food laboratories and referral laboratories. The report noted that while the Ministry of Health and Family Welfare, Government of India had approved the creation of 356 positions for FSSAI at different levels, many positions were yet to be filled by permanent employees; contractual appointees have been hired instead. | Report of the Comptroller and Auditor General of India on Performance Audit of Implementation of Food Safety and Standards Act, 2006. Union Government (Civil) Ministry of Health and Family Welfare Report No. 37 of 2017 (Performance Audit), Pages 71-72.

<sup>18</sup> Government of Bangladesh. 2017. Gazette Notification of Food Safety (Labelling) Regulations.

<sup>19</sup> Food Safety and Standards Authority of India. 2011. Food Safety and Standards (Packaging and Labelling) Regulation.

- (iii) There is limited awareness among traders and farmers of compliance requirements in legislation related to SPS and in other technical barriers. Currently, the policy regime dealing with the production, distribution, and import of agricultural products is centrally controlled, and Indian states need to align themselves with national practices of standards and inspection procedures.<sup>20</sup> The limited presence of export promotion councils, commodity boards (except for the Tea Board), and trade and industry chambers in the NOI hinders information dissemination on policy, regulations, standards, and export market requirements.

33. Within the NOI, there are also restrictions on the use of border points for exporting to Bangladesh. For example, the West Jaintia Hills Autonomous District Council has placed restrictions on exporters from outside Meghalaya in the form of licensing requirements to export goods through the border points in that zone (Dawki). Licenses are mainly granted only to exporters who are working with Meghalaya residents as business partners.

#### D. Transport Facilitation

34. The last pillar of the discussion on trade facilitation initiatives in the NOI involves transport facilitation both across international borders as well as across borders of Indian states. The challenges under each are presented below.

##### 1. Cross-Border Transport Facilitation

35. Given the NOI's proximity to Bangladesh, Bhutan, and Nepal, improving cross-border freight movement by road and waterways is a key imperative to boosting trade ties. Transport facilitation across international borders will happen not only by building cross-border infrastructure connectivity but also by pursuing bilateral and multilateral discussions to strengthen institutional connectivity. A number of transport projects have been proposed or are being implemented to enhance linkages (Table 6). However, timely completion of these projects has always been difficult due to political economy issues such as challenges to land acquisition and opposition from local vendors and laborers who fear job losses due to the opening up of markets.

**Table 6: Cross-Border Transport Connectivity Projects**

Trade Partner	Project
Bangladesh	<ul style="list-style-type: none"> <li>• Inland container port at Ashuganj</li> <li>• Widening of Ashuganj–Akhaura Road in Bangladesh (connectivity to Tripura)</li> <li>• Akhaura–Agartala rail link</li> <li>• Upgrading of Akhaura–Luksam–Chattogram rail link</li> <li>• Mahishashan (India)–Sahbazpur (Bangladesh)–Kulaura rail link</li> <li>• Bridge over Feni River at Sabroom, Tripura (completed)</li> <li>• Ramgarh–Barariarhat road project in Bangladesh (critical for Tripura–Chattogram Port connectivity)</li> </ul>
Bhutan	<ul style="list-style-type: none"> <li>• Upgrading of the East–West Highway</li> </ul>
Myanmar	<ul style="list-style-type: none"> <li>• Upgrading of the Moreh–Tamu–Kale link (support between Tamu–Kale is an ongoing project of the Government of India)</li> <li>• Rehabilitation of Moreh–Tamu bridge</li> <li>• Upgrading of the Rih–Tiddim–Kale link (including the bridge at Zokhawthar)</li> <li>• Kaladan project road link from Paletwa to Zorinpui</li> </ul>

Source: Authors' compilation based on CUTS International. 2018. *Connecting Corridors Beyond Borders*. [http://www.cuts-international.org/bbinmva/pdf/Report-Connecting\\_Corridors\\_beyond\\_Borders.pdf](http://www.cuts-international.org/bbinmva/pdf/Report-Connecting_Corridors_beyond_Borders.pdf).

<sup>20</sup> The Government of India has the Indian Standard Portal, operated by the Federation of Indian Export Organisations, that serves as a single information platform for India's standards, regulations, and conformity assessment procedures to ensure the dissemination of policies and updates.

36. In addition to these transport projects, the harmonization of regulations of the concerned countries is a key imperative. To deliver on a coordinated approach, a number of bilateral and multilateral arrangements have been concluded or are being pursued between the Government of India and the countries bordering the NOI. These include the Coastal Shipping Agreement, Protocol on Inland Waterways Transit and Trade, Bangladesh–Bhutan–India–Nepal Motor Vehicles Agreement (BBIN–MVA), and a memorandum of understanding for the use of Chattogram and Mongla Ports. Each of these agreements is of significant economic value in terms of lowering transport costs, avoiding delays, and bringing some informal trade into the ambit of formal trade. For example, BBIN–MVA is useful for the seamless movement of cargo trucks across the border from the consignor to the consignee. The absence of such arrangements necessitates the transshipment and rearrangement of cargo at the border, leading to additional handling, delays, and potential damage to cargo.

37. Table 7 summarizes the current state of the institutional arrangements in the region.

**Table 7: Bilateral and Multilateral Arrangements to Promote Trade**

Agreement	Background and Benefits	Progress and Challenges
Coastal Shipping Agreement (2015)	The agreement will facilitate coastal movement of goods between India and Bangladesh. This arrangement is expected to benefit bilateral trade through a reduction in freight charges, improve the utilization of river and seaport capacities, open a new opportunity for Indian coastal vessels (river sea vessels), and reduce congestion at land ports.	The agreement has some limitations. It only covers origin–destination cargo between the two countries and lacks third–country export–import (EXIM) trade by allowing transshipment through ports on the east coast of India or at Bangladesh ports.
Protocol on Inland Waterways Transit and Trade (PIWTT) (2015)	Under this arrangement, the inland water vessels of India and Bangladesh can transit through each other’s territories following designated river routes. The protocol is in operation and several pilot runs have been conducted between the two countries. The use of waterways in both countries is expected to significantly reduce logistics costs and congestion in the Siliguri corridor by opening alternate routes of evacuation from the northeast of India (NOI).	While the standard operating procedure (SOP) for movement of passenger and cruise vehicles is in place, regular bilateral service has not been scaled up. There are still some issues with navigation and depth along the protocol routes, among others. The absence of a mechanism for third–country EXIM trade through PIWTT routes is also an issue.
Memorandum of understanding (MOU) between India and Bangladesh for fairway development of the Ashuganj–Zakiganj stretch of the Kushiara River and the Sirajganj–Daikhawa stretch of the Jamuna River in the Indo–Bangladesh Protocol route (2017)	The MOU will facilitate the necessary dredging work to be jointly done by the two countries. The fairway is to be developed by the Inland Waterways Authority of India and the Bangladesh Inland Water Transport Authority to maintain the required draft for the movement of vessels between two countries under the inland waterways protocol.	India and Bangladesh agreed on sharing the costs on an 80%–20% basis. Progress has been slow and, keeping in view the nature and character of the rivers, maintaining the fairway throughout the year may become very challenging and costly.

