High-Level Policy Dialogue on
Challenges facing the Sub-Region
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Transport Connectivity in South Asia and Beyond

AITD

Asian Institute of Transport Development

Past to Ponder

- In the sixteenth century, the Indian sub-continent comprising much of South Asia accounted for about a quarter of the world's GDP. By the middle of 20th century, this share had declined to barely 2 percent.

- In the last 20 years, South Asian countries have just doubled their per capita income; China has increased it six times; and the rest of East Asian countries have trebled or quadrupled theirs.

- Regional cooperation has not delivered either on promise or potential. Hostage to closed and divisive mindsets, distrust of neighbours and institutional insensitivity to high incidence of poverty.
- Restrictive policy regimes have neutralized the beneficial effects of common cultural affinity, common geography, and the ‘gravitational’ pull of proximity on movement of goods and people.
- Presently, South Asia has the least reported intra-regional trade of any developing country grouping.

Snapped Links and Consequences

- Division of the sub-continent led to creation of extensive land borders (7419 km), mostly unnatural and porous disrupting geographic space, economic and transport linkages.
- Rail and IWT transit across the then East Pakistan continued till 1965 and was then suspended. Only IWT transit restored in 1972. Transit through Pakistan stands suspended.
- Border management led to closure of historical land routes at several points. North-East India virtually became a landlocked territory.

Half-hearted and Faltering Steps

- Present levels of connectivity and services are a mere reflection of the restrictive policy regimes.
- Six decades have seen only half-hearted steps to restore some of the transport linkages. Land transport facilitation agreements still not finalized.
- Meanwhile, incompatible transport technology platforms have emerged, impairing interoperability of cross-border services, particularly of rail transport.

Economic Cost of Disruption

- In 1948, intra-South Asia trade was 18 percent of the total trade and today's border area were relatively wealthy. By 2010, this share dropped to mere 6-7 percent.
- Trade transaction costs are high ranging between 13-14 percent of the commodity value compared to 7-8 percent in developed countries.
- Additional burden on transport costs due to bottlenecks at land crossing stations between Bangladesh and India work out to US$ 8 to 10 per tonne of freight.

- **A 20’ container takes at least 30 days to move between New Delhi and Dhaka via circuitous routes, and costs around US$2500, but by land transport it could reach its destination in about 5-6 days with around one fourth of the cost.**
- **Large volume of trade between India and Pakistan is routed through Dubai.**

- **Skewed transport interchange matrix between Bangladesh and India is a classic example of the closed mindsets.**

Element	Rail	Road	Waterways	Ropeway/ Conveyor Belt
Transit through Bangladesh*	Presently not allowed.	Presently not allowed.	Allowed. There is a protocol between the two countries on Inland Water Transport and Trade (04/10/99), derived directly from the provisions of Article VIII of the Trade Agreement.	N. A.
Access of vehicles/ vessels across the border	Goods trains from India are allowed upto the next station across the border. While the locomotive is returned with or without a load, wagons are left behind for commercial handling, for which the Bangladesh Railways pay detention charges to Indian Railways.	Different practices prevail: in case of Petrapol-Benapol interchange point, road vehicles are permitted up to the customs warehouses in Benapol situated one km away from the border. At Dawki-Tamabil interchange point, road vehicles carrying coal permitted up to coal dump at a distance of three km from the border.	Vessels belonging to the two countries permitted to ply over the designated waterway routes and up to the designated riverine terminals. Transportation of cargo is shared equally between the two countries.	There is a seven km long elevated conveyor belt of Lafarge Umiam Mining Pvt. Ltd. from the crusher site of the company, passing along a 40 metre wide strip of land comprising villages of Phlangkaruh, Bamantilla and Umkhaba on the west and Pyrkan, Kalatek villages and river Umiam on the east to Mantrikhal village of Bangladesh
Passport requirement for the crew	Yes	No	Yes	N. A.
Visa requirement for the	Multiple entry visas valid	At the Petrapole-Benapole interchange	Officers supervising or	N. A.