

In search of harmony

Strengthening Connectivity among the BBIN Countries

To increase the speed of connectivity, Bangladesh, Bhutan, India and Nepal have signed a Motor Vehicles Agreement (BBIN MVA). This initiative will integrate the BBIN sub-region by facilitating smooth movement of passenger and commercial vehicles across member countries. CUTS International undertook a series of field surveys to understand the political economic scenario in the BBIN region and its impact on cross-border trade. This Policy Brief identifies several political and procedural issues that may hinder trade and suggested remedial measures that could help to create an enabling environment for the successful implementation of MVA.

Introduction

Political economic factors have always played a pivotal role in shaping trade and connectivity initiatives in the South Asian Association for Regional Cooperation (SAARC) region. Given the region's share of economic resources and various economic complementarities, an integration initiative in the region along the lines of Association of Southeast Asian Nations (ASEAN) can produce meaningful economic gains, and usher in prosperity in the region. However, previous attempts at integration have failed largely due to political and ideological differences between the countries and localised problems which have stood in the way of connectivity.

The BBIN MVA is seen as an attempt to boost regional trade, and as a stepping stone towards

larger integration in the Bay of Bengal region. While there is definite merit in this initiative, the social and political characteristics of the existing trade corridors in the region need to be examined to remove hindrances that stand in the way of successful implementation of the MVA.

For this study, CUTS International surveyed eight corridors that connect the BBIN sub-region, to understand the political economy factors across corridors, including major problems, such as rent seeking behaviour of public officials, cargo theft, law and order problems along corridors, insurgency problems, local political influence, presence of pressure groups in the form of formal and informal associations, hostility of security forces and labour unrest.

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| Sl.no | Route |
|-------|---|
| 1 | Kathmandu-Kakarvitta-Panitanki-Fulbari-Dhaka-Chittagong |
| 2 | Thimphu-Phuntsholing-Jaigaon-Changrabandha-Burimari-Dhaka |
| 3 | Lucknow-Gorakhpur-Sonauli-Bhairawa-Kathmandu |
| 4 | Kolkata-Raxaul-Birgunj-Kathmandu |
| 5 | Jaigaon-Gelephu-Samdrup Jongkhar-Guwahati-Dawki-Tamabil-Dhaka |
| 6 | Kolkata-Petrapole-Benapole-Dhaka |
| 7 | Fulbari-Banglabandha-Rangpur-Dhaka-Chittagong |
| 8 | Agartala-Akhaura-Comilla-Chittaganj |

Major Findings

The survey found that major political and procedural issues arise when trucks have to travel inter-state or inter-country. These include:

Collection of illegal payments by public officials

Rent seeking behaviour of public administrators is a recurrent problem along most corridors. Truck drivers coming to India from Nepal often complain about harassment from Indian security personnel. In the Agartala-Chittagong corridor, customs officials complained about the overzealousness of Indian security forces towards agents acting for importers.

Kakarvita and Hetauda in Nepal, Fulbari in India, and Bogura, Sirajganj and Thakurga Bus Terminal in Bangladesh are places where illegal payments are extorted from truck drivers by police and other public officials. At Bhutan Gate, which is a nodal point along the Thimphu-Dhaka corridor, informal payments are rampant among government officials for faster clearance of cargo.

Illegal extortions from truckers moving inter-state is mainly on the charge of overloading, particularly in India. In the Jaigaon-Changrabandha stretch along the Thimphu-Dhaka corridor, local truckers have to pay substantial bribes at the local police posts for overloading. At Amlarem in Meghalaya along the Jaigaon-Dhaka corridor, non-local truckers have to pay illegal token amounts – ‘Gunda/Dadagiri Tax’ – to the local police depending on the size of their trucks.

Local political influence and pressure groups

Unnecessary influence of local political parties and pressure groups is a major hindrance to smooth transportation along the corridor. In Nepal, transporters’ associations are powerful and run almost a parallel economy.