*Continued on next page*

(Table 7: continued)

Agreement	Background and Benefits	Progress and Challenges
Bangladesh–Bhutan–India–Nepal Motor Vehicles Agreement (BBIN–MVA) (2015)	The agreement promotes road-based cargo movement within the region by allowing vehicles from BBIN countries to enter each other’s territory.	Though the agreement has been signed, the protocols have not been finalized yet. Discussions on three-country implementation (BIN) are ongoing.
The MOU for use of Chattogram and Mongla Ports (2015) and SOP (2018)	India and Bangladesh have entered into an MOU for the transshipment of Indian cargo through Chattogram and Mongla Ports. The MOU will reduce the time and logistic costs for goods originating in and destined for the NOI.	While the SOP for cargo movement has been signed, the fee for allowing Indian cargo has not been fixed by Bangladesh. Trial runs between the two countries have been completed successfully. The agreement is awaiting full operationalization.
The MOU between the Container Company of Bangladesh Limited and the Container Corporation of India Limited to promote and expand cooperation between India and Bangladesh in the field of container transport (2017)	The MOU between two public sector corporations was signed to promote and expand cooperation between India and Bangladesh in the field of container transportation.	There are eight railway interchanges between India and Bangladesh. However, there has been little progress in implementation of the MOU due to infrastructural and regulatory challenges. This MOU is an arrangement between commercial entities and not an intergovernmental agreement. There are existing intergovernmental agreements on railways (1977). Also, the nonavailability of containers and lack of return cargo are issues that add to costs.

Note: The NOI refers to the states of Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura.

Source: Authors’ compilation.

## 2. Transport Movement across Northeastern State Borders

38. The second dimension of transport facilitation relates to the flow of traffic across the seven states of the NOI. This is important to encourage production value chains among the NOI states and generate economies of scale to grow exportable surpluses. However, transport movement across state borders (i.e., intra-NOI transport movement) faces challenges of inefficient regulations, lack of technology-use, and disjointed traffic rules, causing delays and raising costs in road transportation.<sup>21</sup>

- (i) **Inefficiency or absence of regulations.** This includes several issues. First, there are passage restrictions on trucks in the city. Though logistics operators prefer to use large trucks for economies of scale, large-sized vehicles are subject to time restrictions when passing through cities like Guwahati.<sup>22</sup> Second, there is often irregular parking on the access roads to logistics facilities and along highways, leading to congestion. Third, there are few regulations on hygienic rest stops for drivers, putting them at risk. Moreover, there is patchy enforcement and a lack of monitoring for existing regulations like the obtaining of fitness certificates, permits, and vehicle registration. Fourth, there is no policy directive that discourages cash payments by drivers for on-road compliance charges and penalties. Carrying cash jeopardizes a driver’s safety and the security of the vehicle. Lastly, obtaining a permit and transit pass for transportation of forest produce is a cumbersome and time consuming process.

<sup>21</sup> As the road network in the NOI is more widespread than the railway network, roadways are the preferred mode of freight movement in the region. Thus, this section primarily discusses road transport.

<sup>22</sup> Guwahati does not allow six-wheeler trucks to enter city from 6 a.m. to 11 p.m. Even four-wheeler trucks are not allowed in the city from 7:30 a.m. to 11:30 a.m.

- (ii) **Poor access to information and limited use of technology.** Limited use of integrated technology leads to bottlenecks in travel, causing delays and raising inefficiency in logistics services. For example, the VAHAN database that was created in 2011 to include all information about a vehicle is limited in scope and is without information on pollution-under-control certificate, insurance, validity of different state permits, and taxes.<sup>23</sup> Moreover, there are regular check posts and flying squads on national highways for enforcement that do not register or electronically communicate the reasons for stopping a vehicle or penalizing it. This reduces transparency and builds scope for unofficial payments to bypass mandatory charges. Under the Goods and Services Tax, the Government of India has introduced a new regulation for the e-way bill. It is a complex regulation, with the validity of the e-way bill depending on the distance. It is also complicated when the movement involves intermediate transshipment or multimodal movements, which many feel is adding to the inconvenience.<sup>24</sup> Moreover, it excludes over-dimensional cargo.
- (iii) **Incoherent transport regime across states.** There are variations in “overweight regimes” across states. While Assam allows passage of overweight cargo against the payment of penalty, other states require vehicles to unload excess cargo before passage. The latter could be a bigger problem if the National Highways Authority of India plaza being used has limited secure storage infrastructure.

## IV. ROLE OF OFF-BORDER CLEARANCE, BORDER TOWNS, AND BORDER HAATS

### A. Off-Border Clearance: Importance of Inland Container Depots in the Northeast

39. There is an increasing realization among stakeholders that off-border clearance mechanisms, such as inland container depots (ICDs), could be another way to promote trade through LCSs.<sup>25</sup> As mentioned earlier, since the LPAI was created in 2012, only nine ICPs have been developed in India, including four in the NOI (Agartala, Moreh, Sutarkandi, and Srimantapur). At this pace, it will take at least another 5 years to construct and operationalize four more ICPs in the NOI at Dawki, Sabroom, Kawarpuchchiah, and Zorinpui. Moreover, the development of elaborate trade infrastructure at borders entails heavy resource commitment and acquisition of land. It also involves committing more staff, including qualified scientists and technicians, at the border locations. The modern way of working and deploying technology requires an assured power supply and communication facilities. These together require the commitment of substantial resources and a long gestation period. Hence, it may be difficult and impractical to try and establish comprehensive infrastructure and develop connectivity, automation, and testing laboratories at each of the identified LCS locations.

40. Off-border clearance of cargo through a network of inland clearance facilities could be a more viable alternative. An ICD is an inland logistics center connected to one or more modes of transport for the handling, storage, and regulatory inspection of internationally traded goods and the execution of applicable customs control and formalities. In other words, a key function of an ICD is to complete the regulatory processes of customs clearance and other border-crossing formalities at an inland location and to transfer the cargo using different modes of transport from an inland location to ports and vice

<sup>23</sup> The VAHAN database was introduced in 2011 by the National Informatics Centre and Ministry of Road Transport and Highways as a complete computerized database of vehicle information available to regional transport offices and district transport offices.

