

**ADB – ESCAP BPA Study**

# **SASEC Trade and Transit Corridors**

**Priority of Implementations on  
Major Recommendations**

# **Corridor 1**

**[Kakarvitta – Panitanki – Phulbari –  
Banglabandh]**

Issue	Recommendation	Implementing agency	Assumptions and Risks involved,
Reduce the cost of transportation of goods from Nepal to Bangladesh	To introduce a flexible and effective car pass system for Nepalese trucks in Bangladesh.	Government of India, Government of Nepal, Government of Bangladesh	<ul style="list-style-type: none"> <li>• Under a car pass system introduced by Bangladesh Government, the Nepalese trucks carrying export consignments can enter Bangladesh, for one day only.</li> <li>• The truck is required to return the same day from Bangladesh.</li> <li>• The Nepalese trucks can enter Bangladesh without Kalashi / Cleaner.</li> <li>• The goods are transferred at the border of Bangladesh to a Bangladeshi Truck, which adds to cost.</li> <li>• It is suggested that the Government of Nepal and Government of Bangladesh may work out a flexible system for facilitating the process of Nepal trucks' free movement to Bangladesh for offloading the goods at the destination.</li> </ul>

Issue	Recommendation	Implementing Agency	Assumptions and risk involved
Custom related offices are scattered outside the ICD	Confine all related offices with in ICD compound	Ministry of Commerce and Supplies, Ministry of Agriculture, Ministry of Industry and Ministry of Finance.	<ul style="list-style-type: none"> <li>• It reduces custom clearance time but requires coordination among related ministries.</li> <li>• Availability of land</li> </ul>

Issue	Recommendations	Implementing Agency	Assumptions and risk involved
Restriction to enter the Nepali Exporter to Banglabandh with Cargo	Make Visa available on arrival.	Government of Bangladesh	This will help enhancing flow of goods and human traffic in the corridor but needs effective passport control.

Issue	Recommendation	Implementing Agency	Assumptions and risk involved
Absence of competent decision making officer in Panitanki and Phulbari Custom	Depute high level officer in Panitanki and Phulbari customs	Land Custom Authority of India  Ministry of Finance	This avoids delay in decision making but increases cost of the Panitanki custom office  Volume of transaction is not big enough

Issue	Recommendation	Implementing Agency	Assumptions and risk involved
Bad road condition in Kakarvitta to Phulbari section of the corridor	Improve road condition	Government of India	<p>It helps smooth and speedy flow of goods but involves big budget and also not very important for India</p> <p>Governments of Nepal, India and Bangladesh with the assistance of ADB and ESCAP may take up a project for improvement of road condition.</p>

# **Corridor 2**

**[Phuentsholing – Jaigaon – Hasimara –  
Changrabandha – Burimari]**



- SAARC countries should expedite the adoption of the Motor Vehicle Agreement for the Regulation of Passenger and Cargo Vehicular Traffic amongst SAARC Member States.
- There is an urgent need to improve the condition of road along Corridor 2. This will reduce travel time for both cargo trucks and passengers alike. A large segment of the road NH 31 in India needs repair and upgradation as a measure for trade facilitation especially as it is also designated as one of the Asian Highways.
- Indian Customs check-posts at Jaigaon and Changrabanda need better conditions and facilities for work with proper buildings and equipment.
- Jaigaon in particular needs parking space for vehicles and warehouses. Its relocation nearer to the international border would help to reduce smuggling and informal trade between the two countries.
- The relocation of the check-post is also desirable in the context of opening the second gate at Phuentsholing near to the proposed mini dry port.

- Appropriate measures to expedite international payments for trade between Bhutan and Bangladesh are needed as this has become an irritant in recent years.
- The central banks of the two countries should review the situation.
- This calls for training in negotiation for traders especially in using the L/C that can be arranged by the Royal Monetary Authority and banks in Bhutan.

- A similar study as the current one should be conducted in the Phuentsholing-Jaigaon-Kolkata Corridor through which bulk of Bhutan's trade with third countries (other than Bangladesh and Nepal) passes.