One of the truck drivers’ associations has a stronghold in Hetauda, which is a critical node for trucks travelling along three corridors: Kathmandu-Kakarvitta-Panitanki-Fulbari-

Often local political problems such as the '*Madheshi*' in Nepal had obstructed the smooth transportation of cargo across borders.



Banglabandha; Kathmandu-Kakarvitta-Panitanki-Kolkata; and Kathmandu-Birgunj-Raxual-Kolkata.

In Meghalaya, trucks crossing from other states and moving along the Jaigaon-Dhaka corridor face threats and discriminatory treatment from local trade associations, such as the Jaintia Hills Autonomous District Council whose main aim is to ensure increased participation of local, khasi, and tribal truck drivers.

Moreover, at Dawki Land Custom Station (LCS), two strong pressure groups are present: 'Foreign Trade Chamber of Commerce' and 'Meghalaya International Exporters Chamber of Commerce'. These associations safeguard the interests of locals but harass non-local truckers, exporters and importers.

Often local political problems, such as the '*Madheshi*' in Nepal also obstruct the smooth transportation of cargo across borders. The draft of Nepal's new Constitution was circulated in September 2015. But the *Madheshis* and *Tharus*, indigenous tribal groups of Nepal's Tarai region, protested that the Constitution had battered their political representation in the democratic politics, divided up their territory – in the hilly and tarai region, and also carved out federal units which

would deprive them of self-rule. They also alleged that the new Constitution institutionalised discriminatory citizenship provisions.

The Nepalese government suppressed this protest by force. After this incident, the *Madheshi* parties changed their plan of protest against their government. They decided to shift their protest to the border and blocked supplies, and sought to generate pressure on Kathmandu.

Cargo theft and insurgency issues

Truck drivers complain of damage and theft of cargo especially during inter-country movement. Cargo theft along the Lucknow-Kathmandu corridor has been encountered by Indian truckers while crossing to the Nepal side. At remote locations such as Sonauli which lacks fencing along the border, smuggling and cargo theft are rampant.

Often, local police create security threats for truckers and compel them to pay bribes in order to avoid theft and manhandling of cargo. Truckers crossing the Dawki LCS along the Jaigaon-Dhaka route mentioned that previously they had to face insurgency problems in the East Garo Hills. However, insurgency issues persist in South Garo and West Khasi hills where other LCSs are located.

Labour issues

Shortage of manual labour on the Bhutan side compels truckers to hire labourers from the Indian side at the Phuntsholing-Jaigaon crossing. This brings loading and unloading activities to a halt during evenings when Indian labourers return home.

Trucks not belonging to Bongaon and entering Benapole along the Kolkata-Dhaka corridor have to pay hefty charges to local labourers for loading and unloading.

Truckers have also complained that labourers often refuse to work unless paid a premium over their regular wages. Indian labourers may halt work to create an artificial supply scarcity to increase their wages. Often such activities are supported by the presence of strong local labour unions.

The survey also found that there are apprehensions among the existing labourers over job losses that may result due to the MVA. This may encourage strikes and agitation by labour unions at important crossings along most of the corridors.

Lack of coordination between the border management agencies of different countries

There is lack of coordination among the border management agencies due to lack of communication and data exchange. This delays the clearance of inward and outward goods and also cause to high waiting time at borders. These

problems are reported in almost all corridors and are pronounced in the Lucknow-Kathmandu and Kolkata-Kathmandu corridors.

Other issues

Other issues include lack of harmonisation of rules and regulations across countries, differential treatment of local and non-local truckers at various crossings.

Policy Recommendations

- Corruption has been found prevalent in all the selected corridors. The issue of informal payments and extortion needs serious attention from policymakers.
- Harmonisation of traffic rules and government policies among involved countries is urgently required. There should be regular interaction between governments to prevent monetary losses incurred by merchants on either side.
- In the event of loss of jobs for labourers and support service providers at various nodes, governments should provide them with vocational training and skills so as to absorb them in alternative professions.
- The respective governments should also work towards increasing awareness levels of stakeholders about prospects of connectivity initiatives, such as BBIN MVA.

Apart from infrastructural development, governments should also have transparent taxation and proper information sharing systems for the benefit of all the concerned.

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