<sup>24</sup> There are some limitations on e-way bills as often vehicles face delay due to congestion or roadblocks that exceed the maximum allowed time of 24 hours and 72 hours for a distance of up to 100 kilometers and 300 kilometers, respectively.

<sup>25</sup> This came up during discussions between the study team and the LPAI.



versa, using a secured and protected electronic seal. Ports only act as trade gateways. An ICD specializes only in handling containers and containerized cargo.<sup>26</sup>

41. Within India, there are around 100 ICDs licensed to handle international containers. These ICDs are meant to handle only containerized trade. Import and export containers are cleared at these facilities, with only seaports acting as gateways. Within the NOI, there is an operational rail-based ICD at Amingaon (Guwahati). As trade through border points in the NOI and many other parts of India is not containerized and largely happens through open trucks, the use of ICDs as off-border facilities for overland trade is lacking.

42. However, the situation is evolving. With the issue of Circular 52/2017 by CBIC, the use of ICDs for land-based (non-containerized) trade is now permitted.<sup>27</sup> An electronic cargo tracking system (ECTS) is a secure technology used to monitor the position and movement of the cargo vehicle as well as the integrity of the seal. Under this new facility, while at the specified ICDs, the export cargo is being customs cleared, loaded onto a cargo vehicle, and fastened with an electronic seal. At the border, the seal status and ECTS report are checked, and the cargo is allowed to cross the border if no breaches or deviations are found in the seal.

43. The use of ICDs, in combination with ECTS, can reduce congestion at border points, as the release formalities are undertaken at better equipped inland facilities, minimizing the time at the border and providing for clearance formalities at locations more convenient to traders. The use of ECTS also leads to the faster discharge of bonds and guarantees that accompany the cargo in transit, as well as to better monitoring, risk assessment, and enforcement capability by customs authorities.

44. This modified modality of off-border clearance with ECTS has been recently piloted for India's exports to Nepal and Bangladesh. However, none of the border points in the NOI are currently allowed to function as a gateway for ICDs as none of them are covered in CBIC Circular 52/2017.<sup>28</sup>

45. It is important to extend the ECTS facility to LCSs in the NOI. This would promote the NOI's exports and make overland trade more efficient. It would leverage the connectivity options (between gateway locations and inland facilities) and increase the use of technology for securing the cargo movement. Going forward, ICDs with other facilities such as testing and certification laboratories and designated LCSs in the NOI have the potential to help the region function as a hub and spoke for connecting India to ASEAN, East Asia, and beyond.

## **B. Border Towns: Planned Infrastructure Development for Improved Trade**

46. Border towns have evolved from being protected, delineated, and economically isolated territories to critical gateways in regional economic value chains that connect production and consumption points in many parts of the world. Border towns are crucial for economic activities and are expected to promote trade. The ADB technical study on the NEEC prioritizes Agartala, Dawki, Moreh, and Sabroom as border towns that can be further developed to enhance trade. Most of these NOI-border towns, situated in largely rural regions with agriculture as the mainstay of the local economy, have limited urban infrastructure and hardly any cross-border trade infrastructure. This results in poorly coordinated activities that negate

<sup>26</sup> There are also other kinds of off-border clearance mechanisms, such as a dry port or container freight station. A dry port is located away from seaports and provides all of the services of a port except for the loading of cargo to and from seagoing ships. It handles both containerized and non-containerized cargo. A container freight station is a small container-handling terminal usually located close to ports and served by only road transport. The ICDs are a subset of dry ports.

<sup>27</sup> See CBIC Circular 52/2017. <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2018/Circular-52-2017-new.pdf;jsessionid=4E481D5450A1C94645FFEB3CD7AC5F52> (accessed 20 May 2020).

<sup>28</sup> For exports of goods by road to Nepal and Bangladesh, the circular mentions nine LCSs: Raxaul, Jogbani, Sonauli, Nepalgunj, Panitanki, Petrapole, Gede, Ghojadanga, and Mahadipur.

the direct economic benefits of their location. Synchronized and planned development of border infrastructure (e.g., LCSs and ICPs), and corresponding urban and transport infrastructure at the border and behind the border, will ease trade movement and protect the border points from unplanned growth that leads to congestion.

47. A short account of Dawki is presented to illustrate this further. Dawki is a rural settlement with a population of around 500. It is one of the eight functional border points in Meghalaya linking with the Tamabil land port in Bangladesh. It offers a rare opportunity for planned cross-border urban development. Dawki is already a commercial border crossing with an estimated daily flow of 500 trucks and 1,000–1,500 tourists via the Dawki LCS. This can be improved further considering its national highway connectivity with Shillong, Guwahati, and Silchar, and across the border with Asian Highway 1 linking Dhaka to Kolkata and to Chattogram Port via Asian Highway 4.

48. As Dawki is still classified as a village, basic services such as water supply, sanitation, and transportation are developed and managed by the respective state government line agencies, which currently face resource constraints. With no industrial activity in the region, economic activity is dominated by agriculture, with 75% of the population dependent on it, while the remaining population is engaged in tourism-linked activities, administrative jobs, and small retail shops and local trading. Already a bustling place, Dawki is on the verge of uncoordinated urban development, if timely planned investments are not made in the region.

49. Every kind of infrastructure, including that which supports basic municipal services and economic activities, requires land, 80% of which is community-owned in Dawki thereby making its acquisition a complex deal.<sup>29</sup> This has had direct implications for planned development and delivery of basic services—water supply, sanitation, and drainage. As a result, infrastructure for the locals and along the roads leading to the LCS is poor. The combination of different streams of traffic—freight and tourist, local, regional, and interstate—has resulted in congestion that is already increasing transaction costs. On the positive side, the village council, constituted and governed by a traditional institutional mechanism native to the region, is keen on viable development activities, indicating the upside in undertaking development initiatives to promote economic activities and trade.

### C. **Border *Haats*: A Traditional Form of Cross-Border Exchange**

50. Border *haats* (trading posts on an international border), have played an important role in facilitating and formalizing trade between the NOI and Bangladesh since 2011. They provide a unique, duty-free trading arrangement between two countries where local products are sold to people living within a radius of 5 kilometers of the *haat*. This initiative not only encouraged people to trade locally produced goods across the border, but also enabled people-to-people contact to maintain traditional cross-border cultural ties. The border *haats* are generally located in remote areas and therefore are not accessible by the main highways connecting the major cities in the NOI. A key feature of the *haats* is that they allow trade in the currencies of both countries following certain limits.