- The SAARC members should liberalize the Visa Exemption Scheme to facilitate movement of business persons across borders within the SAARC framework or the SASEC sub-region. Meanwhile, India could consider extending multiple entry visas to Bangladeshi business persons to travel through the land to Bhutan for concluding trade deals, particularly on perishable exports from Bhutan on the basis of recommendation and certification from the apex Chamber of Commerce of Bangladesh and Bhutan.

# **Corridor 3**

**[Birgunj- Raxaul-Kolkata  
Corridor]**

<b>Issue</b>	<b>Recommendation</b>	<b>Implementing Agency</b>	<b>Assumptions and risk involved</b>
3. Difference in working time between Birguj and Raxaul customs	3.a. Harmonize working time	3.a Department of Custom of Nepal and India	3.a. It reduces crowding in custom complex but requires inter-governmental coordination between two countries.

Issue	Recommendation	Implementing Agency	Assumptions and risk involved
10. Double burden of COO and GSP	10.a. Waive COO requirement where GSP is required	10.a. Ministry of Commerce and Supplies	10.a.It reduces trading cost but it will be difficult to implement in absence of consensus with private sector trade associations like Federation of Nepalese Chamber of Commerce and Industries.

Issue	Recommendation	Implementing Agency	Assumption and Risk Involved
<p>12. Reduction of time for issue of delivery order from Container Agents, Freight Forwarders / MLO etc. from one day to one hour.</p>	<p>12.a. Shipping Trade Practice Bill, 2010 of India shall be adopted. This will bring transparency in trade practices by publishing tariff by shipping transport logistics service providers in respect of services rendered, registration of such service providers, defining conduct of service providers and service users by stipulating their obligations, setting up of Dispute Settlement Tribunal for redressal of grievances.</p>	<p>12.a. Government of India</p>	<p>12.a. Government of India to adopt Shipping Trade Practices Bill so as to facilitate uniformity and transparency in the operations of all the shipping transport logistics service providers, especially that of container agents/MLO.</p> <p>12.b. Above measure will enforce uniformity in the container guarantee, uniform rate of container detention and charges, uniformity in timings of operations for all the service providers.</p> <p>12.c. This will facilitate issuance of delivery orders quickly (in one hour electronically) as against wastage of full day for the process.</p>



Issue	Recommendation	Implementing Agency	Assumptions and risk involved
<p>14. Reduce long vehicle queues at Raxaul (India) – Birganj (Nepal) border and streamline the process.</p>	<p>14.a Customs Transit Declaration (CTD) and supporting documents be shared between Kolkata / Haldia Port and Indian Customs at Raxaul border.</p>	<p>14.a. Indian Customs, Nepal Customs, Ministry of Roads, Public Works Department</p>	<p>14.a. Major Customs operations at Kolkata and Haldia are web-driven. Indian Customs at Raxaul has net-connectivity. Adoption of automation in the clearance of Nepal transit cargo would facilitate speedy document sharing.</p> <p>14.b. It is therefore proposed that Customs Transit Declaration (CTD) between Kolkata/ Haldia Customs and Raxaul Customs be shared electronically so as to ensure the documents are available at exit point before arrival of the cargo / truck. This will substantially reduce the clearance and waiting time at Raxaul Border.</p>

Issue	Recommendation	Implementing Agency	Assumptions and risk involved
<p>15. Introduce system for trace and track of container / truck between Kolkata/Haldia and Birganj (Nepal) border.</p>	<p>15.a. Introduce the Global Positioning System (GPS) on the container/truck for monitoring the flow of cargo in the corridor.</p>	<p>15.a. Ministry of Road Transport and Highways</p>	<p>15.a. Government of India and Government of Nepal with the assistance from ADB and ESCAP may carry out a proof of concept for adoption of GPS system for container/truck operation in the corridor so as to address the fear of offloading of goods in the transit route/breakdown of the truck/carrier etc in the corridor. This will induce confidence and facilitate trace and track of Cargo in the transit route.</p>

