



# Significance of India-Bangladesh Transport Connectivity: World Bank

## Why in News

Recently, a [World Bank](#) report named “**Connecting to Thrive: Challenges and Opportunities of Transport Integration in Eastern South Asia**” stated that seamless **transport connectivity between India and Bangladesh** has the potential to increase national income by as much as 17% in Bangladesh and 8% in India.

- The report analyzes the **Bangladesh-Bhutan-India-Nepal (BBIN) Motor Vehicles Agreement (MVA)**.



## Key Points

## ▪ Issues:

### ◦ Trade:

- Bilateral trade accounts for only about **10%** of Bangladesh's trade and a mere **1%** of India's trade.

- In **East Asian and Sub-Saharan African economies**, intraregional trade accounts for **50% and 22%** of total trade, respectively.

- **High tariffs, para-tariffs, and nontariff barriers** also serve as major trade barriers. Simple average tariffs in Bangladesh and India are more than twice the world average.

### ◦ Difficulty in Crossing Border:

- Weak transport integration makes the border between Bangladesh and India thick. Crossing the India-Bangladesh border at **Petrapole-Benapole**, the most important border post between the two countries, takes several days.

- In contrast, the time to cross borders handling similar volumes of traffic in other regions of the world, including **East Africa**, is **less than six hours**.

### ◦ Isolated North-East:

- Indian trucks are not allowed to transit through Bangladesh. As a result, the northeast of India is particularly isolated with the rest of the country and connected only through the **27-km-wide Siliguri corridor**, also called the "**chicken's neck**". This leads to **long and costly routes**.

## ▪ Benefits of Better Connectivity:

### ◦ Increased Real Income:

- All districts in **Bangladesh** would benefit from integration, with the **eastern districts enjoying larger gains** in real income.
- States bordering Bangladesh such as **Assam, Meghalaya, Mizoram, and Tripura in the northeast, and West Bengal** on the west, and states further away from Bangladesh such as **Uttar Pradesh and Maharashtra** would also **gain huge economic benefits** from seamless connectivity.

### ◦ Increased Exports:

- Will yield a **297%** increase in Bangladesh's exports to India and a **172%** increase in India's exports to Bangladesh.

### ◦ Strategic Importance:

- Geographically, Bangladesh's location makes it a **strategic gateway to India, Nepal, Bhutan, and other East Asian countries**. Bangladesh can also become an **economic powerhouse** by improving regional trade, transit and logistics networks.

## ▪ Important Recommendations:

### ◦ Strengthen the MVA:

- Harmonizing **driver's licensing and visa regimes**.
- Establishing an **efficient regional transit** regime.
- Rationalizing and **digitizing trade and transport** documents.
- **Liberalizing** the selection of **trade routes**.

### ◦ Improving Regional Connectivity:

- **Expand the effective capacity** of core transport and logistics infrastructure along regional corridors.
- Ensure **competition in transport service** markets.

- Deploy **modern information technology infrastructure** at land ports and seaports.
- Develop **off-border custom clearance facilities** in Bangladesh and India.
- **Integration of Local Communities:**
  - Connecting local markets to regional corridors.
  - **Removing logistics bottlenecks** in export-oriented value chains.
  - Improving **women's participation in export-oriented agricultural value chains** at the macro, community, and household levels.

## Bangladesh-Bhutan-India-Nepal Motor Vehicles Agreement

### ▪ **BBIN:**

- The **Bangladesh, Bhutan, India, Nepal (BBIN) Initiative** is a sub-regional architecture of countries in **Eastern South Asia**, a sub-region of South Asia.
- The group meets through the official representation of member states to **formulate, implement and review quadrilateral agreements** across areas such as **water resources management, connectivity of power, transport, and infrastructure.**

### ▪ **MVA**

#### ◦ **About:**

- It was signed on **15<sup>th</sup> June 2015** in Thimphu, Bhutan.
- It seeks to facilitate the unrestricted cross-border movement of cargo, passenger, and personal vehicles between BBIN countries.
- As per the agreement, **member countries would allow vehicles registered in the other countries to enter their territory under certain terms and conditions.** Customs and tariffs will be decided by the respective countries and these would be finalised at bilateral and trilateral forums.
- **Implementation of the MVA has been delayed** as the countries work to clarify some of the provisions that are supposed to be elaborated in protocols.

#### ◦ **Objective:**

- To provide **seamless people-to-people contact and enhance economic interaction by facilitating cross border movement** of people and goods.

[Source: IE](#)

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