51. Initially four border *haats* were operational at the India–Bangladesh border: Meghalaya (India)–Rangpur (Bangladesh), Meghalaya (India)–Sylhet (Bangladesh), and two along the Tripura (India)–Chattogram (Bangladesh) border. The first memorandum of understanding (MOU) on border *haats* was signed between India and Bangladesh in 2010. Based on the success of their operations and responses of people on both sides of the border, both countries in 2017 recognized the importance of this arrangement

<sup>29</sup> Community-owned land is included under Article 244 of the Sixth Schedule of the Constitution of India. Such pattern of landownership is not codified.

and decided to increase the purchasing limit from \$100 to \$200. It was also agreed that the MOU would be automatically extended for successive tenures of 5 years.

52. An MOU was also signed between India and Myanmar in May 2012 to establish the first border *haat* between the two countries. In 2019, India and Bangladesh planned to develop six more border *haats* in Meghalaya and Tripura along the Bangladesh border and nine more *haats* with Myanmar.

53. This traditional system of trade is not only useful for income gains, but it is also vital to lower the amount of informal trade in the region. From 2013 to 2018, four border *haats* on the India–Bangladesh border registered trade of around ₹170 million. The *haats* helped the local community generate additional income, address the challenges of poverty, improve standards of living, and strengthen ties between the neighbors.<sup>30</sup>

## V. POLICIES AND INITIATIVES GOVERNING TRADE FACILITATION IN THE NORTHEAST

54. Trade facilitation has emerged as an integral component of trade policy reform in the last 3 decades. As a member of the United Nations, World Customs Organization, and WTO, India has long benefited from the tools and best practices developed by these organizations. These have served as the basis for introducing trade facilitation initiatives across the country. The momentum picked up in the early 2000s, especially in 2002, when trade facilitation was given significant importance by the Task Force on Indirect Taxes set up under the chairmanship of Vijay Kelkar. Following that, India signed several bilateral free trade agreements (e.g., the India–Singapore Comprehensive Economic Cooperation Agreement and the India–ASEAN Free Trade Agreement), where cooperation around trade facilitation measures was as important as tariff measures.

55. India ratified the WTO’s Trade Facilitation Agreement in 2016, as it increasingly realized the importance of improving competitiveness, connecting with regional production value chains, and attracting foreign direct investment based on the ease of doing business. Upon ratification, India agreed to comply with measures like expediting the movement, release, and clearance of goods, including goods in transit. It has also committed to undertake effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. Around the same time, India drafted its National Trade Facilitation Action Plan, 2017–2020<sup>31</sup> to transform the cross-border clearance ecosystem through efficient, transparent, risk-based, coordinated, digital, seamless, and technology-driven procedures to support the improvement of ports and promote trade. The plan intends to bring down cargo release time for export and import in the next 5 years.

56. India is also part of several regional and multilateral arrangements in South Asia and Southeast Asia. Of particular importance for the northeast is the fact that India is part of the SASEC program, which views strengthening trade connectivity between the northeast and Bangladesh, Bhutan, Nepal, and Myanmar as a key priority.<sup>32</sup> Trade facilitation is one of the three focus sectors in SASEC, which aims at the

<sup>30</sup> CUTS International and Unnayan Shamannay. 2019. *Bordering on Happiness: An Assessment of Socio-Economic Impacts of Bangladesh-India Border*. <https://www.sasec.asia/index.php?page=publications-list&pid=527&url=bordering-on-happiness>.

<sup>31</sup> Government of India, Central Board of Indirect Taxes and Customs. 2016. *National Trade Facilitation Action Plan (NTFAP) (2017–2020)*. This has been further revised to NTFAP 2020–2023. <https://www.cbic.gov.in/resources//htdocs-cbec/implmtn-trade-facilitation/NTFAP2020-23jk.pdf>.

<sup>32</sup> Under ADB auspices, the SASEC program brings together Bangladesh, Bhutan, India, Maldives, Myanmar, Nepal, and Sri Lanka in a project-based partnership to strengthen regional integration by improving cross-border infrastructure connectivity for transport and energy and by facilitating faster and less costly trade among member countries.

modernization of customs, enhancement of standards and conformity assessment, and improvement of cross-border facilities through transport facilitation and institution and capacity building.<sup>33</sup>

57. India has undertaken many other cooperation measures under bilateral and subregional schemes to strengthen ties further between the northeast and the bordering countries. These include India's bilateral trade agreements with Bangladesh,<sup>34</sup> Bhutan,<sup>35</sup> and Myanmar,<sup>36</sup> and subregional cooperation under the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation; Bangladesh–People's Republic of China–India–Myanmar Economic Corridor; and Mekong–Ganga Economic Cooperation.

58. Other trade facilitation plans that are of particular relevance to the northeastern states are described below:

- (i) **Development of ICPs.** To overhaul the NOI's border trade management facilities, the LPAI has undertaken the development of ICPs at selected border crossing points or LCSs. The ICPs are envisaged to provide all-encompassing facilities for the processes of immigration, customs, security, and quarantine, among others, thereby facilitating the smooth cross-border movement of individuals, vehicles, and goods. While ICPs at Sutarkandi (Assam), Agartala (Tripura), Srimantapur (mini ICP in Tripura), and Moreh (Manipur) are already operational, ICP at Dawki (Meghalaya) is under development. Going forward, the LPAI has also planned to establish ICPs at Zorinpuri and Kawarpuchchiah (Mizoram) and at Sabroom (Tripura).
- (ii) **Electronic data interchange facility.** Indian Customs has planned to extend an electronic data interchange facility to the ports in the northeast. Currently, there are five interchange-enabled LCSs in the NOI, including Agartala, Muhurighat, and Srimantapur at the Tripura–Bangladesh border; Daranga at the Assam–Bhutan border; and Moreh at the Manipur–Myanmar border. More LCSs in the NOI have been prioritized for automation in the near-term. These include Karimgunj Steamergat, Sutarkandi, Bholaganj, Dawki, Sheubazar, Old Raghna Bazar, and Manu.
- (iii) **Use of ECTS.** India and Nepal have signed a memorandum of intent to implement ECTS to facilitate movement of traffic-in-transit belonging to Nepal from the port of arrival in India to Nepal. The ECTS is expected to facilitate the clearance of goods at the customs point in Nepal and reduce congestion at ports. The use of ECTS is also included in the standard operating procedure in place between India and Bangladesh for use of Chattogram and Mongla Ports. The adoption of ECTS will also benefit cargo from the NOI to rest of India transiting through Bangladesh.

<sup>33</sup> Asian Development Bank. 2013. *Trade Facilitation in South Asia Facilities Development Plan for Selected BCP Pairs at Bangladesh–India Border (TA8435)*. Manila.

<sup>34</sup> Bilateral trade between India and Bangladesh is governed by trade agreements signed in 1972, which were followed by several amendments. The latest amendment was in June 2015. In October 2018, India and Bangladesh signed an agreement on the use of Chattogram and Mongla Ports for the movement of goods to and from India. A standard operating procedure to operationalize the agreement was signed between two countries in October 2019.