Issue	Recommendation	Implementing Agency	Assumptions and risk involved
16. Introduce effective and efficient Cargo clearance of Nepal bound documents/ cargo.	16.a. Introduce ICES 1.5 (Indian Customs EDI System ver.1.5) at Kolkata / Haldia for transit cargo of Nepal.	16.a. Indian Customs	<p>16.a. It is understood that the following operations are manual at Kolkata / Haldia Port for Nepal Transit Cargo (i) LC management, (ii) Management of CTD/ICCD (Import Containerized Cargo Declaration), (iii) Finalisation of bond, and (iv) TP closure</p> <p>16.b. Integration of above referred activities under ICES 1.5 would greatly induce efficiency in the clearance process thus reducing the clearance time.</p>

Issue	Recommendation	Implementing Agency	Assumptions and risk involved
17. Effective and efficient LC management for Nepal cargo.	17.a. LC module of ICES 1.5 be introduced for Nepal cargo.	17.a. Indian Customs	<p>17.a. Customs at Kolkata / Haldia and Raxaul can introduce LC module of ICES 1.5 in their operations so as to facilitate checking and debit of LC online thus reducing the transaction time.</p> <p>17.b. The net-connectivity between Raxaul and Kolkata / Haldia would facilitate online management of TP as well as online verification of IGM.</p>

Issue	Recommendation	Implementing Agency	Assumptions and risk involved
18.Online transshipment processing under ICES 1.5.	18.a. Introduction of transshipment module under ICES 1.5 for Nepal cargo.	18.a. Indian Customs	18.a. Customs may adopt online processing of transshipment permit to introduce efficiency in the process.

Issue	Recommendation	Implementing Agency	Assumptions and risk involved
19. Recognition of electronic documents between Nepal and India, thus reducing document submission time from 3-4 days to one hour.	19.a. Adoption of digitally signed trade documents between India and Nepal.	19.a. Indian Customs	<p>19.a. In the manual process, importer in Nepal is required to send the 10 documents to Kolkata through courier for facilitating CTD.</p> <p>19.b. It is suggested that a trust chain be created between the importer, CHA and the Government of Nepal Consulate General, Indian Customs and Kolkata / Haldia Port Authorities so as to respect electronic flow and processing of documents and acceptability of the documents which can be digitally signed.</p> <p>19.c. This procedure will reduce transaction time substantially from 4-5 days (through courier) to same day through electronic transmission.</p>

Issue	Recommendation	Implementing Agency	Assumptions and risk involved
22. To increase free flow of Cargo /trucks along the Indo-Nepal border at Birganj.	22.a. Improvement of link road at Raxaul-Birganj border.	22.a. Governments of India and Nepal	<p>22.a. It is understood that road condition on both sides of the border is very bad as well as congestion is very high. It is also understood that new integrated facility at the Indian and Nepal side of the border at Raxaul / Birganj is under construction which may take about one to two years.</p> <p>22.b. Once the integrated facility is operationalised, the flow would be effectively facilitated. Till such time the new facility with the link road is operationalised, the Indian Government, Nepal Government and the ADB/ESCAP may take a project for improvement of the current road link at Raxaul / Birganj border.</p>

# Next course of agenda: BPA II

- Extend the BPA to other corridors – (i) Thimpu to Kolkata, (ii) Thimpu to Mongla and Chittagong, (iii) India's Northeast to Bangladesh, etc.
- Adopt SASEC+
  - Cover Sri Lanka, Pakistan and Myanmar
  - Shall we cover SAARC corridor 1?
  - Transshipment at Colombo port and SASEC
- Conduct Regular BPA
  - Greater involvement of private sector
- Capacity building on BPA
- Greater involvement of ADB and ESCAP in trade facilitation and regional cooperation
- Corridor management
- Demonstration project in ICT (can we have online demonstration?)
- Private and public sector interface in TF in SASEC



Any comments?