<sup>35</sup> Trade between India and Bhutan is supported by a bilateral agreement on trade, commerce, and transit. The agreement has identified 16 trade routes for bilateral trade and transit, of which four are in the NOI: Hatisar, Daranga, Ultapani, and Kamardwisa.

<sup>36</sup> Trade between the northeast and Myanmar benefits from two preferential trade agreements: India's implementation of unilateral duty-free tariff preference for least developed countries and the India–ASEAN Free Trade Agreement.

## VI. CONCLUSION: KEY INTERVENTIONS

59. Trade facilitation measures are essential enablers of the movement of goods and people between countries, thus boosting international trade and regional integration. For the northeast specifically, improved trade facilitation initiatives imply better trade connectivity between NOI states and the neighboring countries of Bangladesh, Bhutan, and Myanmar. While the current volume of border trade is relatively low, it has the potential to increase with improved transport infrastructure and enhanced economic activities. The possible use of Chattogram Port in Bangladesh as a transshipment hub for trade between the NOI and the rest of India, and between the NOI and Southeast Asia, further raises the trade potential of the region, thus serving the Government of India's strategic vision embodied in the Act East Policy. Improving trade facilitation measures is a key imperative to translate the potential for increased trade into a reality.

60. The paper identified 19 LCSs of high priority for the future development of the NOI's trade. A majority of these LCSs suffer from a lack of border infrastructure, the absence of automated customs, the prevalence of NTMs, and incomplete transport facilitation initiatives (both within the NOI and between the NOI and neighboring countries).

61. The interventions discussed below are required to improve trade facilitation in the NOI LCSs to support trade.

### A. Border Infrastructure

62. **Develop and upgrade infrastructure at border points.** The LPAI is currently upgrading several of the NOI LCSs to ICPs. As discussed, the ICPs are integrated facilities combining regulatory functions (customs, immigration, border security, quarantine, and food safety, among others) with support infrastructure like parking bays, weighbridges, cargo terminals, warehouse facilities, public utility facilities, banks and ATMs, foreign exchange bureaus, and cafeterias. This enhancement of facilities should be carried out for all relevant border points identified in the paper. Table 8 provides an indicative prioritization list for such border points.<sup>37</sup> Nonfunctional LCSs should be made functional with adequate first- or last-mile connectivity to the extent possible.

**Table 8: Priority List of Border Point Upgrades**

Short-Term (< 2 years)	Medium Term (2–5 years)	Long Term (> 5 years)
Dawki	Sabroom	Dalu
Sutarkandi	Karimganj	Hatisar
Srimantapur	Zokhawthar	Baghmara
Daranga	Sheuabazar	Zorinpui
Dhubri	Barsorah	Kawarpuchchiah
Gasuapara	Bholaganj	

Note: Out of 19 identified border points, only 17 are listed here as Agartala and Moreh are fully functional integrated check posts.

Source: Authors' compilation.

<sup>37</sup> The prioritization was determined based on broad criteria. For example, Dawki needs to be prioritized in the next 2 years as it is the shortest route to Bangladesh and already under development. Sutarkandi is currently a primary trade route to Bangladesh and is an LCS. It is also next to Silchar, the suggested location for an ICD. Zorinpui and Kawarpuchchiah are under the long-term category, as there is no infrastructure facility, trade is low, and Moreh serves as an important border point for the NOI and Myanmar. As trade increases between the NOI and Myanmar, Zorinpui can be considered as a second point of entry.

**63. Inclusion of the NOI border points as ICD gateways and further development of ICDs.**

Indian Customs should include the NOI border points as gateways for ICDs in the region. This may entail development of more ICDs to generate economies of scale. While there is a rail-based ICD at Amingaon (in Guwahati, Assam), the possibility of establishing one more at Silchar should be evaluated. The CBIC should encourage the development of more ICDs around industry and logistics clusters in the northeast that may be small in size but well-equipped to handle overland trade. These could serve as consolidation points providing handling facilities for the NOI cargo and the conduct of the customs regulatory processes. However, this requires revisions to the current norms for approving new ICDs. As discussed earlier, ICDs in India are generally envisaged to handle containerized cargo (though inclusion of non-containerized cargo is mentioned in CBIC Circular 52/2017), and hence approval may not be easy for facilities that will largely handle non-containerized cargo. It is important for CBIC to frame policies that offer flexibility in handling non-containerized cargo. It should also explore whether public-private partnership could be an appropriate model to deliver the entire facility.

**64. Synchronized development of LCS with transport connectivity.** It is important to address the issue of at-the-border infrastructure of border points together with first- and last-mile connectivity. For example, the Government of India completed the construction of a bridge at Sabroom to connect to Ramgarh in Bangladesh; further connectivity to Chattogram Port needs to be developed. This should be done together with development of the proposed ICP at Sabroom. Similarly, the Agartala-Akhaura rail link, which is expected to be completed by 2022, should be complemented by an LCS or ICP, given a demand from the Government of Tripura for such a facility at Nishchintipur near Agartala. As mentioned earlier, while an ICP has become operational at Moreh, it needs to be complemented with the immediate rehabilitation of an existing bridge linking Moreh to Tamu.

**65. Coordinated development of LCSs with bordering countries.** This implies that the development of LCSs in the NOI should be accompanied by the development of LCSs in the corresponding bordering country to enhance risk management, increase resource efficiency, and increase accountability and transparency. This is because LCSs between two bordering countries generally operate as a pair (i.e., cargo cleared for export by the LCS of an exporting country will often travel a short distance to get cleared for import by the corresponding LCS of the importing country). In such a scenario, if the paired LCSs do not have the requisite infrastructure or regulatory directive to handle the same cargo at a short distance, it can cause delays in clearance that affect the entire logistics chain. This underscores the need for coordination right from the establishment of LCSs continuing into their operations. The LPAI is currently upgrading several of the LCSs to ICPs. For most of these, the LPAI is developing only the Indian side of the border facilities. However, in the case of India-Nepal (Raxaul-Birgunj and Jogbani-Biratnagar), it is developing the facilities on both sides of the border to deliver on the coordinated approach.

## **B. Customs**

**66.** In customs locations covering 98% of India's trade, the Government of India has introduced several technology-based solutions to (i) reduce the physical interference between customs, other regulatory agencies, and traders; (ii) promote automation to reduce time and cost; and (iii) encourage paperless processing. Given this, implementation of the Indian Customs EDI System (ICES) through the ICEGATE portal connecting CBIC with 15 agencies for customs clearance should be accelerated for priority ICPs in the NOI. More than 10 LCSs have been identified for upgrade. In addition, technology-based solutions such as e-sanchit, Single Window Interface for Trade (SWIFT), and Risk Management System (RMS) should be made available through the ICEGATE portal. But even prior to these applications, the Government of India should ensure 24-7 power supply and ICT-related infrastructure to make these automations operational.

### C. Nontariff Measures

67. **Develop adequate laboratory infrastructure in the vicinity of LCSs.** To support incremental trade in the NOI, accredited FSSAI testing facilities need to be set up in the vicinity of LCSs. Similarly, quarantine facilities need to be established within an LCS. There are some proposed plans for FSSAI to implement a central sector scheme known as Strengthening of Food Testing System in the Country Including Provision of Mobile Food Testing Labs. The scheme envisages strengthening 45 state food testing labs. It also plans to have one food testing laboratory for each state and two for larger states. Going by that, labs are expected to be set up in Guwahati in Assam, Lamphel and Moreh in Manipur, Shillong in Meghalaya, Kohima in Nagaland, Singtam in Sikkim, and Agartala in Tripura.<sup>38</sup> Technically trained staff should be appointed to run these testing facilities.

68. **Removal of border restrictions.** The Government of India needs to negotiate with Bangladesh on removing border restrictions imposed on trade occurring only through the LCSs in the northeast. The removal of such restrictions is important to raise exports directly through the NOI border points, rather than through West Bengal ports, thus saving time and cost. In December 2019, the Government of Bangladesh announced the withdrawal of restrictions on 16 items imported from India through two land ports in Tripura. This kind of initiative need to be encouraged to strengthen bilateral trade between the northeast and Bangladesh.

69. **Raise awareness of NTMs.** At the all-India level, information on partner country SPS and TBT measures should be readily available in English and Hindi with export promotion agencies such as the Indian Export Organization via its India Trade Portal. Several export partner countries provide information on SPS and TBT regulations online or in hard copy format, but language is often a barrier. For example, most of Bangladesh's SPS and TBT regulations are in Bangla (Bengali), causing a significant hurdle for exporting countries. A single source of information raises the efficiency of undertaking international trade.

### D. Transport Facilitation

70. **Expediting the implementation of the BBIN–MVA.** While Bangladesh, India, and Nepal completed the BBIN–MVA ratification process by January 2016, Bhutan is yet to ratify the same. The countries that have already ratified the agreement have also conducted trial runs of cargo services from Kolkata to Agartala via Dhaka in November 2015 and Dhaka to Kolkata to Delhi in August 2016. In addition, trial runs for passenger vehicles were also conducted along the Kolkata–Khulna route in September 2016 and the Dhaka–Siliguri–Kathmandu route in April 2018. The participating countries also need to finalize the protocol for operating procedures for passenger and cargo vehicles movement under the agreement.

71. **India–Myanmar–Thailand Motor Vehicle Agreement (IMT–MVA).** While discussions on the agreement started in 2015 and the three countries had reached an “in principle” agreement on the text the same year, the agreement is yet to specify the procedures and processes to be followed to operationalize traffic rights. These implementing details are expected to be set out in a separate protocol document, which is likely to form part of the agreement. Accordingly, a draft proposal was negotiated and agreed upon by the three countries. Even a joint trial run of passenger vehicles under the proposed IMT–MVA was held during 9–14 December 2015, starting from Imphal in India and ending at Nay Pyi Taw in Myanmar. The countries should thus consider signing the final agreement.

72. **Implementation of transit arrangements through Bangladesh.** India and Bangladesh have been working for a while on several cooperation measures to facilitate multimodal connectivity between the two

<sup>38</sup> FSSAI plans to provide a nonrecurring grant of around ₹30 million to each state in the northeast for a new food testing laboratory.

countries.<sup>39</sup> Most importantly, ratification of the BBIN–MVA by both countries provides the scope of transit through Bangladesh between the NOI and the rest of India. However, the protocols and implementation arrangements are yet to be finalized to commence movement of vehicles and goods across borders. Operationalization of BBIN–MVA should be expedited. Similarly, the MOU on the movement of containers on rail between India and Bangladesh should be implemented with additional infrastructure support such as upgrading the cross-border rail interchanges, expediting railway gauge conversion in Bangladesh (particularly to the east of Dhaka), and developing an ICD to the west of Dhaka. These will facilitate the cross-border movement of containers with customs clearance at ICDs. All these coordinated regulatory measures will strengthen Bangladesh’s position as an entrepôt trade point not only between the NOI and the rest of India but also between the NOI and rest of the world, thus enhancing trade and economic activities.

### Annex 1: Land Customs Stations in the Northeast of India as of 2019

S. No.	India		Neighboring Country			
	State	LCS	LCS	Country	Status	
1	Assam	Sutarkandi	Sheola	Bangladesh	Functional (ICP)	
2		Karimganj Steamerghat	Zakiganj	Bangladesh	Functional	
3		Mankachar	Rohumari	Bangladesh	Functional	
4		Golakganj	Sonahat	Bangladesh	Functional	
5		Karimganj Ferry Station		Bangladesh	Not Functional	
6		Mahisasan Railway Station	Shahbajpur	Bangladesh	Functional	
7		Silchar RMS Office		Bangladesh	Not Functional	
8		Dhubri Steamerghat	Rohumari	Bangladesh	Functional	
9		Guwahati Steamerghat	Rohumari	Bangladesh	Functional	
10		Silghat	Rohumari	Bangladesh	Functional	
11		Daranga	Samdrup Jonkhar	Bhutan	Functional	
12		Hatisar	Gelephu	Bhutan	Functional	
13		Ultapni	Sarbhang	Bhutan	Not Functional	
14		Kamardwisa (Rangapani)	Nganglam	Bhutan	Functional	
15		Meghalaya	Borsorah	Borsorah	Bangladesh	Functional
16			Dawki	Tamabil	Bangladesh	Functional (Proposed ICP)
17			Gasuapara	Karaitoli	Bangladesh	Functional
18			Sheuabazar	Chhatak, Sunamganj	Bangladesh	Functional
19			Bholaganj	Companyganj	Bangladesh	Functional at Border <i>Haat</i>
20	Dalu		Nakugaon	Bangladesh	Functional	
21	Mahendraganj		Dhanua Kamalpur	Bangladesh	Not Functional	
22	Baghmara		Bijoypur	Bangladesh	Functional	
23	Ryngku		Kalibari, Sonamganj	Bangladesh	Not Functional	
24	Balat		Dhalura LCS (Narantala)	Bangladesh	Not Functional	
25	Kalaichar	Baliamari	Bangladesh	Functional at Border <i>Haat</i>		

*Continued on next page*

<sup>39</sup> Both countries have ratified the BBIN–MVA and introduced measures to facilitate border trade, i.e. allowing vehicles and drivers into selected LCSs or ICPs in each other’s territories without visa. Indian Customs has allowed the transshipment of Bangladeshi cargo through Indian ports. Bangladesh has agreed to use ECTS in the standard operating procedure when using Chattogram and Mongla Ports for transit purposes.



(Annex 1: continued)

S. No.	India		Neighboring Country		
	State	LCS	LCS	Country	Status
26	Tripura	Agartala	Akhaura	Bangladesh	Functional (ICP)
27		Srimantapur	Bibir Bazar	Bangladesh	Functional (ICP)
28		Old Raghna Bazar	Betuli (Fultali)	Bangladesh	Functional
29		Manu	Chatlapur	Bangladesh	Functional
30		Sabroom	Ramgarh	Bangladesh	Not Functional (Proposed ICP)
31		Dhaliaghat	Kumarghat	Bangladesh	Not Functional
32		Khowaighat	Balla	Bangladesh	Functional
33		Muhrighat	Belonia	Bangladesh	Functional
34		Srinagar		Bangladesh	Functional as Border <i>Haat</i>
35		Kamlasagar		Bangladesh	Functional as Border <i>Haat</i>
36	Mizoram	Kawarpuchchiah /Demagiri	Thegamukh/Rangamati	Bangladesh	Not Functional (Proposed ICP)
37		Zokhawthar	Rih	Myanmar	Functional
38		Zorinpui	No identified border point in Myanmar	Myanmar	Not Functional (Proposed ICP)
39	Manipur	Moreh	Tamu	Myanmar	Functional (ICP)
40	Nagaland	Avangkhu	Somara	Myanmar	Not Functional

Source: Government of India, Central Board of Indirect Taxes and Customs.

## Annex 2: List of Government Agencies and Private Sector Players Interviewed

### Central Government

Central Board of Indirect Taxes and Customs

Land Ports Authority of India

Officials at Land Custom Stations at Sutarkandi, Dawki, Daranga, Dalu

Ministry of Commerce

Department of Logistics, Ministry of Commerce

National Highway Infrastructure Development Corporation Limited

Ministry of Road Transport and Highways

Agriculture and Processed Food Export Development Authority

### State Governments

Departments of Commerce for the Governments of Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, and Sikkim  
ICP Agartala

### Private Sector

Freight forwarders

Transport operators

Source: Authors' compilation.

**Annex 3: State of Border Infrastructure at Identified Border Points**

Category			Agartala	Baghmara	Dalu	Daranga Mela	Dawki	Dhubri	Hatisar	Karimganj
1	Hard Infrastructure	Storage and warehouse	Available	NA	NA	NA	NA	NA	NA	NA
		Office building	Available	Available	Available	Available	Available	Available	Available	Available
		Examination area	Available	NA	NA	NA	NA	NA	NA	NA
		Cargo dump yard	Available	NA	NA	NA	NA	NA	NA	NA
		Truck parking	Available	NA	NA	NA	NA	NA	NA	NA
2	Immigration facilities	Immigration	Available	NA	NA	NA	Available	NA	NA	NA
		Passenger terminal	Available	NA	NA	NA	Available	NA	NA	NA
3	Certification and Testing	Animal quarantine	NA	NA	NA	NA	NA	NA	NA	NA
		Central Drug Standard Control Organization	NA	NA	NA	NA	NA	NA	NA	NA
		Food Safety and Standards Authority of India	NA	NA	NA	NA	NA	NA	NA	NA
		Plant Quarantine	Available	NA	NA	NA	Available	NA	NA	NA
4	Equipment and systems	Crane	NA	NA	NA	NA	NA	NA	NA	NA
		Reach stacker	NA	NA	NA	NA	NA	NA	NA	NA
		X-ray machine	Available	NA	NA	NA	Available	NA	NA	NA
		Weighbridge	Available	NA	NA	NA	NA	NA	NA	NA
		Electronic Data Interchange (EDI) system	NA	NA	NA	NA	NA	NA	NA	NA
5	Banking Facilities	Bank	Available	NA	NA	Available	Available	Available	NA	Available
		Currency exchange	NA	NA	NA	NA	NA	NA	NA	NA
6	Communication facilities	Landline telephone	Available	NA	Available	Available	Available	Available	NA	Available
		Fax	Available	NA	NA	NA	NA	Available	NA	Available
		Internet connectivity	Available	NA	Available	Available	Available	Available	NA	Available
		Postal or courier service	Available	NA	Available	NA	Available	Available	NA	Available
		Mobile phone signal	Available	NA	Available	Available	Available	Available	NA	Available

Continued on next page

(Annex 3: continued)

Category			Kawarpuchchiah	Moreh	Sabroom	Srimantapur	Sutarkandi	Zokhawthar	Zorinpuri
1	Hard Infrastructure	Storage and warehouse	NA	Available	NA	NA	Available	NA	NA
		Office building	NA	Available	Available	Available	Available	Available	NA
		Examination area	NA	Available	NA	NA	Available	NA	NA
		Cargo dump yard	NA	NA	NA	NA	Available	NA	NA
		Truck parking	NA	Available	NA	NA	Available	NA	NA
2	Immigration facilities	Immigration	NA	Available	NA	NA	Available	NA	NA
		Passenger terminal	NA	NA	NA	NA	Available	NA	NA
3	Certification and Testing	Animal quarantine	NA	NA	NA	NA	NA	NA	NA
		Central Drug Standard Control Organization	NA	NA	NA	NA	NA	NA	NA
		Food Safety and Standards Authority of India	NA	NA	NA	NA	NA	NA	NA
		Plant Quarantine	Available	NA	NA	NA	NA	Available	NA
4	Equipment and systems	Crane	NA	NA	NA	NA	NA	NA	NA
		Reach stacker	NA	NA	NA	NA	NA	NA	NA
		X-ray machine	Available	Available	NA	NA	Available	NA	NA
		Weighbridge	Available	Available	NA	NA	Available	NA	NA
		Electronic Data Interchange (EDI) system	NA	NA	NA	NA	NA	NA	NA
5	Banking Facilities	Bank	Available	Available	Available	NA	NA	Available	NA
		Currency exchange	NA	NA	NA	NA	NA	NA	NA
6	Communication facilities	Landline telephone	NA	Available	NA	Available	Available	Available	NA
		Fax	NA	NA	NA	NA	NA	Available	NA
		Internet connectivity	NA	Available	Available	Available	Available	Available	NA
		Postal or courier service	NA	Available	NA	NA	NA	NA	NA
		Mobile phone signal	NA	Available	Available	Available	Available	Available	NA

NA = not available.

 Source: Adapted from Asian Development Bank, 2018. *Trade Facilitation in South Asia Facilities Development Plan for Selected BCP Pairs at Bangladesh-India Border (TA8435)*. Manila.

**Annex 4: Selected Nontariff Measures for Exports from the Northeast to Bangladesh and Bhutan**

NTM code	Description of the Measure by United Nations Conference on Trade and Development	Products Affected
<i>Bangladesh</i>		
SPS Measures		
A31	Labeling requirements: measures defining the information directly related to food safety (e.g. labels must specify the storage conditions such as “5 degrees C maximum” or specify that it contains potentially dangerous ingredients such as allergens)	Pharma
TBT Measures		
B31	Labeling requirements: measures regulating the kind, color and size of printing on packages and labels and defining the information that should be provided to the consumer. It may include requirements on the official language to be used as well as technical information on the product.	Rubber, wax, paper, furniture
B8	Conformity assessment related to TBT: requirement for verification that a given TBT requirement has been met	Cement
<i>Bhutan</i>		
SPS Measures		
A83	Labeling and certification requirement: certification of conformity with a given regulation required by the importing country	Beverages
TBT Measures		
B14	Authorization requirement: requirement that the exporter should receive authorization, permits or approval from relevant agency of the destination country, for reasons such as national security, environment protection and others	Pharma
B31	Labeling requirements: measures regulating the kind, color and size of printing on packages and labels and defining the information that should be provided to the consumer. It may include requirements on the official language to be used as well as technical information on the product.	Furniture
B41	TBT regulations on production processes: requirement of production processes not classified under SPS (e.g., use of environmentally friendly equipment is mandatory)	Plastic, rubber, furniture
B7	Product-quality or performance requirement: conditions to be satisfied in terms of performance (e.g., durability, hardness) or quality (e.g., content of defined ingredients)	Furniture
B82	Testing requirement: A requirement for products to be tested against a given regulation, such as performance level	Plastic and rubber
B83	Certification requirement: certification of conformity with a given regulation required by the importing country; can be issued by either exporting or importing country	Plastic and rubber

NTM = nontariff measure, SPS = sanitary and phytosanitary.

Notes: A3 = labeling, marking, and packaging requirements; A8 = conformity assessment related to SPS; B1 = prohibitions of imports for objectives set out in the TBT agreement; B3 = labeling, marking, and packaging requirements; B7 = product quality or performance requirement; B8 = conformity assessment related to TBT.

Source: Authors' compilation from Asian Development Bank. 2020. *Potential Exports and Non-Tariff Barriers to Trade: India National Study*. ADB SASEC. <https://www.adb.org/sites/default/files/publication/559296/india-exports-nontariff-barriers-trade-study.pdf>.

**Annex 5: Goods Permitted into Bangladesh through Border Points in the Northeast of India**

Border Point	Number of goods allowed for export to Bangladesh (rest are restricted)	Description of Goods
Sutarkandi (Assam)	23	Livestock, fish fry, fresh fruit, plants, seeds, wheat, stones and boulders, coal, chemical and fertilizer, china clay, wood, timber, limestone, onion, chilli, garlic, ginger, ball clay, quartz, fresh flower, motorcycle parts, garments, welding rod, dry fish
Agartala (Tripura)	31	Livestock, fish fry, fresh fruit, plants, seeds, wheat, stones and boulders, coal, chemical and fertilizer, china clay, wood, timber, limestone, onion, chilli, garlic, ginger, ball clay, quartz, dry fish, satkora agarbati, cumin seeds, rubber (raw), maize, stone boulders, soybean seeds, bamboo products, arjun flower, beetal leaves, CNG spare parts.
Karimganj	21	Livestock, fish fry, fresh fruits, plants, seeds, wheat, stones and boulders, coal, chemical fertilizer, china clay, wood, timber, limestone, onion, chili, garlic, ginger, ball clay, quartz, dry fish and Fresh flower.
Dalu	19	Livestock, fish fry, fresh fruits, plants, seeds, wheat, stones and boulders, coal, chemical fertilizer, china clay, wood, timber, limestone, onion, chili, garlic, ginger, ball clay, quartz.
Dawki		All goods except for fish, cotton, milk powder and potatoes
Zorinpui		All goods other than cotton, milk powder, sugar and potatoes
Borsorah	20	Livestock, fish fry, fresh fruits, plants, seeds, wheat, stones and boulders, coal, chemical fertilizer, china clay, wood, timber, limestone, onion, chili, garlic, ginger, ball clay, quartz.
Gasuapara	27	Livestock, fish fry, fresh fruits, plants, seeds, wheat, stones and boulders, coal, chemical fertilizer, china clay, wood, timber, limestone, onion, chili, garlic, ginger, ball clay, quartz, flower broom, green coconut, turmeric, cashew nut, tamarind, sesamum, mustard husk, rice husk
Bholaganj	19	Livestock, fish fry, fresh fruits, plants, seeds, wheat, stones and boulders, coal, chemical fertilizer, china clay, wood, timber, limestone, onion, chili, garlic, ginger, ball clay, quartz.
Sabroom	19	Livestock, fish fry, fresh fruits, plants, seeds, wheat, stones and boulders, coal, chemical fertilizer, china clay, wood, timber, limestone, onion, chili, garlic, ginger, ball clay, quartz.
Srimantapur	26	Livestock, fish fry, fresh fruits, plants, seeds, wheat, stones and boulders, coal, chemical fertilizer, china clay, wood, timber, limestone, onion, chili, garlic, ginger, ball clay, quartz, cumin seeds, various spices, Satkora, Agarbati, betel leaf, CNG spare parts.

CNG = compressed natural gas.

Note: In this table, “china clay” refers to kaolin, soft white clay that is an essential ingredient in the manufacture of porcelain, paper, rubber, paint, and many other products. The term does not refer to the People’s Republic of China.

Source: Government of Bangladesh, National Board of Revenue (Customs). 2018. *Gazette Notification*. 17 July.

## Identifying Challenges and Improving Trade Facilitation in the States of Northeast India

The states of northeast India are important for the implementation of India's Act East Policy as they form the pivot for India's endeavor to integrate with the economies of South Asia and Southeast Asia. However, there are several challenges including infrastructure bottlenecks at the border, low implementation rate of customs modernization measures, inadequate capacity to comply with trade procedures and lack of coordinated trade and transport policies across borders. This paper prioritizes 19 border points in the states of northeast India and identifies the gaps that are hindering international trade in the region. The paper offers solutions to the issues that have the potential to drive the economies and eventually help them to participate in the regional value chain with the rest of South Asia and Southeast Asia.

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**ASIAN DEVELOPMENT BANK**

6 ADB Avenue, Mandaluyong City

1550 Metro Manila, Philippines

[www.adb.org](http://www.adb.org)